
Productivity Commission (PC)

Five Year Basin Plan Review – Dec 2018 – Dec 2023

RGA Submission – July 2023

Introduction:

We appreciate the opportunity to contribute to this important – and incredibly timely – review. As implementation of the very first Murray-Darling Basin Plan approaches its completion, the provision of critical PC analysis and advice is much needed.

Basin communities are at extreme risk of a poorly executed, last minute finalisation of this reform; which is something that we believe must be avoided at all cost. We also argue in this submission that a ‘rush job’ is completely unnecessary. Many good outcomes are still possible for all of the Basin’s water users.

We have structured our submission in the following way:

1. Firstly, we’ll outline the importance of good water management for the Basin’s rice industry, and how we already contribute to multiple national policy goals.
2. We’ll comment on the recommendations from the PC’s last review, and how well they’ve been addressed. **Attachment A** to our submission informs this commentary.
3. Finally, we’ll tackle in some depth a number of the more pertinent questions put forward by the PC in its May 2023 paper¹ namely:
 - i. What needs to change to ensure water recovery targets are met and that supply and efficiency measures are delivered?
 - ii. Are the current arrangements for implementing the Murray-Darling Basin Plan operating effectively? How could the arrangements be improved?
 - iii. Have the governance and institutional arrangements for the Plan proved effective? What changes would you recommend?
 - iv. How well is the Plan responding to a changing climate? How should this be improved?
 - v. How well has community consultation and engagement been conducted? How can this be improved? What lessons should be learned from programs aimed at helping communities adjust to the Plan?

For all of these questions, and in-line with the PC’s specific request that *participants are encouraged to provide evidence to support their views*², our commentary is informed by our ‘Have Your Say’³ feedback, which forms **Attachment B** to this submission.

¹ [Murray-Darling Basin Plan: Implementation review 2023 \(pc.gov.au\)](https://www.pc.gov.au/reports/industry/murray-darling-basin-plan-implementation-review-2023), p. 6.

² [Murray-Darling Basin Plan: Implementation Review 2023 - Public inquiry - Productivity Commission \(pc.gov.au\)](https://www.pc.gov.au/reports/industry/murray-darling-basin-plan-implementation-review-2023-public-inquiry)

³ [Consultation hub | Delivering the Murray-Darling Basin Plan - Climate Change \(dcccew.gov.au\)](https://www.dcccew.gov.au/consultation-hub/delivering-the-murray-darling-basin-plan-climate-change)

Good Water Management and the Basin's Rice Industry:

Virtually all rice grown in Australia is concentrated in the Murray and Murrumbidgee Valleys of southern NSW. Like most irrigated agriculture, rice offers a good source of high-paid employment in these more remote locations.

Our success depends on reliable water access; however, water availability is not just tied to rainfall. Government policy strongly influences the reliability of our access as well.

Rice is an annual crop, that is typically switched 'on' or 'off' depending on water availability. There's a strong correlation between our expected access to water and the total rice area harvested in any given year.⁴ Notwithstanding the challenges, rice production has done an excellent job of establishing itself in the highly variable climate of the Murray-Darling Basin.

To illustrate, between 2008-2009 and 2018-2019, an average of 629,000 tonnes of rice was grown each year. This output was also achieved despite the consumptive pool reducing by one-third under the Basin Plan. By comparison, production was closer to 780,000 tonnes per year between 1998-1999 and 2007-2008, which included a year of almost zero production due to the Millenium Drought.⁵

Our rice production supports a well-trained and productive workforce across the Riverina – boosting incomes and living standards, and creating opportunities for those communities that rely heavily upon our success. These are all well-publicised employment outcomes for the current Federal Government.⁶

As an approximately 10 year annual average, we've contributed \$400 million into rice-growing communities, and provided 400 jobs across the Riverina.⁷ Over this time, the industry has also been recognised as one of the Riverina's major enterprises and key economic drivers, which – along with dairy in the Murray and horticulture in the Murrumbidgee – has traditionally made-up around 75% - 90% of farm businesses.^{8,9}

Our future in the Riverina is clear; however our ability to prepare for this future is severely inhibited by the Federal Government's approach to finalising the Basin Plan. We have no idea where we stand, because they won't tell us what they want, how they want to do it and when it will be done. This creates an impossible task for our business owners and the communities that rely upon them. We can't co-design anything to mitigate impacts if government doesn't know what it wants. This is a critical gap that must be urgently filled.

Recommendations From the PC's Last Review:

It's extremely disappointing that so many of the PC's 2018 recommendations have been ignored; especially by an incoming Federal Government that is adamant that it wants to re-set the business of how the Basin Plan is completed.

We've provided a detailed commentary on some of the PC's more pertinent recommendations at **Attachment A**; however some of this advice must be restated here.

⁴ [Rice farms in the Murray-Darling Basin - DAFF \(agriculture.gov.au\)](#).

⁵ [Australian rice markets in 2020 - DAFF \(agriculture.gov.au\)](#).

⁶ [Employment White Paper - Consultation | Treasury.gov.au](#)

⁷ SunRice, internal commercial data. The figure of '400 jobs' is direct employment; it doesn't reflect secondary employment.

