



Australian Government

Commonwealth Environmental Water Office

Professor Jane Doolan
Commissioner
National Water Reform Inquiry
Productivity Commission
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Dear Commissioner

Thank you for the opportunity to make a submission to the Productivity Commission's inquiry into the reform of Australia's water resources sector (the Inquiry). Firstly, let me compliment you on a very comprehensive, considered and constructive draft report.

The enclosed submission provides commentary on draft recommendation 5.5 regarding the devolution of responsibility to deliver held environmental water.

Realisation of the full, and very significant, benefits from the Commonwealth environmental water holdings is dependent on the complete and proper implementation of the Basin Plan and its associated intergovernmental agreements. In that context, I am certain that the next Commonwealth Environmental Water Holder will provide input to the Productivity Commission's inquiry into the effectiveness of the implementation of the Basin Plan and water resource plans in 2018.

I note that my submission is a public document and I am comfortable with its publication on the Commission's website. If you have any questions please feel free to contact me

On a personal note, I'd like to thank you for your support and encouragement in our work together over the years I've been the Commonwealth Environmental Water Holder.

Yours sincerely

David Papps
Commonwealth Environmental Water Holder
20 October 2017

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Submission to the Productivity Commission National Water Reform (draft report)

Background and context

The Commonwealth Environmental Water Holder is responsible for the management of the Commonwealth environmental water holdings to protect and restore the environmental assets of Murray-Darling Basin. This function is governed by the *Water Act 2007* (Water Act), the Basin Plan 2012 (the Basin Plan) and the Basin-wide environmental watering strategy.

I also am required to manage the Commonwealth water portfolio to ensure it's effective, efficient and ethical use, consistent with the statutory obligations within the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Commonwealth Environmental Water Holdings currently consist of entitlement with 1,807 GL long-term average annual yield which has been valued at approximately \$3.1 billion. I am committed to being a diligent, accountable, responsive and prudent environmental water manager and in doing so, cause no harm to irrigators.

I manage the water portfolio by making decisions about whether to use, carryover or trade environmental water throughout the Basin. Watering events are planned in consultation with other environmental water managers, river operators, land managers, scientists and local communities across all Basin States. These decisions are informed by robust decision-making frameworks and comprehensive risk assessments, which are continually being improved in response to experience. Over the last nine years, Commonwealth environmental water has contributed towards achieving a range of environmental objectives, including:

- providing river flows that support good water quality for the environment and water users;
- connecting rivers to floodplains to maintain food chains and support fish movement;
- filling wetlands that support native fish, birds and other native animals; and
- supporting the recovery of the environment following drought, and building resilience in preparation for the next drought.

The full restoration effort will take decades, with progress towards these outcomes being measured as part of a continuing Long Term Intervention Monitoring Project (\$30 million over five years) to monitor and evaluate environmental outcomes and support the adaptive management of Commonwealth environmental water. Monitoring of outcomes from the use of environmental water to date has shown significant results for fish, birds and native vegetation. These scientific analyses are increasingly supported by anecdotal evidence from river users (e.g. fishermen).

The National Water Reform (draft report)

Recommendation 5.5

Following discussions with you, I understand that the intent behind draft recommendation 5.5 on the devolution of decision-making on Commonwealth environmental water was to suggest that it should only occur within the existing decision making frameworks and only where it was practicable. It is also suggested that this should be in the context of the CEWH establishing further longer term delivery arrangements. I recommend that you further clarify this draft recommendation in finalising the report to ensure it is not misinterpreted as proposing the complete devolution of the Commonwealth Environmental Water Holder's decision-making on environmental watering (or indeed the distribution of Commonwealth environmental water holdings to state or sub-state agencies). Complete devolution would be fundamentally inconsistent with the underlying rationale in establishing the Commonwealth Environmental Water Holder as an entity capable of decision-making on environmental priorities at the Basin scale, specifically anticipating the transfer or trade of water allocations between catchments and jurisdictions.

