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Productivity Commission

PRODUCTIVITY COMMISSION

NATIONAL WATER REFORM PUBLIC HEARING

DR J DOOLAN, Commissioner
MR D COLLINS, Associate Commissioner

TRANSCRIPT OF PROCEEDINGS

DAY 2
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5 COMMISSIONER DOOLAN: Good morning. Welcome to the public hearings for the Productivity Commission inquiry into national water reform, this is Day 2. I'd like to begin by acknowledging the traditional custodians of the land on which we're meeting today and pay my respects to Elders past, present and emerging, and given that we are virtually meeting today with a range of participants, I'd like to recognise now the traditional custodians of the lands on which all our participants are joining us from.

10 My name is Jane Doolan and I'm a commissioner with the Productivity Commission. My fellow commissioner is Drew Collins and we're leading this inquiry. The purpose of these hearings is to facilitate public feedback and comment on the recommendations, the findings, and the renewal advice that we have made in our draft report which was released in February. Following this hearing today, we will be working to finalise the report and hand it to government by the end of June 2021, having considered all the evidence that's been presented at the hearings and the submissions we receive in relation to the draft report.

20 Participants and those who have registered their interest in the inquiry will be advised of the final reports released by government, which can take up to 25 parliamentary sitting days after completion. Throughout this inquiry we have talked to representatives from the Australian state and territory governments from local governments, from peak bodies, NGOs, Aboriginal and Torres Strait Islander groups, academics and individuals with an interest in the issues.

30 We are grateful to all the organisations and individuals that have taken the time to prepare submissions and to appear at these hearings. We like to conduct all hearings in a reasonably informal manner, but I remind participants that the sessions are being recorded and a full transcript is being taken. For this reason, comments from observers cannot be taken but at the end of the days' proceedings, I will provide an opportunity for anyone who wishes to do so to make a brief presentation.

35 I remind people participants are not required to take an oath but are required under the Productivity Commission Act to be truthful in their remarks. Participants in the waiting room or online are welcome to comment on the issues raised in other submissions if they wish. The transcript will be made available to participants and will be available on the Commission's website within a week of this hearing. Submissions are also available on the website.

45 For any media representatives attending today, some general rules apply: no broadcasting of proceedings is allowed and taping is only permitted with prior permission. Participants should be aware that media representatives may be present and they may be using Twitter and other internet mechanisms to convey information online in real time including participants' remarks.

Participants are invited to make some opening remarks of five to ten minutes. Keeping these remarks brief will allow us the opportunity to discuss matters in greater detail. I would also like to ask all observers and participants who are not speaking to please ensure their microphones are on mute. Thank you.
5 Okay.

SHORT ADJOURNMENT

[9.10 am]

10

So, I'd like to introduce Ross Womersley and Rebecca Law - - -

From the South Australian Council of Social Service. So, can I invite you Ross and Rebecca to introduce us to your submission please.

15

MR WOMERSLEY: Sure. So just by way of some background, I'm the CEO here at the council and Rebecca is one of our senior policy staff and has been one of the key people pulling this work together at this point in time and focussing in on it. And I'm not sure what you know about the council but we're the peak body for the non-government community services and health sector in South Australia and have a long and abiding interest in all things essential services, because of the role that they play and the - in fact -
20 increased proportion of the role that they play in the lives of people who experience poverty and disadvantage. So, in that context the issues around
25 water, energy, telecommunications are all front of mind and really critical to us as we think about what's happening to people.

I suppose the other feature of that is that - of course - the essentiality of all of those services pivots on the idea that as humans we need access to those
30 kinds of things, and they meet our basic human needs. And water of course is one of those fundamental basic needs that, if you don't have access to safe, secure, affordable water you're left in a position of probably experiencing enormous issues around your health and has a whole series of other
35 consequences for you and anybody in your family. Thank you for the chance to actually speak to this this morning, I think we appreciate the fact that you've taken the time out to, sort of, both read and see what we've submitted to this point, but also to join us in some conversation.

Look, we absolutely agree that - and you would've seen this from the
40 submission - that the National Water Initiative is no longer - or many of the elements in the National Water Initiative are no longer fit for purpose, and in that way, we absolutely agree with the commissioners about that. And it particularly arises in the context of - you know -we're growing into a drying climate, we've got more severe and more frequent droughts and other
45 weather events, and so as a consequence of that we need to be mindful and having out eyes to that, and for the implications. In South Australia we think the successive reforms have largely been successful in shoring up some of

our water security, particularly for metropolitan Adelaide, and some key regional areas - some key regional areas - but it's only some, and it's particularly those that are connected to the SA water network.

5 Of course, today we're coming from Kurna land which the Adelaide CBD kind of sits on, and we enjoy plentiful access to safe, secure drinking water. But the same can't be said for some people across the state, and some communities across the state, who are living in regional remote areas and who aren't connected to that SA water network business and covered by
10 community service obligations. For those people the issues here effect disproportionately people living in those rural and remote areas - and as a result - they're the ones that have shorter lives, poorer health outcomes, and a higher burden of disease. And, of course, they're at an enormous distance from many of the health services that they would require in order to manage
15 some of those services - and we expect that the intersection between if they had access to healthy water, we would expect to see improvements in their physical health and wellbeing and that would actually be to everybody's benefit.

20 And I guess, as an overarching thing, it's clear to us that in a country that's as rich as we are, and has the wealth and capacity that we do, that it's unacceptable that a whole lot of our citizens are left in a position where they don't have access to that very fundamental and basic entitlement. There's clearly some very specific issues that arise for regional and remote
25 communities in the provision of water services, and we don't think those are currently addressed properly and adequately in the policy, legislative, and regulatory framework. The reforms and policies to date have largely remained silent on addressing the gap in standards of service delivery for drinking water services in smaller and regional or remote communities,
30 where full cost recovery is difficult.

As a result, some communities are receiving poor - sometimes unsafe - unreliable and high-cost water services and if you've seen any of the press coming out of South Australia in the last couple of days, there's been a focus
35 on Oodnadatta and the issues around access to Oodnadatta, and of course, Oodnadatta is actually an example of something connected into the SA Water network, and they still haven't got access to safe reliable drinking water.

40 One of the real issues that we think is deeply problematic is the fact that we don't actually know the true magnitude of the problem, and we don't - there is no clear mind map or map of disadvantage and who's got what in the - across the remote communities across regional South Australia. And while we suspect that's true in South Australia, we also suspect that's true across a number of other areas of Australia, and so we don't think it's unique to South
45 Australia, but we think it's particularly problematic from our perspective in a South Australian context.

Unless we get a collective understanding and a clearer perception and clearer understanding of what the issues are, then, in fact, what happens is that we continue to see ad hoc reactions to, you know, this set of circumstances for a period of time, but we don't actually see any really clear strategic approach to resolving them all one way or another, let alone resolving them with some clear sense of what's the priority and on what basis we're reaching that conclusion.

An example of this is the Scotdesco Aboriginal community which is 100 kilometres west of Ceduna. In 2019 the community experienced critical water shortages due to a lack of winter rainfall and required emergency water to be carted at a cost of \$1400 per truckload. As the Scotdesco community falls 10 kilometres outside of the boundary of a prescribed area, it was unable to access the subsidised cost of \$300 for the same amount of water.

Disappointingly, we still don't have visibility over where a state government taskforce, set up last year to address those issues, has actually landed, so that we haven't seen the outcomes from that. At a state level SACOSS is advocating for a state-wide stocktake of South Australian regional and remote communities' water services so that we can better understand the extent and magnitude of the issues, root causes, any systemic challenges and the level of investment that's actually required in order to address the issues.

And again, I make the point that while, you know, we're specifically speaking to the South Australian experience, there's no doubt in our minds that it has application in other jurisdictions across Australia. Our submission also comments on the urban water pricing and institutional arrangements, and that includes a concern that SACOSS has that if the government's commitment to the institutional separation of policy making, service delivery and regulation of SA Water, including the independence of the economic regulator in South Australia, ESCOSA, and the regulatory process more broadly is being increasingly compromised.

Currently, the Minister for Environment and Water can direct SA Water to undertake significant capital and operational expenditures, and the treasurer can order these costs to be recovered in full from SA Water's customers through their water bills without being subject to the rigorous scrutiny of independent economic regulation. ESCOSA's regulatory determination for SA Water for 2020/24 included over \$461 million in unscrutinised SA Water expenditure directed by the Minister which will be recovered from SA Water customers through their water bills in the next four years.

