

Multi-Jurisdictional Management and Execution of the Murray Darling Basin Plan,
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

murraydarlingplan.sen@aph.gov.au

6-3-2020

Dear Chair and Committee,

Re: Multi-Jurisdictional Management and Execution of the Murray-Darling Basin Plan Inquiry

Cotton Australia is the peak body representing Australia's 1400 cotton growers and cotton ginners, the majority of whom operate within the Murray-Darling Basin.

Cotton Australia is an active member of the National Farmers' Federation's Water Taskforce, National Irrigators' Council, New South Wales Irrigators' Council and Queensland Farmers' Federation, each of which play an important role in advocating for the rights of farmers, including irrigators. We aware that a number of the organisations above have, or will be, submitting responses to this Inquiry and we endorse their submissions.

For the avoidance of doubt, should the view expressed in the submissions from the above organisations vary from the views expressed in this submission, the view of Cotton Australia is the position expressed in this submission.

General Comments

Cotton Australia never called for the Murray-Darling Basin Plan. Over the years, we have heavily criticised many elements of it; we have worked with jurisdictions and other stakeholders to try and improve it; and in 2020, we often find ourselves defending it - not because we think it is a great plan, but because it is the plan we have to work with, and it must be given time to work.

In Cotton Australia's opinion, many people fail to recognise just how significant a social, environmental and economic undertaking the Basin Plan has been.

For good reasons or bad, it has shifted, in a very short time period, approximately 20% of the available extractive water pool from extractive use to the environment.

Currently, more than 2,100Gl (of Average Annual Available) water has been transferred, and most of that was transferred in the period from 2010 through to 2015.

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Critics of the Plan should try to imagine any other social/environmental/economic programme that has had such dramatic impact in such a short period of time.

It is no wonder that many irrigation-dependent communities have suffered terribly; it is no wonder simple supply and demand economics has forced up water prices; it is no wonder that communities are distressed; and it is no wonder politicians are under pressure.

Added to this, the second half of this decade has been marked by one of the worst droughts (if not the worst drought) in recorded history.

So, not only have communities had to deal with the policy-driven changes and reforms that are the Basin Plan, but they have had to do it at a time when nature has contracted the available water supply to extreme levels.

There is a common lament that because we are in drought, because communities have run out of water, the Basin Plan must have failed. The Basin Plan could never, and will never be a cure for droughts and consequent water shortages. It is, and will forever be, a mechanism for sharing water in the available pool between the environment and extractive use.

It is with that backdrop that we as an industry find us submitting to yet another inquiry/report into the Basin Plan. While we recognise the number of inquiries probably reflects the degree of interest and angst around water management in the Murray-Darling Basin, Cotton Australia contends that the way towards a better Basin Plan is for all jurisdictions to take seriously the recommendations of the Australian Government's Productivity Commission's Five Year Assessment of the Basin Plan.

The report's 38 recommendations provide as good as blue-print as any to get a better Basin Plan. However, no one should be under any illusions that even if we had a perfect Basin Plan there would be no water issues within the Murray-Darling Basin under the present climatic circumstances.

The impact on the drought cannot be over-estimated, and it is being felt from the top of the Basin to the bottom. Rains across the Northern Basin in recent weeks have given hope, and in a few cases, significant river flows, but the drought is far from over and the collective nerves and tempers of the Basin communities remain frayed.

Towns and communities running out of water, graziers and dryland farmers without stock and domestic water, irrigators with multiple years of zero or historically-low allocations, and businesses having to lay-off staff are all symptoms of the drought and major factors causing the stress being experienced by the people of the Basin.

It is disappointing, but in some ways understandable, that this collective strain is being illustrated on social media platforms, with increasingly hurtful, inaccurate and, in some cases, outright dishonest posts being aired and shared. In some cases, no matter the stresses, the posts have been completely unacceptable.

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Inquiries like this run the risk of further inflaming some communities, offering false hopes and expectations, and generally adding to the stress being felt. It is essential that while the Committee goes about its business, it remains acutely aware of the stress being felt by so many stakeholders.

It is Cotton Australia's hope that the climatic conditions improve, allowing for a more rational approach to finalising the Basin Plan and allowing every opportunity to focus on delivering a healthy Basin environment and healthy and happy Basin communities.

We should collectively take stock on just how much change has been achieved through the Basin Plan, how quickly it has been achieved, and be mindful that the Basin Plan was preceded by at least 15 years of intensive water reform.

