
Australian Government – Productivity Commission (PC)

Basin Plan Review – Interim Report

RGA Submission – November 2023

Introduction:

Thank you for the opportunity to provide comment on your *Interim Report*. We've offered some high-level observations on key PC recommendations, findings and information requests in Table Two to this submission. Other matters are captured in detail below.

Buy-Backs Remain Unnecessary:

We were disappointed the PC launched its Report close to midnight, immediately prior to a crucial Senate hearing on the Basin Plan. Many of the witnesses were blind-sided, when receiving questions from Senators, less than 12 hours after the launch.

Particularly disappointing was the PC's seemingly targeted attack on feasibility of the 605 GL – which a number of Senators used as unfair ammunition during the inquiry. We're not convinced that it's grounded in any real evidence. We're also concerned that all it does is lock communities into the lazy approach of buy-backs, which in our view remain unnecessary.

Table One demonstrates there are many water recovery options remaining across the Basin. None of these require water to be purchased. It's unfortunate that the Commonwealth is still unwilling to investigate any of these options in any meaningful way. It's also unfortunate that so many Commonwealth agencies remain desperate to 'kill off' the Menindee project – when much has been delivered, and isn't currently accounted for under the Plan.

Communities Need To Be Closer To Plan Implementation, Not Further Away:

Much of the PC's Report implies the best solution is to give more power to the Commonwealth – especially in terms of making unilateral decisions under the 605 GL. This approach would result in unmitigated disaster for Basin communities. Following 18 months of unmet promises, it's clear that all the Commonwealth wants to do is run rolling buy-back tenders from Canberra.

The Commonwealth needs to deliver what it's been offering since late-2022 - bottom-up, community-led, co-design. This respectful and innovative approach should be implemented immediately, and be used to drive all remaining Basin Plan implementation tasks.

Water Amendment (Restoring Our Rivers) Bill 2023:

We agree that this Bill is lacking in key areas. Most importantly for us, it seeks to remove all socio-economic protections that currently exist. It's devastating for the Commonwealth to want to willfully ignore the impact of water recovery, and what it means for communities.

Underuse Is A Real Threat:

It's unfortunate that much of the remaining Basin Plan implementation task is driven by an unfounded assumption that resources are overallocated, and water theft is rampant. In fact, in the majority of Basin Valleys, the opposite is true. In the year that SDLs formally commenced – 2019-2020 – actual surface-water use was 2,175 GL below the annual permitted take. In the second year, this volume increased to 3,848 GL.¹

Currently, in the Basin, we have a significant under-use problem – as opposed to one of perceived over-use. In relation to the entirety of SDL enforcement, resources must be urgently devoted to this specific complex problem, to encourage use up to legal limits – something that the Basin Plan expressly allows for.²

Review Should Lead To Real Reform:

Looking forward, we note a number of key election commitments have still not been delivered by this Government. For example, \$26 million was promised to: *establish a National Water Commission ... bringing national leadership and fairness into water policy.*³

From our perspective, this independent, national leadership is currently sorely missing; especially in the Murray-Darling Basin. We need to take a step back and consider the big, future-focused questions about water in Australia. This is the only way to ensure we deliver a holistic management view, that optimises outcomes for all uses and users.

¹ [Annual Water Take Report 2020-2021 \(mdba.gov.au\)](https://www.mdba.gov.au/annual-water-take-report-2020-2021), p. 21.

² [wrp-new-projects-operational-improvements-or-amended-water-sharing-arrangements.pdf \(mdba.gov.au\)](https://www.mdba.gov.au/wrp-new-projects-operational-improvements-or-amended-water-sharing-arrangements.pdf)

³ [Labor's Plan to Future-Proof Australia's Water Resources \(anthonyalbanese.com.au\)](https://www.anthonyalbanese.com.au/labor-s-plan-to-future-proof-australia-s-water-resources)

Table One: Viable Project Options.

TITLE & DESCRIPTION	WATER?	VOLUME (GL)
Murray to Broken Hill Pipeline: The pipeline moves Broken Hill’s supply from Menindee to the Murray.	YES. The result is 420 GL of water savings every year. ⁴	420.0
The Menindee Lakes Scheme (MLS) ⁵ : The Basin Plan provides an extra 150 GL of inflow to Menindee.	YES. The additional inflow from the northern Basin is not accounted for under the Plan.	150.0
Improved Regulation of the River Murray: This project locks-in operational efficiency improvements.	YES. By locking-in efficiencies: <i>110 GL/yr of operational losses will not be required.</i> ⁶	110.0
Icon Water (ACT) ⁷ : <i>Currently returns 29 GL of water to the system and this entitlement is retained.</i>	YES.	29.0
Desalination (SA) ⁸ : <i>Substitute water from the desalination plant for extractions from the River Murray.</i>	YES. <i>It is estimated that up to 50GL could be obtained through this efficiency measure.</i>	50.0
General Urban & Industrial Opportunities ⁹ : <i>Opportunities within the major centres within the MDB.</i>	YES. <i>May present an additional 7.7GL through water efficiencies and recycling water systems.</i>	7.7
Stock/Domestic/Urban/Industrial ¹⁰	YES.	140.0
NSW Off-Farm ¹¹	YES.	57.0
TOTAL		963.7