The expenditure includes costs ESCOSA may otherwise have deemed not to be prudent and/or efficient, but this remains unknown as those expenditures are not subject to the scrutiny or efficiency targets imposed on other expenditures in the determination. We explore this issue in a bit more detail in our submission. Look, we appreciate the opportunity to participate in the

inquiry and would be glad to answer any of the questions that you might have generated in response to, you know, this brief presentation this morning, but also in response in to your own reading of the submission that we've provided.

5

COMMISSIONER DOOLAN: Thank you very much. There's probably a number of questions. And firstly, we would really like to thank you in particular because we have tried to reach out to some of the social services groups to get them involved in water, and it hasn't been as easy, so it's terrific that we have you participating in both sites, I think. We had a submission on the issues paper as well, so very grateful.

10
15
15 So just in terms of the first one, the extent of the problem. So we would agree that it's very difficult to get information, and you have had Aither do a piece of work which you said you're happy to share when it's available. Any idea when it is available for us? Just, you know - - -

20 MS LAW: So we've been working through some draft provisions with Aither, so we're expecting probably early April at this stage.

20 COMMISSIONER DOOLAN: Okay. And you are willing to share at that point?

25 MS LAW: Yes.

25 COMMISSIONER DOOLAN: That would be great if you were - that would be terrific because I think we've said the same. In terms of the advice, though, that we have put together is okay, let's see if we can understand how big the problem is, and trying to understand the difficulty of providing this as well, we have put forward an approach in particular of looking at, you know, 30 minimum of safe, and then additional to be worked through with communities and a way of potentially sharing, where it's unaffordable with community service obligations. Have you got any comments or suggestions on what we've put forward in particular or does that seem to be a sensible 35 way forward, from your perspective?

40 MS LAW: So we strongly support the commission's advice around having a basic level of service, the reason being we think that there is currently no other mechanism that has a line of accountability for making sure that we lift up that minimum bar of providing the basic service of water. While there are mechanisms, like the United Nations sustainable development goals around the provision of safe and affordable, reliable water, they're much more a higher principle level and, I think, are created at a national level.

45 That doesn't allow the locality issues to be drawn out, and so I think the basic level of service offers the ability for individual jurisdictions to set their own targets which are, you know, commensurate with their own situations and

5 their own policy and regulatory frameworks. I think in absence of something that attaches itself to a commitment that a state government can take that says - essentially what it's saying is that we commit to leave no citizen of ours behind in having access to this very basic level of service, and that's just the floor.

10 A very low bar that we had hoped will have ability to regulate against, and that's quite critically important, in our view, because in absence of that - and we've seen it play out in the most recent regulatory process in South Australia, the regulator doesn't have a policy to regulate against, and they're bound by obviously the various, you know, acts that are set up to - the economic efficiency and so forth. And in absence of that, you can't bring in the human rights aspect in that. You know, what we're really trying to target with setting this basic floor.

15 Having the agreed level of service, I think, in principle, we support, but we'll just have to think through how that works in practice and, of course, balancing what's the appropriate level to set in terms of how you do it by region or locality, by community, what constitutes - you know, is it a community of two people or 50 households. I think there are a few issues to work through, but I think there is merit in understanding and particularly involving community in understanding what - how they want to live and having them brought along in the process about not really willingness pay for infrastructure, but it's a relative to the current state of play as well.

20 That's I think critically important particularly in areas where SA Water aren't obliged to supply, because an absence of a mechanism like that, there isn't any - in our view, rigorous policy or procedures that lifts up those issues. So I think in conjunction they would work quite well to go some way in solving some of the issues we're concerned about. There's no silver bullet, but it would help, in our view.

25 MR WOMERSLEY: One of the things that is particularly challenging is just getting a consistent dataset that we can actually interrogate at any point in time or any of us can interrogate at any point in time to actually test the question about what's going on and to what degree everybody has access to, you know, potable water or whatever, and so I think if this was a mechanism that enabled that to happen, that would be a very helpful thing.

30 And probably there's a little bit of work to be done about what fits into the level of service, so what basic actually means and how do we actually breathe life into that definition and ensure that it kind of protects people at a basic level, and then we think about all the add-ons after that.

35 COMMISSIONER DOOLAN: Yes. Okay. Thank you. So I also was interested in the areas not connected to SA Water. I probably don't have quite as good an understanding of those and how they're managed. Would

you just mind giving me a brief run through in that? I think I speak - Drew, yes? That would be helpful to us if you were happy to do that.

5 MR WOMERSLEY: Yes. Look, we can shed some light on it, but in fact we too aren't as yet clear as to exactly who and what the arrangements are across all of those areas of the state where in fact there are communities that don't connect to the SA Water network. We're not even necessarily always sure about those that are being served by SA Water. We have some better insight into that but we're not sure. I think that's a reasonable summary, isn't it?

10 MS LAW: Yes, I think a lot of it is to do with legacy policy decisions when the Water Industry Act was established in 2012, and they've - we've found all the Aither research has found that those legacy decisions have been brought to the fore to the present day and haven't been quite addressed. So it might be an incidence where under the community service obligations SA Water are obliged to do - have service to a particular point.

20 So, for example, it might be to the gate of the community but then once you're past that community gate, between there and the household it's not their responsibility, or it could be in another situation that it's someone else's responsibility, be it the council and other community groups to do the maintenance side of things, but then another group's responsibility - another part of the chain. And so what we have tried to uncover and as Ross is alluding to, we just don't know.

25 We don't have a clear picture from, you know, a whole statewide perspective around the institutional arrangements but also to the level where if you were to ask SA Water and I'm sure they would say that the water is supplied to a safe - you know, healthy drinking level to the gate and that's true as a statement, but when the taps are faulty and the mechanisms and the infrastructure taking that from the gate to the households in SA it's not - it defeats the purpose.

30 COMMISSIONER DOOLAN: So effectively in these situations SA Water is the bulk supplier to a point and then there's an arrangement for delivery?

MR WOMERSLEY: With some sort of third party.

40 COMMISSIONER DOOLAN: Yes.

MR WOMERSLEY: Whether that's the - you know, it may be the Aboriginal community council itself, so they may have some responsibility or it may be another party that - as far as we understand it.

45

COMMISSIONER DOOLAN: Okay. And at that point it becomes quite opaque and there's very little service standards or reporting or anything at that point. Okay.

5 MS LAW: And beyond SA Water, so they supply the great majority of our state.

COMMISSIONER DOOLAN: Yes.

10 MS LAW: But there are other - outside of that at the margins, self-supplied communities that aren't connected to the SA Water network and, again, we have - I think the statement we put in our submission is there's no single source of information that provides clarity on this, different people might know different bits of the situation. But when we went to research and try to
15 find out, it takes a lot of time and knowing where to go and even then, you don't have a clear picture.

COMMISSIONER DOOLAN: Yes. Okay. Thank you. The other question I had and then I'll hand over to Drew because I'm sure he's got some as well,
20 was your point about the ministerial directions. Now, obviously, you know, in any regulatory set up such as we have in South Australia and Victoria and New South Wales, ministers can always direct and, you know - but I suppose I just wanted to get a sense. You have quoted a number of directions in this, and the impression I got was that this is the practice that is increasingly being
25 used. And have you been observing over time that the amount of funding is increasing in this as well?

MR WOMERSLEY: Yes, I think it would be reasonable to say that the amount of funding that has, subject to the directions, probably has increased
30 over the last, you know, three water determinations. And the issue from our perspective is that again, it's an issue of scrutiny and so the independent regulator was established with a role of trying to discern and act in the best interest of customers.

35 COMMISSIONER DOOLAN: Yes.

MR WOMERSLEY: And in part that involves some understanding about the economic consequences, but in part it just go - from our perspective, it does go to some of these humans rights questions as well that in acting in the best
40 interests of customers, you ought to have eyes to a broader perspective that goes beyond the simple 'how much does it cost' to 'what are the consequences?' and we've actively been involved in regulatory processes around the decision making in an effort to both make sure that we're well informed about what the business is proposing, but also in an effort to
45 influence and shape those decisions for the better.

And what happened particularly this time, but it has happened in previous decisions, was that from the outset of the regulatory process we were asking for a set of - some real clarity from the South Australian Government about the policy settings within which this decision - this regulatory decision was going to be made. And of course those policy decisions were not brought forward so we - and ESCOSA were not able to identify them and so we never actually got a clear understanding of exactly what the policy environment was that ESCOSA and the community were actually responding to.