With all that in mind, it is time to be patient, be flexible with some of the remaining implementation timelines, do all that is possible to ease the burden on communities and assist them to reshape their futures, and give the environment time to benefit from the additional water delivered by the Basin Plan.

It is not the time for further major upheaval and reform, particularly in the form of an attempt to try and standardise water management across Australia by increasing the powers of the Commonwealth.

You can speculate now that if we were back in the later 1890's drafting the Constitution for the new country of Australia, it may have been better to have greater water management powers in the hands of the Commonwealth.

But since that time, as irrigation has developed, the water management frameworks of each state and territory have also developed to reflect among many factors: the hydrological, geographical, social, economic and agricultural experiences of those states, and sub-catchments.

There are very good reasons why water is managed differently in the Queensland Murray-Darling Basin than the South Australia portion of the Murray-Darling Basin.

Back when the River Murray agreement was being negotiated, South Australia agreed to a smaller, but very reliable, portion of the total flows. With that reliability, but limited supply, South Australian irrigators and their communities developed industries that required a high degree of reliability such as permanent orchard crops and vineyards.

With the snow-melt Snowy system as the primary water source, those industries were able to develop with confidence.

In Queensland, the primary water source is the sub-tropical summer storms, the river systems are very ephemeral and therefore unreliable, and there is limited headwater storages. To use a colloquial term, it is more of a "boom and bust" system.

To manage this, the Queensland government issued larger quantities of less reliable entitlements, irrigators have focused on annual crops, and they recognise their production will vary significantly from season to season.

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Neither system, or indeed, the many variations from the top of the Basin to the bottom, is either right or wrong; they have evolved overtime to work in their catchment.

Water management is complex, and it is very hard for any individual to fully understand the system that applies in every catchment and the myriad of rules that apply; but as long as those rules are clear, there is no reason why they can't be understood by anyone keen to understand them.

Having said the above, Cotton Australia does recognise that it is difficult to find a single source of truth, and as a nation, we should be working towards a more centralised system of information access and sharing.

The sector also must work towards ensuring that while systems vary from state to state, all stakeholders can have certainty that the water resources are being managed transparently and within full accordance of the law, and that local catchment-based changes to water sharing arrangements do not adversely affect those downstream.

With that end in mind, Cotton Australia endorses the overall work of the Murray-Darling Basin Authority in determining Sustainable Diversion Limits and assuring their compliance while having oversight of water management across the Basin.

Responses to specific questions asked in the Issues Paper

Adequacy of information

) *What challenges exist in tracking and accounting for water volumes and use across the Basin?*

There is still work to do to ensure all significant water use is metered or measured to acceptable standards, and the data collected, processed and publicly available in a timely manner. Cotton Australia supports transparent and accurate water measurement, but it must also be cost-effective. Cotton Australia does have concerns about the blanket application of any requirement for all meters to meet the AS4747 standards, as the current pattern-approved range is not cost effective for large diameter meters.

While it is acknowledged that telemetry has come a long way, there are still issues to be resolved around getting the correct balance with regards to security, while allowing the meter owner/irrigator to simultaneously access the data to aid with on-farm management.

More importantly, Cotton Australia is not convinced that the jurisdictions currently have the resources and the systems in place to receive, manage and report on the data in a transparent manner. Cotton Australia's support for improved measurement and telemetry is contingent on the jurisdictions having the correct systems in place.

) *What improvements, if any, could be made to improve the scope, accuracy, and accessibility of data?*

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As discussed above, it is essential that the jurisdictions invest in the systems to ensure measurement data collected is processed in a timely and accurate manner that enables transparency and compliance while respecting the business confidentiality of entitlement holders.

) Is it feasible to introduce a central public source of information for the Murray-Darling Basin?

A single source of information is desirable. It would require a well -designed web-presence. However, the first step would be for the jurisdictions to agree on what data should be publicly available, and then ensure their systems are capable of reporting that data in a consistent and reliable manner.

The single site could have information on the total water resource available on a catchment level, total water held in entitlement accounts (not individual account balances) and water use (updated regularly).

In addition it could be used to access the state water registers, and link to the compliance sites of the jurisdictions.

) What additional information or data would assist stakeholders in better understanding and meeting their obligations under the Plan?

Cotton Australia thinks all stakeholders would benefit from a better understanding of Water Resource Plans (WRP) in general and their own WRP in particular. However, as far as entitlement-holder stakeholders go, the critical understanding they must have is when they can extract, and how much can they extract. With this knowledge they will be able to comply with the Sustainable Diversion Limit requirements.