A Basin-wide approach to trade-offs over location and timing across State boundaries is best achieved by a Commonwealth Environmental Water Holder. This multi-state focus, required by the Basin-wide environmental watering strategy, is something that small local level managers or entities, regardless of capability, cannot bring to the table. Maintaining the whole-of-Basin focus is integral to the accountability and management of Commonwealth environmental water.

However, I am already working towards a managed devolution of day-to-day decision-making, where practical, by entering into partnership agreements with appropriate local entities. In this way the expertise, experience and support of local communities is incorporated whilst maintaining Commonwealth accountability. My goal is to negotiate consent and develop meaningful and transparent local engagement from the earliest stages of any proposed watering.

I have entered into a diverse range of agreements with Indigenous groups, irrigation companies, private companies and state agencies to deliver environmental water at local, catchment and Basin scales. You can find these partnership agreements on the Department of the Environment and Energy's website at:

<https://environment.gov.au/water/cewo/publications/agreements-use-commonwealth-environmental-water>. One example is the landmark Partnership Agreement (agreed in April 2016) with the Renmark Irrigation Trust (RIT). Renmark irrigators are seeking to be proactive and responsible environmental stewards. RIT use existing irrigation infrastructure to maximise the delivery of environmental water for the benefit of the environment and local community. I provided water and funding for small scale works to improve efficiency and effectiveness of watering wetlands. RIT keep my office informed through monitoring of events so that we can continue to apply our adaptive management model. I intend to continue forging new partnerships where practical and subject to my capacity to properly resource them.

I have six local engagement officers working alongside state and local land and water management agencies and providing outreach to local communities throughout the Basin. The local engagement officers provide a conduit between the community and the Commonwealth Environmental Water Office.

Other findings and recommendations

The Productivity Commission draft report on National Water Reform highlights the importance of managing Australia's water resources and the additional work to be done on national water reform. Overall, I support the Commission's future reform priorities to maintain the key foundations of water management and account for evolving water management practices. The Commission's recommendation to revise existing policy settings to deal with contemporary issues, such as equitable treatment for all water users are supported (recommendation 3.1).

I applaud draft finding and recommendation 3.2 regarding the protection of Indigenous cultural values through access to water resources and consideration of cultural objectives in the management of environmental water, particularly where mutual benefits exist. Aboriginal knowledge is currently being incorporated into environmental management through the cultural flows project I support; partnership arrangements I have entered into; and through continuing consultation with Indigenous peak bodies. For example, Toogimbie Indigenous Protected Area (north of Hay in NSW) represents a spiritual link between the health of the land, its water systems and its people. Commonwealth environmental water is being provided to support re-establishment of a swan rookery and habitat supporting the nationally listed endangered southern bell frog.

There is also value in enhancing current policy settings to improve environmental management (recommendations 5.1, 5.2, 5.4 and 5.6). My Office is already involved in and tracking towards better integration of environmental water into Basin-wide river operations (recommendation 5.1). I also work with state agencies through established committees to reduce duplication and coordinate watering activities whilst ensuring my interests are supported and the required environmental outcomes are being achieved (recommendation 5.4). I would continue to do so should the Commonwealth's The Living Murray entitlements be included in the Commonwealth Environmental Water Holdings.

In relation to draft recommendation 5.6, building community knowledge, trust and confidence that environmental water is competently managed throughout the Basin has always been a key focus. I am working to build public understanding about the improvements in the health of rivers, wetlands and floodplains across the Basin that have resulted from environmental watering. The Long Term Intervention Monitoring Program I established monitors and evaluates the effectiveness of Commonwealth environmental water use. Over time as Commonwealth environmental water has been delivered, the results of monitoring has fed back into assessments of the effectiveness of the water used, enabling adaptive management.

Conclusion

As the Inquiry recognises, environmental watering involves a highly coordinated, planned and managed program of activities in partnership with state agencies and communities. I intend to continue to work with all governments, and with people across the Basin, to obtain the best outcomes from the Commonwealth environmental water. I am happy to be contacted by the Productivity Commission about this submission, or other matters relevant to the Inquiry.