⁴ [Summary of final business case - Broken Hill Long-Term Water Supply Solution - October 2017 \(nsw.gov.au\)](#)

⁵ [SDL Adjustment Stocktake Report August 2015 \(mdba.gov.au\)](#), p. 24

⁶ [10-Improved-Regulation-of-the-River-Murray-IRRM-Current-notification-Amendment-1-Redactions-applied.pdf \(water.vic.gov.au\)](#)

⁷ [Project title or company name \(mdba.gov.au\)](#), p. 154. Text in italics = direct quotes taken from the report.

⁸ [Project title or company name \(mdba.gov.au\)](#), p. 154. Text in italics = direct quotes taken from the report.

⁹ [Project title or company name \(mdba.gov.au\)](#), p. 154. Text in italics = direct quotes taken from the report.

¹⁰ [A4 Portrait Report \(dcceew.gov.au\)](#), p. 43.

¹¹ [A4 Portrait Report \(dcceew.gov.au\)](#), p. 51-52.

Table Two: RGA Commentary – Findings; Recommendations; & Information Requests



INTERIM REPORT CONTENT	RGA COMMENTARY
<u>INTERIM FINDING 2.1:</u> Resetting the balance has slowed because of weak governance in a changing water market.	AGREE progress has been slow. Between 2018 and 2023 the Basin has been impacted by three record flood years, and two years of pandemic-related disruptions. Basin communities should not be penalised with unfair water buy-backs due to circumstances well-beyond their control.
<u>INTERIM FINDING 2.2:</u> Past program design has not suited the complexity of constraints-easing projects	AGREE. Constraints measures should not be assessed as supply measures. Projects that are proven to show a benefit ¹² should continue under a separate work stream. Communities should not be penalised (e.g. with additional, unnecessary water recovery) if these projects are cancelled before completion.
<u>INTERIM FINDING 2.4:</u> The 605 GL/y supply measure offset is unlikely to be delivered by December 2026.	STRONGLY DISAGREE: This narrow-thinking – characteristic of all Commonwealth agencies operating in this space – does nothing more than expose communities to unnecessary and harmful water buy-backs. Table One provides a detailed justification for the RGA’s position.
<u>INTERIM FINDING 2.5:</u> The costs of achieving the enhanced environmental outcomes (schedule 5 of the Basin Plan) through water recovery have risen substantially. Recovering water towards the supply measure shortfall and 450 GL/y targets at the same time over a three-year period would risk significant disruption to water markets and Basin communities.	AGREE. We support a pause on all 450 GL recovery efforts until after the 605 GL obligation has been completed. We STRONGLY DISAGREE with the PC’s view that any water buy-backs are needed under the 605 GL.
<u>INTERIM FINDING 4.1:</u> Without water resource plans, the Murray–Darling Basin Plan cannot be fully implemented.	DISAGREE. While we accept the poor performance of the NSW Government in delivering its WRPs, we also note the substantial delay has in part been driven by the MDBA’s needlessly over-engineered approach to accreditation. In this, we support Interim Finding 4.2, and agree that related requirements are: <i>unnecessarily complex and prescriptive</i> . It’s unfair, unreasonable and dangerous to accuse NSW (and by default its water-users) of over-extraction. Upon ‘formal’ commencement of SDLs, pre-existing administrative arrangements meant that Basin-wide there was a 97% success rate in the first year, increasing to 99% in the second. Where SDLs weren’t met, this was due to reasonable, methodological matters and not water theft.
<u>INTERIM FINDING 4.2:</u> Preparing and assessing water resource plans is unnecessarily difficult.	STRONGLY AGREE.
<u>INTERIM FINDING 9.3:</u> Well defined local outreach can be an effective engagement approach.	STRONGLY AGREE: Local engagement and co-design has been sorely missing from this Government’s attempts to finalise Basin Plan implementation. It must be put in place as a matter of urgency.

¹² [Submissions – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au). Evidence provided to the Senate Committee (submission 9, page 10) brings into question the benefits of relaxing constraints in the mid-Murray, downstream of Barmah Choke.