The importance of this has been demonstrated recently in north-west NSW when embargos were applied (suspending the water sharing plans). The limitations on extractions were not clear and the information that was provided was not always provided in a timely or understandable manner.

It has also become clear that some licence conditions are very hard to consistently comply with. For example, an irrigator's right to extract in some catchments is determined by the river flow at a gauge. Traditionally, irrigators have been allowed 24 hours' access from a set time, when the gauge height has been met. For example, if the gauge exceeded the required height at 8am in the morning, access was allowed for the 24 hours till 8am the next morning.

However, a strict reading of the licence conditions would suggest that if the gauge dips below the threshold at 3am, then pumping should cease immediately. This obviously means that for an irrigator to comply, the gauge must be monitored 24/7 and the ability to immediately access and switch off pumps maintained.

A more pragmatic solution would be to institute a protocol that would provide a greater certainty to the irrigators, such as allowing 24 hour access from a set time.

This should result in no more water being taken, as in some instances, the irrigators would have to hold off pumping until the agreed daily time is reached, despite the gauge reaching the threshold earlier; and in other instances, the pumps could stay on longer until the agreed end-time is reached.

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) *Is there sufficient transparency around Sustainable Diversion Limit Adjustment Mechanism projects and water recovery?*

There is insufficient transparency around the Sustainable Diversion Limit Adjustment Mechanism projects. It is absolutely essential that rigorous business cases are completed for remaining projects and an early assessment is made as to whether they are viable or not. The Productivity Commission report provides good guidance on this. If projects are dropped, it should be possible to consider new projects so as to ensure the full 605GI of equivalents are met. It should be remembered entitlement holders bear the full risk of the SDL projects not reaching 605GI, as the balance will be subject to further recovery.

With regards to water recovery, there is a very high level of transparency, with the water figures transferred to the Commonwealth Environmental Water Holder regularly reported on.

Cotton Australia suspects that the authors of the Issues Paper may have confused to some degree Efficiency Projects and SDL projects. While the SDL projects will be subject to assessment in 2024 to determine just how much of the 605GI of environmental equivalency has been met, efficiency projects require the direct transfer of entitlement as part of the project, so it is very transparent.

) *Are there opportunities to better coordinate and consolidate information about the Plan and its implementation?*

The answer is probably yes, but it must be recognised that the Basin Plan has been developed using information from thousands of papers, and probably hundreds of studies, so the challenge is how best to balance clear explanations with a required level of detail.

o *How might this be achieved?*

The current MDBA website (which used to be overly technical), has been 'dumbed-down' too much, but it needs to be recognised that it is very hard to get the balance right. Cotton Australia believes there is room for the production of factsheets (2-4 pages in length) with topics nominated by some form of public process - akin to a Frequently Asked Questions section, but with extended answers.

) *How can accuracy, efficiency, and transparency of water trading be improved?*

The main improvement should be in the immediacy of reporting trades. All trades should be reported publicly the moment the trade is made. Information must include price, volume, and where appropriate, to and from zones. Given that many trades are subject to approvals, the reporting should still be when the trade is made, but could be identified as pending approval.

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) *What are the potential merits and drawbacks of introducing single Basin-wide water trading platform and Water Register?*

Cotton Australia would support a cost-effective single water reporting platform, but does not think there needs to be a single trading platform. To be clear, the trades should be reported on the reporting platform, regardless of where the trades originated.

) *How useful is publicly available information in demonstrating how the Plan is being implemented and monitored, including communications that illustrate if elements of the Plan are not meeting objectives?*

Basin Plan progress reporting is mostly adequate. However, we appear to be in a general environment where any official statement/report is treated with a high degree of mistrust.

Cotton Australia is of the view that while there are elements of the Basin Plan that are far from perfect, and in many cases well behind schedule, there is also equally a lack of communication showing what real progress has been made. There is no doubt that the Basin Plan has shifted 2,100Gl of water from extractive use to the environment, and over the past decade or so the Commonwealth Environmental Water Holder (CEWH) has delivered approximately 10,000Gl of environmental water.

o *How might this information be improved?*

Cotton Australia believes all agencies involved can do a lot better with timely, accurate communication to stakeholders. In particular, Cotton Australia believes the CEWH can do much better in communicating at a local level its targets, its releases and the outcomes achieved.

Complexity of current Basin Plan governance arrangements

) *What are the benefits or limitations of the current management and governance arrangements of the Basin Plan?*

The benefits are that, in general, the jurisdictional responsibilities largely line up with jurisdictional expertise, and the process does require the cooperation of all jurisdictions.