And we invested huge amounts of time from consumers in participating with ESCOSA and SA Water to try and facilitate a process of getting to the regulatory decision that really actively involved that decision-making group and made sure that consumers were well and truly at the table for making those big decisions about where money ought to be spent, is it really the priority, is it really required, all of those things. And of course ESCOSA did come out with its position around this stuff, and it was only at that time that the government then made a series of other decisions that - policy decisions.

Now, they may well be entitled to do that, but in fact it undermines the confidence of us as consumers in the process that we've just engaged with. And of course, many of the projects that in fact the minister prescribed as being required, now they might in fact be legitimate projects, but we weren't involved in coming to that decision, the consumers of South Australia weren't involved in coming to that decision, the minister made that decision. Now, it would be preferable from our perspective for all of those decisions to also be transparent and upfront so that if in fact the minister was likely to act in that way, we could be anticipating that. Now, I suspect the minister's response will be to say, 'Well, I won't know until the time.'

And then of course you run the risk of the projects that in fact get prescribed by the minister, or the government of the day, are projects that are pets for the government of the day - whoever that is - and that would be problematic, that would fly in the face of making these decisions in a manner that brings together consumer, and business, and the regulator, and the water business. It just flies in the face of that kind of process.

COMMISSIONER DOOLAN: Absolutely, it's at odds. It was always meant to be not a - what should we say - not a regular part of the framework. So, exceptions - - -

MR WOMERSLEY: I think from our perspective, we always understood the provisions for the minister to prescribe, we had always formed the impressions that they were set in place at the point in time that we moved to an independent regulation and that there was that one year in which there might need to be some adjustments that emerge from ministerial prescription, but they've become a habit now.

5 COMMISSIONER DOOLAN: Okay, alright, thank you I think that's really useful to know. Because, as we find everywhere, the effectiveness of independent regulation - people are often blaming the regulator for something that is, in fact, a gap in the policy framework and you're just highlighting another one, but from a different perspective, which is actually really helpful. Drew?

10 COMMISSIONER COLLINS: Yes, I'd just like to continue a little bit of that discussion. I certainly support the discussion you just had in terms of ministerial actions potentially compromising the integrity of service delivery and efficiency, so certainly share your views there. In your submission you state you believe they've been used seven times since about 2012 when the Act came in, which on face value, you can't say whether that's excessive or not unless you really consider the detail. You talk about the timing of the most recent ministerial direction, but you don't give us any idea when that was, or the context, are you able to just fill us in a little bit about that latest use of direction.

20 MR WOMERSLEY: So, in effect, the directions didn't emerge until the ESCOSA process was concluded. So the process of - and all of the engagement that we and a whole series of other consumer representatives have had in the process of trying to negotiate the SA Water regulatory proposal had effectively concluded, and it was only at that point in time that the minister and treasurer then issued a series of instructions that - changed effectively - the outcome for SA Water and the regulatory process, created a whole lot of other dimensions to it.

COMMISSIONER COLLINS: When was that Ross?

30 MS LAW: So, the directions were - or some directions were - made on May 2020, and the publication of the final determination from ESCOSA was in June 2020. So quite close in timeline, and as Ross suggested, once the formal part from our end had concluded.

35 COMMISSIONER DOOLAN: So that is a bit extraordinary. So, it's after the draft pricing determination has been published

MS LAW: Correct.

40 COMMISSIONER DOOLAN: And then just prior to the finalisation. We'll follow it up, but if you wouldn't mind - what was the 460 million for?

45 MR WOMERSLEY: A series of projects that the minister discerned were in the government's interest.

COMMISSIONER DOOLAN: And were currently not in SA Water's plan?

MR WOMERSLEY: Correct. And in fact, at least a couple of the proposals that had not been prioritised as SA Water, as a part of the discussions in the consumer discussion.

5 COMMISSIONER DOOLAN: Okay. Those dates are actually quite stark.

MR WOMERSLEY: Yeah. There was no - there was no way - so the submissions process, by that point in time, the submissions process - our capacity, we'd lodged our final submission in relation to the - - -

10

COMMISSIONER DOOLAN: The draft?

MR WOMERSLEY: The draft determination.

15 COMMISSIONER DOOLAN: Yes.

MR WOMERSLEY: And so, you know, this was completely outside of that and I think I was a bit personally affronted - I want to be cautious about my wording here, I'm not sure who's on the call - - -

20

COMMISSIONER DOOLAN: You are being transcribed as well.

COMMISSIONER COLLINS: Yes, it's public record.

25 MR WOMERSLEY: I understand I'm on the record. But I guess having devoted so much time and energy to participating in a whole lot of decision making processes that lead up to the draft decision, and ultimately we hoped to contributed to the final decision, to then have the minister make a whole lot of directions that, in fact, weren't consistent with, or weren't involved in, or weren't even considered in the process of the negotiations, I think, was
30 deeply problematic.

COMMISSIONER DOOLAN: Okay. Well, thank you for that.

35 COMMISSIONER COLLINS: Yes, thank you. So, we certainly understand your position now, and we will have a look at that. Can I just - my second area I wanted to ask you on is on your last page you talk about community service obligations, and they're not extended to minor and intermediate
40 retailers. Can you just outline who those retailers are and the nature of the issue?

MS LAW: Yes, so in South Australia I believe there are around 60 odd minor and intermediate retailers, primarily councils or other private operators that majority supply sewerage services, but also some of the drinking water
45 services. They, as we understand, and our interpretation of the Water Industry Act, there is the mechanism for the minister to extend or apply the

community service obligations to minor and intermediate retailers, but that decision hasn't been made.

5 So, as we outlined in that example of Scotdesco community, we believe it creates inequities between communities and areas that are covered under the CSO schemes and those who are not. But again, we don't have a great visibility about the delineation and the historical reasons for which ones are covered and which ones aren't. But we believe that there's merit to better understand that situation and understanding the implications of extending those CSOs more broadly in South Australia.

10 COMMISSIONER COLLINS: The private ones, would they be typically mining operations?

15 MR WOMERSLEY: Look, you couldn't be sure. They're probably irrigators, potentially, or some sort of connection to the irrigator community, but also there would be miners in the middle - you know - mining arrangements in the middle of that as well. But again, it's not something over which we have a high level of visibility to be honest, and it's probably - yeah, 20 it's one of those things that as we reach into these issues the more it becomes - the more we start to understand about how bereft of consistency there might be across all of these things. But the point I think in this instance is that there clearly is a provision for the minister to make that arrangement.

25 The fact that the minister has chosen not to, and to only make those arrangements, in relation of those orders, in relation to SA Water there may be good reasons for it, but it would be important to understand.

30 COMMISSIONER COLLINS: Okay, thanks Ross. Yeah, look that's all I had Jane.

COMMISSIONER DOOLAN: Okay, well that's it for me too. Ross or Rebecca is there any further comments that you would like to make?

35 MR WOMERSLEY: Look, I might just go back where we were talking earlier about trying to get a handle on what's going on in some of those more remote communities. And we were really stymied. We had begun a piece of work with some of those remote communities to try and really do a deeper - a deeper analysis of how their arrangements were set in place. But Covid 40 absolutely smashed us because the communities went into lockdown and that made it very difficult for anybody to - there was no movement in or out of those communities. And so we had planned - we'd engaged with a consultant who had strong standing in a number of those communities to go and do that work for us. But unfortunately, that wasn't able to be progressed.

45 And so we don't have that available to contribute to this discussion, but like we said, we're very happy to kind of keep that information flowing and I

think Jane, too, just to go to your question about how do we – your desire to have a deeper engagement or to see social services and you know, make it a cross-network more deeply engaged in these processes.

5 COMMISSIONER DOOLAN: Yes.

MR WOMERSLEY: One of the only reasons we were able to do some of this work is because of a fund that was deliberately created in South Australia to create an advocacy fund to undertake work in the interests of those
10 consumers who are likely to be vulnerable in the network processes. And that has – that's enabled SACOSS to build its understanding, technical expertise and, in fact, footprint in trying to make sense of what goes on in these – in this area of endeavour. Most of – I don't know of one of the other
15 COS network bodies that in fact has any of those kinds of dedicated resources around issues to do with water and water supply.

And particularly issues that might allow them to really dive into some of the regulatory processes. So all of that said, I know all of them would say that water is one of those essential services that they absolutely see as a priority,
20 deliverable for everybody and would support the productivities commission's direction in this arrangement.

COMMISSIONER DOOLAN: Thanks, Ross. That is really interesting. So was that the South Australian Government who funded that?

25 MR WOMERSLEY: Yes.

COMMISSIONER DOOLAN: Yes, that's good.