⁸ [AppendixC_Murrumbidgee_community_profile.pdf \(mdba.gov.au\)](#), p. 899.

⁹ [AppendixC_NSW_Central_Murray_community_profile.pdf \(mdba.gov.au\)](#), p. 964.

Governments must extend the June 2024 deadline. This is the only way to ensure that good projects are delivered, and communities are not unfairly exposed to additional water recovery as a consequence of government inaction. Our advice on how this can be done – without the need for risky legislative change – is provided in the next section.

When compared to the Basin Plan's 2009 baseline, the southern Basin in particular has experienced six years of record-breaking, above-average flows. No work has been done to assess how these flows may have already met the 'enhanced environmental outcomes' the Commonwealth is seeking, hence negating the need for additional water recovery.

Detailed analysis by the Victorian Government when the Basin Plan was first proposed¹⁰ also warrants revisiting. It suggests that as a result of existing delivery constraints, there's little difference in the outcomes that can be achieved between 2400 GL of held water and 3200 GL. Given the length of time that will be needed to materially address delivery constraints across the Basin, this must be a factor in any remaining water recovery task.

Related to this, 10 years on from the Basin Plan's inception, the blunt instrument of 'more water' is no longer the most appropriate tool for achieving all environmental outcomes. We consider this, and give examples, on pages 3 and 6 of **Attachment B** to this submission.

We're also extremely dismayed by the continued practice of ignoring communities. Over the life of the Plan, the Commonwealth has remained fixated on water recovery, or delivery of projects in lieu of water recovery. There has been no strategic thinking – whatsoever – about the future of communities where water has been removed, what they actually want for their own futures, and what processes and structures would best support this. Early on, after the change of Federal Government, we were promised co-design. This has never been delivered, not in a single Basin community.

The principle of certainty must be reinstated. Communities deserve better consultation than what they've received to-date. They need a say in the decisions impacting their lives. We support the creation of region-specific roadmaps that are co-designed. They must articulate what will be done, by when and by whom. Ideally, these roadmaps would be further supported by a report-card system that specifically evaluates the achievement of: (i) priority outcomes; (ii) community involvement; and (iii) community certainty and trust.

What needs to change to ensure water recovery targets are met and that supply and efficiency measures are delivered?

Ultimately, we need a commitment to an extension of time, and it needs to be confirmed well before 31 December this year. This will allow all new and current projects to succeed, with full community support. This will also ensure reconciliation is avoided. We're also confident that this can be done without attempting a highly risky legislative change.

The Commonwealth has already indicated that projects contributing to the 450 GL can receive funding and be completed after 30 June 2024, without triggering the need for changed legislation.¹¹ It only seems fair this be extended to the entire SDLAM package.

¹⁰ [Microsoft Word - Final - V5 Final with Ltrs.doc \(water.vic.gov.au\)](#), p. 81.

¹¹ <https://www.dceew.gov.au/sites/default/files/documents/second-review-water-for-the-environment-special-account.pdf>, p. 14.

Delivery beyond 30 June 2024 should be further bolstered by the Basin Plan's reasonable excuse provisions (s.6.12(4)). Under this section of the Plan, non-compliance with SDLs is reasonable if caused by factors beyond a state's control.

With regard to 'reasonable excuse' the decade between November 2012 and November 2022 was characterised by four high-flooding years, and just over two years of extreme pandemic response. At a minimum, this should ensure that SDLs are not unfairly adjusted if reconciliation is triggered later this year.

Our key priority is ensuring that the 605 GL is delivered in full. It's highly likely that this may require the inclusion of new projects - as well as the amendment of existing projects so they're capable of receiving community support. Once more, we believe this can be done without triggering the need for legislative change.

Based on the Commonwealth's 450 GL advice¹² we can infer that Basin Plan clauses are open to wide interpretation. With this in mind, we note the 605 GL package can be amended (s7.12). Importantly, there is no specification of how narrow or broad those amendments can be. This should provide sufficient scope to consider new proposals.

We also note that under s7.15(2) the Basin Officials' Committee (BOC) can advocate for a new assessment method for projects that contribute to the 605 GL. There's no time limitation within the Plan for when this assessment approach can change.

With respect to any additional water recovery that may take place as part of finishing the Basin Plan, the RGA reiterates the position of its members that the 450 GL is fundamentally unachievable, and should not take place unless accompanied by neutral or improved socio-economic outcomes. Beyond this, we don't support buy-backs, we don't support any more licences being removed from the irrigation allocation pool, and we believe that the 'benefits' of water recovery efforts should be shared across users.

With the above context in mind, we were able to submit 7 pages of ideas to the Commonwealth's recent 'Have Your Say' process on the Basin Plan. We have provided a copy of our project list to this submission for your reference. It's at **Attachment B**.

Are the current arrangements for implementing the Murray-Darling Basin Plan operating effectively? How could the arrangements be improved?

In a nutshell, we would say 'no', the current arrangements are not operating effectively. There's substantial room for improvement, which would also achieve a much greater suite of outcomes for all water users. It's all reliant on the Commonwealth being serious about its commitment to practice innovation, based on best-available information.