This limitations is that in some areas, there is responsibility overlap, and it is not adequately clear enough who is responsible for what.

) *Is there sufficient transparency in the management and governance arrangements of the Basin Plan, particularly in the division of roles and responsibilities between Commonwealth and Basin states and their various agencies?*

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No. Compliance is a classic example – what is the role of the Office of the Interim Inspector-General? What is the role of the MDBA? What is the role of the state jurisdictions and their agencies?

) *Do jurisdictional differences create unnecessary complexity and inconsistency, or increase potential for compliance breaches? To the extent such complexity is unavoidable, given the history and inter-jurisdictional nature of Basin management, how can this complexity be best managed?*

The jurisdiction differences are one of the strengths of the Plan as they reflect the historical, hydrological, geographical, social and economic backgrounds of water catchments. This of course makes it more difficult to get agreements, but it also forces co-operation.

) *Should the Commonwealth have greater powers to manage the Murray-Darling Basin?*

No

- *What additional powers would help improve the management of the Basin?*

N/A

- *What would the practical implications of making these changes be?*

N/A

) *What are the benefits or drawbacks of a large number of entitlement types?*

Water entitlements reflect the historical, hydrological, geographical, social and economic backgrounds of the water catchments. There is nothing wrong per se with multiple entitlement types, they make sense. Yes, they all have different rules and conditions, but there is no reason why a person who needs to understand the product cannot understand the product.

In the market-based water world, the entitlements as issued reflect their market value. If you change their characteristic, you not only impact on the value of the particular entitlement class, but you run every risk of causing cascading changes to the reliability and/or value of other entitlement classes.

- *Is there scope to streamline entitlements used across the Basin?*

There may be some limited examples, but if acted on, there needs to be very careful consideration of the issues raised above.

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Environmental watering

-) *There are a number of different plans that guide the delivery of environmental water. Is there any crossover between planning (for the delivery of environmental water) that is carried out by Basin states and the MDBA?*

Yes

-) *Is there opportunity for such planning processes to be streamlined and, if so, how might this occur?*

At a practical level there can be greater engagement and cooperation at a catchment level. There are examples where such approaches work relatively well, including the Gwydir and Macquarie Valleys.

-) *A range of coordination committees meet on an ongoing a basis to plan water delivery and coordinate environmental watering events across different WRP areas and between jurisdictions. How effective are these coordination committees?*

As implied above, the committees in the Gwydir and Macquarie valleys appear to work fairly well.

-) *What changes, if any, could improve environmental water coordination?*

Very clear, well thought-out catchment plans, well communicated, in a manner able to be understood by local stakeholders, with great in-event and post watering event communication – What do we want to achieve? How do we plan to achieve it? How we went about it? What did we achieve?

-) *Are the outcomes of environmental watering communicated effectively with stakeholders and the broader community?*

No

- o *If not, what information needs to be publicly available to improve understanding of environmental watering, and the transparency of environmental watering processes?*

Discussed above

-) *There have been concerns raised about the effectiveness of environmental watering including that the outcomes of watering events are not monitored and evaluated adequately, and that there is a lack of transparency in how environmental outcomes are measured. How might these processes be improved?*

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By clearly reporting on - What do we want to achieve? How do we plan to achieve it? How we went about it? What did we achieve?

) *Is there a need for the Commonwealth Environmental Water Holder to have powers to compel information from other bodies to assist in the delivery and coordination of environmental water?*

No, a co-operative approach is best and is achievable.

Water Resource Plans

) *Is there adequate information available for stakeholders to understand the process of developing, amending, implementing, monitoring and enforcing Water Resource Plans (WRPs)?*

In general, there has been adequate information provided (eventually). The reality is, the Water Resource Plan development process is drawing to its conclusion.

o *If not, what information is required?*

Clear information on monitoring would be desirable.

) *Is there sufficient clarity around how WRPs will be implemented alongside existing state arrangements?*

At this stage it is hard to comment without the experience of the WRP's operating. Cotton Australia would be in a better position to comment in 12-24 months' time.

) *What complexity is created by jurisdictional differences in developing and enforcing WRPs?*

There are no doubt complexities, but the overall position is that it is better to work co-operatively rather than enforce powers from the Commonwealth.

o *How can this complexity be managed?*

By all jurisdictions and all parties operating in a respectful manner.

) *Is there scope to improve accountability in the delivery and enforcement of WRPs?*

Time will tell.