30 MR WOMERSLEY: Well, it was one of those – one of those arrangements that when the Act was reopened, we actually talked about the importance of having some independent advocacy that spoke to the interests of particularly vulnerable consumers.

35 COMMISSIONER DOOLAN: Yes. Yes.

MR WOMERSLEY: In that context.

40 COMMISSIONER DOOLAN: Okay. Look, can I thank you both and again, thank you. And your point more generally, about the COS network, I mean, clearly you do have a very deep understanding of how it works. The regulatory framework and the impact and how it works with customers and that is very welcome from our perspective.

45 I just wanted to say the PC does have an ongoing role now in water, you know. We do the triennial, every three years. And whilst this one is very

much focussed a lot on the, you know, advise for a new NWI, the next ones will be in far more about well, what's actually happening on the ground.

5 So if any of those reports come forward, can I just encourage you, don't wait for the three years. If you feed them in because there is, you know, there's ongoing capacity and an ongoing role and it also helps us along the way, you know, work through all those issues that are arising and, you know, we might have a look at that next time around. So if I could encourage you, particularly if you do get to do that piece of work, in - now Covid hopefully is sort of not as serious and you know, those communities become vaccinated and you're able to get back out there. It would be really helpful to us and just, yes, just remember it's an ongoing role. It's not a once-off.

15 MR WOMERSLEY: Yes. Thank you.

COMMISSIONER DOOLAN: Okay. All right. Well, thank you very much. I think we've got five minutes – four minutes? Five minutes before our next participant. So yes, we'll say goodbye and have a very quick little, you know, stretch, but once again. Thank you.

20 MR WOMERSLEY: Thank you.

25 **SHORT ADJOURNMENT** **[9.55 am]**

COMMISSIONER DOOLAN: All right. We've got Drew back online. So if I can welcome you, we have Robert Bartrop and we have Alex Polson from Source. So we have your submission but would you like to take us through some of your key points, please? Thank you.

30 MR BARTROP: Absolutely. And so thank you to the Commission for giving us the opportunity to present our feedback. My name is Robert Bartrop, the CRO of Source, and Alex Polson, my colleague, is also with us who leads our efforts in Australia based in Sydney. Our company is a manufacturer of Source Hydropanels, which is a technology which uses the power of the sun to extract clean, safe drinking water from the air. We're well established and currently providing drinking water solutions to tens of thousands of people in more than 50 countries through partnerships with governments, businesses, communities and development organisations.

40 We've been really active in Australia for about the last four years, having done projects with the Australian Renewable Energy Agency initially over 30 sites and then hundreds of projects since then with state and local governments and doing projects at places like schools, departments of housing in remote indigenous communities as well as larger centralised arrays providing larger volumes of water.

5 So our comments on the draft report particularly consider the supporting papers G, H and I, with the focus on rural, remote and indigenous communities which is our greatest area of focus. And just for some context, over the last four years we've had a lot of experience with communities, particularly direct experience with drought-stricken towns like Murrurundi in New South Wales and Stanthorpe in Queensland, as well as being currently the only supplier of clean drinking water for community arrays in remote indigenous communities like Yuelamu in the Northern Territory and Buttah Windee in Western Australia.

15 So our experience with these towns has led to a number of conclusions that we would recommend for more explicit consideration in the report. The first is that drinking water challenges in remote communities are not limited to just those houses that aren't connected to urban water supplies. Hundreds of thousands of Australians living in rural households that are essentially off grid, depending on rain water tanks and remote communities dependent on bores should be contemplated in the evaluation, the monitoring, and the funding of drinking water programs at all levels of government.

20 We also submit the second point that the evaluation of drinking water challenges in remote communities should contemplate a broader set of factors than just water quality, and factors including water taste, colour, accessibility, aesthetics, resilience of supply, and in addition to this, a broader set of the actual community outcomes such as impact of that water supply on the cost of living, on the consumption of high sugar drinks and on the effects of drinking water on productivity, economic development and quality of life, and we see some of those outcomes very intertwined with STG6, and so we very much welcome the Commission's recognition of the role of drinking water in health outcomes and closing the gap.

35 We were very excited to see that in the report and would also recommend the consideration of some of the economic and environmental outcomes listed. We also support the provision - the Commission's position about the provision of reliable and healthy and safe water as an agree outcome, and also hope that extends to all Australians, not just the Australians that access utility supply. I guess the other point we wanted to provide some context is that it's really hard and we agree with the Commission that it's really hard to maintain the same quality of service in rural and remote areas as it is in major cities and being such a large, low-density and dry continent, it's especially hard in Australia. There's a couple of truths we think should be considered in the acceptance of that point.

45 The first is that drinking water, that is, the water that people actually drink, has a far greater value for communities and households than non-drinking water on a per-litre basis, and this is evidenced through the community reliance on bottled water and soft drinks. Second, that that regulation and

5 policy should support and not restrict the incremental improvement of drinking water supply, particularly where it can improve community outcomes; encouraging segregated use and fitness for purpose approaches is a key opportunity to improve remote water service outcomes in a faster and more cost effective way.

10 And, third, that funding programs and/or the CSOs of community service obligations focused on drinking water should be directly accessible to households, community groups and NGOs that fall outside of utility service areas. And this will support the participation of those excluded households to be able to still access funding opportunities, and we see a need in those areas to add innovative and climate-proof solutions that can help improve the water for drinking.

15 And then a couple of really specific kind of callouts is carving out water for drinking as a separate component of the basic water service concept that is talked about, and potentially having a different evaluation and assessment criteria for the water that is actually drunk. Policy tools potentially looking for ways to use drinking water solutions as an alternative to carting or bottled water when that's happening.

20 Supporting the demonstration for fitness for purpose approaches as a way of improving outcomes and reducing the cost of supply in remote area through things like enabling longer asset life and great utilisation of non-drinking water, and requiring state and territory governments to consider non-traditional technologies and incremental service improvements before considering a community service obligation or an alternative management arrangement. High levels of bottled water and soft drink consumption in remote parts of Australia speak to the commercial viability of water that is suitable to drink or be in a different quantity and delivery model than urban service providers are used to.

35 So this reality we'd like to see incorporated into the concepts of parity and equity when determining community needs. So that's the kind of final summary, and I guess the last thing we wanted is to congratulate the Commission is the recommendation to utilise the benefits of collaboration and realising economies of scale. And too often we've seen that the burden of innovation and problem solving falls on those that are least equipped to do it, smaller utilities and local governments, and so the prioritisation of collaboration that the innovation and leadership at the federal and state level is a really key part of the solution, and we've seen this really effectively done in the other industries like energy and education.

45 And so we really see there's an opportunity for the Commission and then the renewal to lead that initiative, so thanks for the opportunity to provide some remarks, and we'd welcome any questions or points of clarification.

COMMISSIONER DOOLAN: Okay. Well, thanks for your submission, and clearly there is quite a lot of practical experience in dealing with some of these communities that, you know, from a water supplier's perspective are really difficult to deal with.

5

MR BARTROP: Yes.

COMMISSIONER DOOLAN: I suppose from my perspective there's - I understand where you're coming from and some of the key points you've made. For us it's going to be quite a bit about what's raised to national policy which is what is done with jurisdictions and within jurisdictions. But I would be keen to understand in the areas that you have been working if you have - what you would consider to be an excellent example of something that went quite well.

15

MR BARTROP: Sure. So I think the examples we have of being quite well are parts of government or policy that are really focused on those outcomes. And so in that sense, if people don't drink the water that comes out because of the taste, I think that's an outcome that should be considered. And the reality is in a lot of - even the really good analysis that takes place in sort of the state-owned utilities will really separate out the aesthetics from the quality.

20

COMMISSIONER DOOLAN: Yes.

MR BARTROP: Which speaks to how hard the job is, but I think the outcome then becomes compliance versus water that people can drink. And so the places where we've seen it down well is places such as the departments of housing, departments of education who have been more focused on the actual outcome, what are kids in school drinking, versus the outcome being the compliance. And they're probably areas where - to be quite pointed, the concept of parity is a restriction because the parity is applied that people in these communities deserve endless amounts of water like you can get in the city versus trying to improve access and say you can't have as much, but we can give you as good a quality tap water as you can get in the city, and that's - you know, the example is probably best like a mobile telephone where you don't get the same service as broadband, but you get access at a higher price per minute, but it's an improvement in your life.

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And so that's probably the concept which I think is not currently embraced by regulation, and it makes it very hard for the local or state-owned government operators to solve for the outcomes.