Essentially, the Plan has morphed into an extremely unwieldy instrument that is unable to operationally respond to current climate variability across the Basin, let alone the vastly increased volatility we've been told to expect in the future.

It's concerning that the MDBA has been given such free reign to interpret vast swathes of the Plan in ways that it sees fit, and which are essentially divorced from the real-world of water management. The unwillingness to implement good public policy principles across the suite of its work has resulted in a huge and unnecessary waste of tax-payer resources.

¹² <https://www.dcceew.gov.au/sites/default/files/documents/second-review-water-for-the-environment-special-account.pdf>, p. 14.

The Australian Government itself has devoted substantial considered thinking to what 'good policy' means.¹³ One of the key components is how practical it is to implement. In our view, the amount of unnecessary content in the Plan, and the MDBA's poorly executed approach to Water Resource Plans (WRPs) are both examples of what not to do.

Drawing on the Australian Government's resource referenced here, we offer a quick, high-level evaluation of what we mean.

- *Are you solving the problem, and getting the outcome that's needed?*

The 'problem' as we understood it in 2012 was a perception of overallocation across the Basin. Arrangements were immediately implemented to ensure that new sustainable diversion limits (SDLs) would be met on 1 July 2019.

This was achieved with 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.

WRPs weren't needed to achieve this outcome, let alone the 55 information requirements the MDBA thinks are necessary for their content, accompanied by thousands of pages of supporting documentation.

- *It's very rare that our first idea is our best idea.*

The framework that governments landed in 2012 represented the collective 'best idea' for how this ambitious reform could work. This first idea is no longer the best one in 2023.

We have substantially new – actual – weather information compared to what the Plan's 2009 baseline anticipated. In addition, we have eleven years of concerted project work across the Basin that tells us what is and isn't feasible and what communities will and won't accept.

We've also reached a point in our environmental water recovery and management – where – for many of the Basin's biggest threats, they will not be solved with more water. We provide examples of this last point on page 6 of **Attachment B** to this submission.

The Australian Government is clear in its advice as to what should happen when a policy task no longer reflects the 'best idea': *we need to ... allow ourselves room to make adjustments to get the best result*. That's absolutely what should be occurring with the Basin Plan at this point.

Have the governance and institutional arrangements for the Plan proved effective? What changes would you recommend?

The current power-balance does not work in terms of effective Basin Plan implementation. The MDBA's only role in the space should be solely as a technical advisor. Basin Governments – collectively – should be deciding on: (i) operational priorities as they relate to the Plan; (ii) how they will be met; and (iii) critically, what will be deemed 'good enough' in terms of the implementation task.

¹³ [Practical to implement | Policy Hub](#)

With the MDBA constantly running interference, and 'pulling rank' in terms of its view that the Plan is the final say on all things Basin water, Governments will never have the strategic space to do the work that is expected of them by their communities. The only 'resourcing' needed is a re-set of the current – highly ineffective – power imbalance between Basin Governments collectively and the MDBA.

How well is the Plan responding to a changing climate? How should this be improved?

Based on its current track-record, we're extremely concerned that the MDBA is at strong risk of significantly mishandling its approach to climate change. If this approach is then enshrined in the Basin Plan, the potential of perverse outcomes occurring – for all of the Basin's water users – is extremely high.

We understand the current prediction of climate change leading to 'less water overall'. What matters more to us, however, is how that trend expresses itself seasonally – which is the timeframe over which annual cropping decisions are made.

Taking the last 10 years as a case-in-point – four of those years have been characterised by extremely high rainfall. Our response to climate change must take this into account, allowing water access and use to be optimised in these wet years. This will be fundamental to ensuring we enter future dry years from a robust/resilient starting point.

To date, none of the MDBA's considerations of future climate change have been informed by this much-needed adaptive management approach. Instead, all we're being faced with is the threat of more and more water recovery, 'just in case' the environment needs it.

How well has community consultation and engagement been conducted? How can this be improved? What lessons should be learned from programs aimed at helping communities adjust to the Plan?

As noted in our earlier comments, we've been extremely disappointed with the Federal Government's consultation efforts over the past 14 months. We don't know where we stand as an industry, which makes it impossible to assess risks and offer alternatives.

We were promised co-design – this was never delivered. We were told we could offer project-based solutions in lieu of water purchase in the NSW Murray – our advice was ignored, with no explanation offered as to why our suggestions weren't good enough.

We keep being told to give the Commonwealth our ideas – and we keep providing them – yet we've never been told how they will be used, by whom, or when.

In terms of 'improvements' as a first step, the current Federal Government needs to be much more transparent about what it actually wants. This information must be articulated in a way that allows individuals, within individual communities, to understand what it means for them. A legitimate co-design process should then be opened that allows for those individuals and communities to advise on their preferred approach.

We're also sick and tired of being told we have to 'adjust' to the Plan. We're not going anywhere, and we've demonstrated our strength, resilience, determination and ingenuity time and again over the past 10 years. Government needs to meet us where we are, and support us to thrive. Good, transparent policy and fundamental respect would be a reasonable starting point, and one we shouldn't even have to ask for from government.