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Compliance arrangements

) *What improvements, if any, could be made to facilitate robust monitoring and compliance into the future?*

The adoption of telemetered meters and other measurement devices provides the capability to undertake much more robust, near-to-real-time monitoring and compliance. There should be a general move towards telemetered, accurate meters and other suitable measuring devices.

However, the requirements must be both effective and cost-effective. There will be some instances, due either to the low volume nature of the use or the highly intermittent nature of the use, where telemetered meters cannot be justified.

As discussed earlier, Cotton Australia's general support for telemetered measurement is contingent on the jurisdiction investing in systems to properly manage and utilise the data.

- *What have the impacts of the compliance processes set through the Compliance Compact been?*

Cotton Australia is not in a position to comment on the actual outcomes from the Compliance Compact, but would point to NSW and the Natural Access Resource Regulator (NRAR), which has established a very high standard for compliance and transparency.

- *Have they resulted in better compliance?*

As above, Cotton Australia, is not aware of specific outcomes from the Compliance Compact, but there is no doubt that NRAR has lifted the standard of compliance and transparency in NSW, and has arguably set the gold standard in Australia.

- *Are there areas that need further development?*

While Cotton Australia does not suggest that each state needs to replicate NRAR, they do need to improve their compliance and transparency to a level that at least equals NRAR. All stakeholders have the right to expect that each jurisdiction has a clear set of rules, those rules are being enforced, and if they are not followed, appropriate action will occur.

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) *Do the Commonwealth and the states have adequate powers, resources, and information to monitor and enforce compliance?*

Cotton Australia cannot comment in detail on the laws of each jurisdiction with regards to water compliance and indeed available resources, however, as suggested above, it would appear that most jurisdictions fall a long way behind NSW in either compliance or transparency or both.

- *If not, what is missing?*

A clear commitment from each jurisdiction to provide a robust and transparent compliance framework. Compliance must not only be done, but seen to be done.

) *Is it challenging for water entitlement holders to find information about, and understand their compliance obligations?*

Yes. Most entitlement holders either know, or should know, their basic legal requirements. However, in some cases, water licences/entitlements have more obscure clauses that might impact on the actual design of works that take water, the rate of take, trigger flow heights etc. In some cases, the entitlement holders may have a full understanding of these conditions.

Cotton Australia has heard from NRAR that it recognises that some conditions are either very difficult to interpret, impractical and or unenforceable. This suggests there might be a legitimate need for a review of licence conditions just to ensure they are fit-for-purpose.

) *Do entitlement holders have confidence that they know the rules so they can act in accordance with their water licenses?*

Discussed above, but it is also clear that in at least some instances, licence conditions need to be reviewed as they are either impractical, unenforceable or un-interruptible.

) *What are the effects, positive or negative or otherwise, of Basin states having different compliance processes including having different penalties and sanctions for offences, or different metering equipment?*

The important thing is that all stakeholders should have confidence that their jurisdiction has appropriate rules that ensure water take is accurately measured, that all take is within legal requirements, breaches of the rules will result in enforcement, and that penalties are adequate to deter non-compliance. The exact nature of the penalties should remain with the states.

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) *Is it feasible to develop a uniform sanctions and penalties regime?*

No

) *What are the benefits/challenges of having uniform sanctions and penalties across the Basin?*

Uniform sanctions and penalties would clearly make it easier to understand the penalties in each jurisdiction, as they would be the same, but as long as there is agreement among the states of what constitutes a breach, and the penalties are high enough to disincentivise breaches, it is not important for the penalties to be uniform.

) *Do the existing licensing and regulation frameworks for water brokers provide sufficient protection for traders?*

Cotton Australia recommends the Inquiry should await and consider the findings and recommendations of the ACCC Water Trading report.

Conclusion

Cotton Australia is of the view that many of the matters canvassed by the Issues Paper have been considered in one way or another by the 40 or more other reports or inquiries into the Basin Plan that has preceded it.

While there have been many worthwhile findings and recommendations from these reports, Cotton Australia would recommend a concentration on the recommendations of the Productivity Review.

Finally, Cotton Australia, as outlined earlier in this submission urges all those involved in the Inquiry to take time to appreciate just how huge a reform the Murray-Darling Basin Plan is, and how much that has been genuinely achieved to date.

Cotton Australia appreciates the opportunity to provide this submission, and would welcome the opportunity to appear before the Inquiry.

For further information please contact Michael Murray – michaelm@cotton.org.au or 0427 707868.

Yours sincerely,



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