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COMMISSIONER DOOLAN: Okay. All right. No, that's a good point. Drew, have - sorry. That's it for me, but thank you. Drew, have you got - - -

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COMMISSIONER COLLINS: Yes, I don't have a lot of questions, but I mean, the point also Jane made which is you're talking very much at the

coal face, I guess, and, you know, decision making at the coal face. The National Water Initiative being a national agreement needs to enabling. Hopefully our recommendations go to that purpose and, importantly, we've argued for all options to be on the table, which I think is very critical, some of the points you're making.

The point you just made about compliance versus outcome I found really interesting. I guess it's a strict focus on compliance, if I understand you correct, is leaning to the lowest common denominator rather than, you know, best outcome. I'm just interested in the barriers you see in moving away from that. You've mentioned the one about, you know, taste being an important parameter to outcome and not necessarily picked up in our recommendations, but are there other barriers that you want to point us at?

MR BARTROP: Yes. I think the obvious application is in the way that we value water, and so I think when you look at the value - the calculation, it's not just the payment of rates and the cost of supply, but also the fact if a household is paying for bottled water on top of that because of that fundamental challenge, then I think that's important. If they're valuing one type of water than another is different, and I think the back end - there's obviously a part for us which values drinking water higher.

I think the other reality is that some of the innovation in water is blocked by the drinking water requirements. So the fitness for purpose or segregated approach to being more efficient with reusing water or potentially extending an asset's life, that might be providing safe but not particularly palatable water. Then that's, you know, very good for toilets and showers and other things. And so I think a more data-driven approach looking for all of the ways those communities are actually using water will help that. The second - - -

COMMISSIONER COLLINS: What's - sorry, Robert. What's preventing that on the ground? I mean, it makes clear sense that you want to engage with your customers, understand what's delivering value to them, what their service standard preferences are.

MR BARTROP: Yes.

COMMISSIONER COLLINS: You know, hopefully the better utilities do that, but you're suggesting that's not being done to the extent it should. What's stopping that?

MR BARTROP: I think the majority of the funding that goes to those programs - all of the funding goes to centralised projects: pipelines, upgrades to filtration plants and things like that. There's another - you know, also in that valuation is a real focus on marginal costs versus total costs which is one

of the reasons we think the community service obligation is a really good initiative, looking at the totality of that cost.

5 And so a low marginal cost at a high volume is more expensive than a higher marginal cost at a lower volume, and that's where the connection with those costs and broader sets of outcomes will help the problem solving. And so maybe to answer that question again as to what's missing on the ground, I think leadership and some of those concepts at the federal and state level would be more helpful than the people in the lowest rung of the kind of
10 funding banner trying to solve the toughest problems.

So some of the ways where programs could carve out for innovation or carve out for non-traditional technologies, much as we've seen in other industries, is a really good way for the federal government to lead.
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COMMISSIONER DOOLAN: Okay. Can I just ask also - clearly, as you said, your interest is in these communities which are some of the hardest - - -

MR BARTROP: Yes.
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COMMISSIONER DOOLAN: - - - and which, to a large extent, have been absent from the NWI in the past. Do you have data or where do you get your data on these communities, if I might ask?

MR BARTROP: So we get - that was one of the things that the draft report also called out which was the data is obviously a lot harder to access for the smaller utilities. So the data in Western Australia and the Northern Territory and South Australia is quite helpful even though it is broken into water aesthetics. So the short answer is we really find out about the elevator levels
25 of certain things in p.164 of the annual water quality reports.
30

COMMISSIONER DOOLAN: Yes.

MR BARTROP: That data is very hard to access for the eastern states where
35 the local government suppliers don't have the same level of transparency, and then the other part of it, which I think is - should be recognised federally - is all of those reports don't talk about the people that don't have utility supply. So the excluded communities. And look, there's not a lot - there are a lot of them. They may not be a large proportion of the population, but they are the
40 hidden people who don't have that basic access or the safe access, and so they're the little - the fringe communities.

A lot of them come to us via the media or by NGOs and people looking to drive solutions, and a lot of the projects that we've done in those areas -
45 actually, all of the projects have been privately funded or donated as opposed to - and so even an example of that is in the rural section of the draft report.

It's really looking at agriculture and not so much on the households that have rainwater tanks.

COMMISSIONER DOOLAN: Yes. Yes.

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MR BARTROP: And so maybe there's a role for national policy not just at the upstream level for the waterways and things, but also to intervene where people are falling beneath the funding stream. So the funding obviously typically flows from federal or state to local to utility versus, you know, other programs that catch those that don't have service.

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COMMISSIONER DOOLAN: Can I ask one last question, too. We have been called in, so it's - - -

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MR BARTROP: Yes.

COMMISSIONER DOOLAN: So somebody has - you know, an NGO or whatever has gone this is a possible solution for this community. Once you're there, what have been the biggest challenges? And the other one is how do the communities respond? And I don't know whether this is, you know - but have you gone back or has anybody gone back to see how well those segregated systems - have - are working, you know - - -

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MR BARTROP: Yes.

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COMMISSIONER DOOLAN: - - - with the community five years later?

MR BARTROP: Yes. So for our core model - getting into more of our business model is a service one which again fits well with the CSO concept where the private sector investment will take a risk in that asset, and the customer would purchase the water. So the projects that we do - the vast majority of them we have active, kind of, boots on the ground service arrangements. One of the benefits in being off grid is that we don't require electricians and plumbers, so we're able to use local labour and localise the job, and so there's an employment - and that typically results in a good relationship from the community.

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And the types of places we're talking about are clearly happy to be drinking water that is higher quality, and again, we do that by getting water from the atmosphere which is a more abundant source than surface water or ground water in some of these locations. So that's a - and we monitor them, so all the systems are also monitored, so somewhat different to a rainwater tank or a bore, you also get real-time data on production, storage and consumption which at a household level provides pretty good insight into resilience and impact, and really providing a very economic and environmentally sustainable alternative to carting or bottled water which is prevalent in these types of areas.

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COMMISSIONER DOOLAN: And then follow up. Communities are still happy utilising their working type some years later?

5 MR BARTROP: Absolutely, yes. So we typically look at 10 to 15 year arrangements - - -

COMMISSIONER DOOLAN: Okay.

10 MR BARTROP: - - - and we've got really good data on the ongoing consumption and enjoyment. We're happy to share some follow-up materials on that if you would like.

15 COMMISSIONER DOOLAN: All right. Well, thank you for that. Drew, any further questions?

COMMISSIONER COLLINS: No. Look, that's been quite interesting actually.

20 COMMISSIONER DOOLAN: Yes.

COMMISSIONER COLLINS: Yes. The innovation; the options that it brings to the table, I think, are really important, so thanks for your time.

25 COMMISSIONER DOOLAN: And - yes. It is - it has been very interesting and useful to get somebody working in this area and their perspective in terms of some of the barriers and some of the issues that are holding potentially innovative solutions. So can I thank you very much and enjoy the rest of your evening, Robert, in Phoenix.

30 MR BARTROP: Yes.

35 COMMISSIONER DOOLAN: And Alex, hey, you're in Sydney, what the hell. So thanks very much. And now I think we have a short break, so from our perspective, team, we'll reconvene at 10.45 for the Rice Growers' Association. Okay.

MR BARTROP: Great. Thank you for your time.

40 COMMISSIONER DOOLAN: Once again, thank you.

SHORT ADJOURNMENT

[10.20 am]

45 COMMISSIONER DOOLAN: All right, I think if you're comfortable, Rob, we're happy to start again. Just for the record we're resuming with Rob Massina who's the president of the Ricegrowers Association of Australia. So,

Rob, as you are aware, just reminding you this is a transcript and it will be publicly available. So we have received the submission and thank you very much for that. Would you like to take us through the key points, please.

5 MR MASSINA: Yes, thanks, Jane. I guess I won't start - we all know who the RGA is, we represent a number of growers across the Riverina, Ricegrowers across the Murrumbidgee valleys. I guess the RGA has welcomed the opportunity to provide submissions to the Productivity Commission on national water reform, and we acknowledge that on balance
10 the National Water Initiative has facilitated significant improvement to water management throughout the Murray Darling Basin.

Nevertheless, it was not possible for the NWI's architects to foresee the likely consequences of major reform, nor understand how the context of water
15 availability and management would change in the subsequence 17 years.