INTERIM REPORT CONTENT	RGA COMMENTARY
<p>INTERIM RECOMMENDATION 2.1: The Australian Government should be more transparent, and have greater authority, over decisions for supply, constraints-easing and northern Basin toolkit measures.</p>	<p>PARTIALLY AGREE: Regular reporting and transparency around Commonwealth expenditure is long overdue. Any ‘make good’ on an amended project should not default to buy-back. Giving the Commonwealth power to unilaterally cancel supply measure projects would only harm communities by exposing them to unnecessary and unfair water buy-backs. Improved governance, based around the principles of co-design is the only fair approach going forward.</p>
<p>INTERIM RECOMMENDATION 2.2: Reset and extend implementation of constraints-easing projects.</p>	<p>AGREE. Constraints should be separated from the 605 GL, and be pursued separately. The RGA does not agree that any 605 GL shortfall should automatically default to buy-backs. Rigorous assessment of likely outcomes¹³ and cost-effectiveness should take place first, before constraints projects proceed any further.</p>
<p>INTERIM RECOMMENDATION 2.4: Develop a renewed approach to water recovery. This approach should consider all water recovery options, including voluntary water purchases.</p>	<p>STRONGLY DISAGREE. This narrow-thinking – characteristic of all Commonwealth agencies operating in this space – does nothing more than expose communities to unnecessary water buy-backs. As explored in detail in Table One of this submission, a number of unexplored projects remain viable.</p>
<p>INTERIM RECOMMENDATION 3.1: Improving the effectiveness of the Basin-Wide Environmental Watering Strategy. Include an objective that environmental watering should seek to contribute to social or cultural environmental outcomes (where compatible).</p>	<p>PARTIALLY AGREE: We agree that more can be done to achieve multiple benefits/outcomes from a given volume of water. The opportunity for this recommendation to support achievement of outcomes under the 605 GL and 450 GL should also be explored in-depth. Any large-scale rewrite of the <i>Basin-Wide Environmental Watering Strategy</i> should take place as part of the 2026 Basin Plan review. This would ensure that a consistent approach (e.g. review, revision, consultation) is applied to all aspects of the Plan. Future climate change considerations under the Strategy will need to factor in the importance of infrastructure for achieving outcomes, especially in relation to system connectivity.</p>
<p>INTERIM RECOMMENDATION 9.2: Improving the transparency of Basin Officials Committee (BOC).</p>	<p>PARTIALLY AGREE: Increased transparency around BOC and its processes would be a useful first step to making all governments accountable for effective, low-impact Basin Plan implementation. Given the unavoidably bureaucratic nature of each BOC member’s sovereign responsibilities, an independent Chair would not be appropriate for this particular role.</p>
<p>INTERIM RECOMMENDATION 9.3: Strengthening the community voice in Basin decision-making. The Basin Community Committee (BCC) should have a standing agenda item at Basin Officials Committee meetings to provide input and advice on matters from a community perspective.</p>	<p>PARTIALLY AGREE: The proposed approach potentially places an unfair burden on BCC members. Instead, the Commonwealth should deliver on its promise of bottom-up, community-led, co-design. This respectful and innovative approach should be implemented immediately, and be used to drive all remaining Basin Plan implementation tasks. There’s currently no community voice. We would like one.</p>

¹³ [Submissions – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au). Evidence provided to the Senate Committee (submission 9, page 10) brings into question the benefits of relaxing constraints in the mid-Murray, downstream of Barmah Choke.

INTERIM REPORT CONTENT	RGA COMMENTARY
<p><u>INFORMATION REQUEST 2.1:</u> The Commission is considering the merits of establishing a new corporate Commonwealth entity to address the anticipated water recovery shortfall.</p>	<p>PARTIALLY AGREE: In a process that’s already substantially time-constrained, there’s no capacity to give this idea a full chance of success. If constraints are removed from the 605 GL package, they would also be decoupled from current timeframe pressures. This could be a useful starting point for the proposed entity in the first instance.</p>
<p><u>INFORMATION REQUEST 6.1:</u> Embedding climate change science into the Basin Plan framework.</p>	<p>STRONGLY DISAGREE: The RGA’s position is based on the narrowness of the proposed approach. As we learned during the Millenium Drought, management of reduced water availability requires good, real-time decision-making. Science on its own does not provide for this. The PC’s request is also only focused on half of the story. Policy options and operational responses that take full advantage of the expected <i>more frequent and severe floods</i>¹⁴ will also be critical.</p>

¹⁴ [Overview Report.pdf](#), p. 20.