I guess as you will see from our submission and joint submission with RGA and SunRice we're not seeking to address all matters raised in the Commission's draft report, but our focused on matters that are relevant to
20 four critical points; secure water access, secure water access entitlements, transparent statutory based water planning, water trade, and addressing adjustment issues in acting water users and our communities that we're living. We acknowledge that this draft report - that the Commission will take on the rice industry's suggested amendments when we were preparing this final
25 report, and to this end we look forward to its final report.

So the first thing I guess is the secure water access entitlements. The RGA is extremely disappointed that in Chapter 6 the Commission has only looked at one tool in managing risks associated with climate change and reduced
30 availability, and that reducing availability is all aligned to the productive sector. So I guess it's, you know, what is I guess the RGA is seeking that people, I guess the broader users across the basin have the ability to commit I suppose to what climate change can bring and what changes it will bring into the future and not just the productive sector.

35 I guess what it does look at and what some of the triggers that have been mentioned to periodically rebalance environmental and consumptive water uses, so the rice industry is concerned about suggestions that triggers be identified to periodically rebalance environmental and consumptive water
40 uses. If designed poorly such a system could significantly undermine people's clear and secure long term property right of water, which is a key killer of the National Water Initiative.

45 Water access entitlement holders continue to bear the risks to the consumptive pool arising from climate change and periodic natural events. The rice industry is deeply concerned about the suggestion. We argue that water use is the fallout side of the entitlement. The framework should as I

said before also bear some of the burden of reduced water availability. Transparent and statutory water planning; the rice industry supports the Commission's draft NWI suggestions to strengthen and recommend to further strengthen fit for purpose water resource management. So we call on
5 governments to ensure sufficient resourcing on planning process and to ensure the planning process local knowledge is integrated into decision making processes. The rice industry has experienced over the last two decades a one size fits all approach, and that continues to happen.

10 With regard to water trade we thank the Commission for its advice on Chapter 7 with respect to maintaining market regulation barriers to maximise overall community benefit. On the other hand, the rice industry is disappointed that the Commission has recommended that the NWI water trade - the NWI water trade objective be amended to, to trade water to
15 promote its highest value. Value is a subjective term. It is a very different meaning to very different users, and currently there's no guidance given about this definition. Addressing adjustment issues impacting water uses in communities – the rice industry is extremely frustrated at this point and it seeks this to be redrafted and taken into account our concerns.

20 To support the support provided by social security and Tax Systems is general in nature and does not allow for targeted support or for those communities who are worst impacted.

25 It does not recognise the realities of water reform or the impact of individuals. These individuals often have much equity invested in their irrigation businesses and cannot simply leave their businesses and change careers. Finally, the RGA's disappointed by the suggestion that industry assistance and grants should be avoided.

30 Broad community adjustment is best facilitated through supporting impacted industries to grow more with less. For research, development, extension, commodity market development, education, industry could be better placed to deal with the change faced with the plan's implementation.

35 The last couple of matters, I guess, from our submission was that we requested that there were some additional objectives added to the NWI. One of those was fairness and equity for all water users and I think I've touched on a couple of those over the last few minutes.

40 Recognition of a highly variable nature of the Australian Water Resource and genuine and meaningful community co-design and participation in future water reform. So that's about it, Jane. Thank you.

COMMISSIONER DOOLAN: Okay.

45 MR MASSINA: They're the key points that the RGA and a part of our submission, obviously.

COMMISSIONER DOOLAN: Yes. So I am keen to go through a number of them, if it's okay with you, Rob.

5 MR MASSINA: Yes.

COMMISSIONER DOOLAN: Because some of the points you raise, I think are – well, it's an interpretation we did not intend necessarily. So if the words mean that to people, we need to understand and clarify in the final
10 report.

So I'd like to work a little bit of that out, where it's that versus no, we have actually got a genuine, you know, parting of the ways on this particular point. So I think the first one for me is the secure water access. And in particular
15 around you know, what we've posed to be the need to rebalance. So in some form, in some time, in some cases, without saying that – certainly, take your point that if there are triggers, they need to be very well designed, because the point of this is not to create uncertainty, but to try to provide some certainty of process, so that in between these areas, there's confidence.

20 MR MASSINA: Yes.

COMMISSIONER DOOLAN: So, we certainly appreciate that there is – you know, uncertainty is a bad thing and what we've tried to go is, well, this is an
25 issue swirling around. We need to – it needs to be clearly addressed. So that is behind what we've tried to do, but we do take your point that the triggers – the design of triggers if that is agreed to, has to be very clear and agreed and you know, up front. So any - - -

30 MR MASSINA: Yes, absolutely, Jane. And I guess it comes down to that level of trust. I guess the threat of rebalancing something also – like, it – and you've just touched on it. It's a significant risk in discouraging investment in irrigated agriculture. And I think the way in which we look at that as farmers
35 I guess, well, we'd call it the productive sector over a number of years of it being through co-contribution, government contribution, but also a lot of their own capital has been put to improving efficiencies on farm, delivering more to more efficient – doing more with less.

40 So I think there's a role across the Basin of creating efficiencies, whether it be in river operations to minimise lost all those things. Review water uses, completely. And the water uses completely. And the water uses for both environment and the consumptive pool but where's the recognition, more broadly across the Basin?

45 And that comes to innovative approaches of water management. So they're probably in the critical points around the - - -

COMMISSIONER DOOLAN: So I think that – I think that is very fair. So we take the point that whatever the process is, it's not going to add to uncertainty, it's got to reduce uncertainty, absolutely. So then I think the rebalancing – we do see it as – and maybe again, we need to be quite – more explicit than we have. But to some extent, a number of the points you've raised are part of that process.

MR MASSINA: Yes.

COMMISSIONER DOOLAN: So we need to look at what environmental objectives are feasible and can be met under the future – you know, what are we doing here. I'd imagine that process is looking at okay, you know, where can savings be made by all players? A transition path to be worked through to whatever the new suite of both objectives are. So not easy. So I think we need to, on the back of some of your comments, but others that we've heard, is okay, if you're going to have this process, this is how the process has to run and these are the key things it has to look at. Obviously, then the process comes out with the end product and that's what it should be. And Governments will have to work through if there is a transition path, what that transition path should look like. But I think we do see it as incorporating – like, all options on the table is how we see it and that does incorporate a number of the issues about other sectors that you have raised, as well as the irrigation sector.

So, I don't – I think we – you know, we've realised – we've put it on the table in the draft, we need to be more specific about it's an examination of all uses.

MR MASSINA: Yes.

COMMISSIONER DOOLAN: And resetting objectives for a drier climate and looking at how the means – you know, the best means of getting there with all options on the table. So does that help? It doesn't mean we both - - -

MR MASSINA: Yes. I guess - - -

COMMISSIONER DOOLAN: Some of those still could mean, you know, I don't know where it ends up, but - - -

MR MASSINA: At the end of the day, I guess it – and it was one of the last things I said in my presentation. Tenure on a meaningful community to codesign. So - - -

COMMISSIONER DOOLAN: Yes, yes.

MR MASSINA: So you recommend those things in Chapter 10 of your draft view Trust of Water Resource Management has got to be underpinned by credible and reliable information.

5 COMMISSIONER DOOLAN: Yes.

MR MASSINA: And an effective plan for – and yes, it's all about processes.

10 COMMISSIONER DOOLAN: Yes.

MR MASSINA: And system managers need to be responsive to public concerns.

15 COMMISSIONER DOOLAN: Yes. Okay. All right. So that helps a little bit. Again – and I know your members are very attuned to what's happening in the Basin and you know, for us it's broader than the Basin, but there are obviously lessons to be learnt from the Basin because this will be a more general problem.

20 MR MASSINA: Yes.

25 COMMISSIONER DOOLAN: So the comment about water trade and the objective of, if you like, enabling water to move to its highest value use. So that's pretty much been the objective since water trade was introduced to start with. So I really would like to explore, given that that's been very common terminology for the past 20 years, since water trading was – you know interstate water trading has been introduced, I really would like to explore a sensitivity that's been arising around that term recently.

30 MR MASSINA: Yes.

COMMISSIONER DOOLAN: You know, a way of seeing it, not just from yours, but you know, and if they've raised it on Monday.

35 MR MASSINA: Okay.

COMMISSIONER DOOLAN: Yes.

40 MR MASSINA: So something pretty close to my heart, Jane, to be fair. And one of – and the discussion we're about to have, I guess, is some of the unintended or the you know, consequences of implementing something 17 years ago and not foreseeing what could potentially happen. So highest value. So as I said, it's a subjective term. So I think within the Australian landscape and as a country, we have an obligation through the management
45 of our resources to provide for our Nation, food, fibre, jobs, economic activity, a strong environment that can sustainably live into the future.

And if subjectively, if you go highest value as it's being used from a water market perspective, is all water going to a gross margin in the productive sector to permanent plantations the right thing for the broader landscape of Australia. Both the entire population, our production systems, and what's
5 best for the environment. And I guess, there's been a lot of money been invested in efficient, established irrigation infrastructure to grow food and fibre, be able to deliver water onto wetlands from an environmental perspective and now we're seeing through the purchasing of land further downstream in the Murray System for example, of greenfield sites, with no
10 real acknowledgment of getting the natural resource required from an irrigation perspective from up at point A being in the dam, further down the system onto greenfield sites adjacent to river. As irrigators 30 years ago we were asked to come off river, stop salinity and run-off back in.

15 So there's a lot of those things going on, and when I see highest value I look at small towns and the communities that are supported by agriculture in the environment that we operate in. And particularly for the rice industry, if we looked at the gross margin on a rice crop per hectare or per mega litre basis, it is nowhere near as high as some permanent plantations, some horticulture-
20 type production system. But the flow-on effect of a paddock to plate industry such as the rice industry that's exported across the world provides numerous amounts of jobs, direct payments to farmers into our communities, over \$400m on an average year, that's without contractors.

25 I just think, you know, there's an obligation I think at the broader - like, state, federal governments and us as a population of what we want and what is the highest value for a natural resource that is scarce and continues to get more scarce.

30 COMMISSIONER DOOLAN: So if I could just explore that, it's the term in particular that people are finding problematic. It's not that you would be wanting to see changes to the market, the rules, whatever. It's the term, is that what I'm hearing, Rob?

35 MR MASSINA: Yeah, it probably is the term, Jane. I think there needs I guess just a - what's the word I'm looking for - probably acknowledgement. Have we got it right from a - are we getting - are we using our natural resource, being water, the best way to have diversification across our irrigated footprints to deliver for our communities and our environments.

40 COMMISSIONER DOOLAN: Okay.

MR MASSINA: And has that question been asked. Because people highly value that, people highly value a gross margin of \$3,000 a mega litre versus a
45 \$400 a mega litre. So again, it's subjective.

COMMISSIONER DOOLAN: Yes. Okay. So it's a symbolic use of the term rather than a concern - well, about market rules, you know, you want government to change something about the market. It's a bit how it's characterised, is that what I'm hearing?

5

MR MASSINA: Characterised, and they could be policy drivers.

COMMISSIONER DOOLAN: Yes.

10 MR MASSINA: It's just from a - it's a huge risk. I've said it in - well, I've visited other countries where a certain commodity is expanded and boomed based on availability of resource and gross margins, and then that all falls over and then you're left with a desolate landscape that just has produced no benefit for our communities that live within that particular area, so.

15

COMMISSIONER DOOLAN: Okay.

20 COMMISSIONER COLLINS: Can I just comment on that? I mean, I guess Jane's putting it to you, Rob, is it really just a terminology issue, and what I'm hearing from you is some concern about the outcome of market solutions, you know, some of the market outcomes. It sounds as if you think they're not in the best interest of the community, so it seems - your response seems to be it is more than just a terminology, and I guess just to reiterate Jane's point, if that's the case is there something that has to change in the market or are you looking for something different?

25

MR MASSINA: Yes, thanks, Drew, it probably - and I think a lot of it gets cursed in the ACCC report.

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COMMISSIONER DOOLAN: Yes.

MR MASSINA: So that's probably something that we'll deal with there, and I know it does from the notions that have been put forward.

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COMMISSIONER DOOLAN: And frankly, Rob, we've not yet read the 700-page report just yet. But we are and we will.

MR MASSINA: Well, I haven't either, I've only read the summary pages, so.

40

COMMISSIONER DOOLAN: Yes.

45 MR MASSINA: But, yes, Drew, absolutely. To your point, I just think a number of agencies continue to use this word that promote highest value, and I think a market will respond to highest value. A person that is or a user that is receiving a gross margin of \$3,000 a mega litre obviously has ultimate - has deeper pockets than someone that's, you know, \$400 a mega litre. But what is that farming business system so I think, yeah, more broadly we need

to ask the question, Drew, absolutely. Absolutely we need to ask the question.

5 COMMISSIONER DOOLAN: Okay. All right. Well, thank you, and we will go and look at the ACCC as well, because I absolutely know it's a critical consideration in that report and we just haven't had the time like you, and it's just recent. For structural adjustment and the risk, so we've talked about the risk, and we've talked about rebalancing. So I think there - I don't think we were really, in terms of what we were looking at and you referred in your
10 submission, in terms of the risks for the change in allocation, particularly sort of paragraph 48, they are still things - that's what we're recommending stays in the NWI, because they were very carefully negotiated and people thought about it.

15 And there's ways too if there's a rebalancing and there's a transition, and let's have the proper process that we've - you know, we've all talked about as being really an important commitment to make, then that rolls out the way it rolls out. The structural adjustment though, I suppose we're also looking at a lot of communities - this will be Australia-wide.

20 MR MASSINA: Yep.

COMMISSIONER DOOLAN: It will be Australia-wide and it will be also -
25 in the basin - obviously there was a contribution of basin plan to, you know, government policy absolutely and that led to a whole range of changes. But outside at - I mean, and that is not precluded, but outside of that, communities will have to adjust to the climate and we are trying to probably see a way forward in a way that acknowledges, you know, or okay, there's an agreed transition path in rebalancing that might be the case. But we are
30 trying to get the big picture here of what is the role of government in an adjusting suite of communities and industries across the country which, for the most part, is likely to be drying into the future. So just again, let's see if we can get to, you know, exactly what we disagree on here or if we do.

35 MR MASSINA: Yep.

COMMISSIONER DOOLAN: So, Drew, if you're okay I might get you to run this bit a bit more. So obviously this area of the report was something that the rice industry was, yep, quite perturbed about, you know, and you
40 made that very clear. So from our perspective, that was the issue we were trying to get to.

MR MASSINA: Yes.

45 COMMISSIONER DOOLAN: Communities are going to have to adjust, you know.

MR MASSINA: Yes.

COMMISSIONER DOOLAN: So it's almost a little bit, 'Well, where are we in the middle here?'

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MR MASSINA: Okay.

COMMISSIONER DOOLAN: Where do you see the role with that bigger picture?

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MR MASSINA: Well, it comes - if you look at it from a long-term perspective, Jane, and a more holistic - I think the point I made in the presentation a little while ago, I don't think the acknowledgement in the draft report around - I think long term and looking at climate change and its long-term impact, we need to be able to do more with less, and everyone out here knows that that's the case. So at the moment, the rice industry is spending a lot of money, time and energy.

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Our levy payers have just agreed to lift their levies from 3 to \$6, so doubled their levy, of personal direct payment. They'll be government co-contribution to improve research, development and extension to make sure that rice is a viable opportunity crop when water is available into the future. So that's a real life example of what's going on on the ground from the long term. So we think that the report didn't go into that enough from a research and development extension.

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That type of investment from government is going to help people adapt their farming business systems into the future. I think education around what the future is from an irrigation perspective, water use, natural resource management is also a critical part. I guess from a historical perspective, Jane, the cynics of the world that sit out here and we see Government investment into building better communities through areas that have been impacted by a water reformer in the past. We see millions of dollars being spent on football clubs and splash parks and all these things, but at the end of the day, if we're not doing better and we're talking about communities that are fully supported by agriculture.

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COMMISSIONER DOOLAN: Yes.

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MR MASSINA: Specifically. If there's no people there to use those facilities, then it's been a complete waste of money. So that type of structural adjustment and building more resilient community-type funding. You know, that's the vision and I just probably wanted to explain that.

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So that's - so people will sit back in the community and go - but no one will be here to use it. Does that make sense?

COMMISSIONER DOOLAN: Yes, yes.

MR MASSINA: Probably kept that pretty blunt, but that's – that's the view.

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COMMISSIONER DOOLAN: Yes, yes.

COMMISSIONER COLLINS: I think it does. And I think, you know, the Commission's been critical of some of the past assistant schemes that have really not delivered value for money and we had submissions to our inquiry this time, including from some producer groups indicating the bluntness of some of those assistance programs and I guess our orientation is that when you're beyond marginal changes and the usual safety net procedures and there is a great – there's arguably a greater role for government, it has to do a bit of what you're saying, really, Rob, which is that you need a broader regional strategy that can pivot – sorry, pivot. Shouldn't use that word. But can you know, really, draw on the strengths of a region and actually map out a path for adaptation and development of the region, and to identify clearly within that, what is the role for water.

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MR MASSINA: Yes.

COMMISSIONER COLLINS: And in some – and that can include a whole raft of things and not necessarily totally looking to lock in the status quo. I guess I'd also draw this conversation a little bit to some of the submission earlier which talks about you don't want the government picking winners and losers, but you do pick a winner and you say it's improving efficiency and that efficiency then is predicated on technical efficiency of water use. Now, that's an important parameter of the future and looking at the technical efficiency of water use.

30

We're also concerned with the broader efficiency of water use. As an economist I'd say the economic efficiency of water use but by that I just mean the broader value to the community of water use. So it's not just the – it's just not the gigalitre – the megalitres per tonne of commodity. It's the total community value you get out of that water use. And going forward, that's going to have to be looked at a lot more broadly in that broader community context. So that's where we're at – we're directing our advice, that it needs to be developed in that broader regional planning, the regional development context. Not just starting with what we've got and trying to bolster that down and focus just on narrow definitions of efficiency.

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MR MASSINA: That's very good, Drew. That comes – and I think it goes back to what we were talking about highest value of water, you've touched on that a little bit there, too, so.

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COMMISSIONER DOOLAN: Yes.

MR MASSINA: Yes.

5 COMMISSIONER DOOLAN: So to some extent, we were putting the problem out there. We had thoughts, but I do – you know, these discussions that we have are really, really helpful to consolidate where they go. So the sorts of things that Drew just outlined is something you are more comfortable with?

10 MR MASSINA: Absolutely.

COMMISSIONER DOOLAN: Than the words that are currently there?

15 MR MASSINA: Yes.

COMMISSIONER DOOLAN: Yes. Okay.

MR MASSINA: Most definitely, Jane.

20 COMMISSIONER DOOLAN: Yes. Yes. Okay. All right. Well, - and then I think we certainly saw the suggestions you made to the changes to the goals and the objectives and we just – we'll have a good think about those, Rob. We just have to think about what's the perverse side, you know, to that.

25 MR MASSINA: Yes, yes.

COMMISSIONER DOOLAN: And I just have to, you know, really think our way through what does that mean. But - - -

30 MR MASSINA: Those three objectives, Jane, really, they're real – I call them headlines for a lot of what we've just discussed over the last, you know, 30 minutes, I guess.

35 COMMISSIONER DOOLAN: Yes.

MR MASSINA: And it encompasses a lot of what we've just talked about. So - - -

40 COMMISSIONER DOOLAN: Yes. It does. And it – I think everybody's – with – even though it was sort of economic environment and social – it's the social side now that is the next – what shall we say frontier.

MR MASSINA: Yes.

45 COMMISSIONER DOOLAN: And it's the frontier particularly in a changing climate that's really becoming apparent. So I think I've covered off the questions from your submission. Drew, have you?

5 COMMISSIONER COLLINS: I've just got one closing comment. I guess, in your submission, you take us to task on some of the ways we've stated issues and maybe you don't agree with it, or you don't like how we've stated it. I guess, I have to reflect back. I take issue a little bit with, in your conclusion you surmise that the productivity commission believes the answer to climate change is reducing water availability to the productive sector.

10 COMMISSIONER DOOLAN: Yes.

COMMISSIONER COLLINS: And that's just not the case.

COMMISSIONER DOOLAN: Yes.

15 COMMISSIONER COLLINS: And we're very much trying to look at an efficient and robust process going forward to make some difficult decisions. Whether triggers are the right answer – we don't know. But tough decisions have to be made. Decisions on reallocating (indistinct words) supplies will have to be made. We're not trying to pre-empt the conclusions of those
20 discussions. Just that we want an efficient basis to have them.

MR MASSINA: No. And I respect that, Drew, and that's I guess, I come back to my point. And it – from a fairness and equity for all water users and I put that in there, as long as that's – and I think too, those discussions
25 brought out a lot more around the language. And the words that are being used. Absolutely.

COMMISSIONER DOOLAN: Yes.

30 MR MASSINA: Again, it comes down to that meaningful consultation trust and – and trust is a big thing that is really impacting, you know, I spend many hours doing – having conversations like this, Drew. And they continue and they continue and they continue. And there's been many reviews and I'd probably close with that conclusion shows a little bit of frustration around
35 getting pretty lethargic in terms of you know, submission writing and all the rest of it, you know.

And you know, we sit back in the ACCC sit the best last Friday, and I sit back and I think, well, there's been five or six critical reports and reviews
40 written in the last three years and delivered. So now, what's the role of Government to actually, if there's like for like recommendations, that should be on the table right now. That should be on the right – on the table right now. But that's Robbie Zeff and Nick Kio's, you know, so what's the plan for the future in terms of dealing with those huge reports and a lot of
45 volunteer time.

COMMISSIONER DOOLAN: And yes, I do appreciate that. And we are going to be another one of those.

COMMISSIONER COLLINS: That's right.

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COMMISSIONER DOOLAN: Landing on Government's desk. Yes. Absolutely understand that. Could I just ask, in that whole – and it's not part of your submissions, so feel free, you know – but we did try to pick up – you talked about trust. You talked about confidence. And particularly, some of the lessons that we got from the Murray Darling is about you know, system management and being transparent and – so we did try to tie that in to – instead of water accounting, the whole system integrity focus.

10

Did that work for you? Did you think that was a reasonable improvement on where we sit? And also a reasonable lesson to take from the Murray Darling?

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MR MASSINA: Yes, absolutely. And completely agree with that. And there's some really good stuff in the draft that we don't – I probably come out on the negative, but - - -

20

COMMISSIONER DOOLAN: No, no. But we just – you know, you guys know this stuff well.

MR MASSINA: You're in the right direction. Absolutely.

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COMMISSIONER DOOLAN: Yes, yes.

MR MASSINA: Absolutely.

COMMISSIONER DOOLAN: Yes. Okay. All right. Well, that was just important, because that is a lot of how do we rebuild trust where it's eroded? How do – for the other jurisdictions, how do you avoid that loss of trust in the first place? You know? The lessons for Western Australia and you know, Queensland and in terms of actually how not to end up there. Okay. Look, I think that's – that's it from me. Yes, that's it from Drew. Any further comments from you, Rob?

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MR MASSINA: No, really appreciate the time, Jane, and Drew. And I've enjoyed the conversation actually. It's – yes.

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COMMISSIONER DOOLAN: Yes. No, well, thank you.

MR MASSINA: Good to nut a few of these things out face to face.

COMMISSIONER DOOLAN: Yes. It absolutely always is. And then to work through, you know, where do we just need to be more explicit in what we think. Where have we learnt something from the conversation, where do

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we still differ in a view. You know. It's – I think those are always really sensible to decide to work through it.

5 MR MASSINA: And please, I encourage both of you – I encourage both of you to reach out to me or any of our RGA team, you know, Rachel Kelly and – at any time. If you've got any need for clarification or want to touch base on something specifically with regard to our submission.

10 COMMISSIONER DOOLAN: No worries.

MR MASSINA: Thank you.

COMMISSIONER DOOLAN: Thank you so much. Well, thanks Rob.

15 MR MASSINA: Thanks.

COMMISSIONER DOOLAN: Good to see you.

20 MR MASSINA: Thanks, Jane. Thank you, Drew.

COMMISSIONER DOOLAN: Now our next submitter, and in fact the last scheduled for the day, and we're five minutes late, is Professor David Shearman. Okay, is David on the line? Yes, he is. So if I could just introduce you, David, Emeritus Professor of Medicine at Adelaide University. Would you mind taking us through the key points of your submission, please.

25 PROFESSOR SHEARMAN: Yes, I wonder if I first might just apologise for my communication system, or rather perhaps the NBN should apologise, but if you don't hear me at any time please butt in and ask me to repeat things.

30 COMMISSIONER DOOLAN: No drama, we can hear you now.

35 PROFESSOR SHEARMAN: That's good. Secondly I would like to thank you for all the work you do in this very complex area. It is appreciated. My criticisms must be seen in this context. Now, I wonder if I might crave a few minutes to discuss a separate subject before I start my 10 minutes and that is with medical input into your conversations, and I note the NHMRC has noted that they would like to see more human health feature more prominently in the National Water Initiative. I would like to reinforce that, and I've looked through all the submissions last year and this year and I cannot find any for the medical organisation. Mine is from a medical organisation, but it's not listed as such, and I will explain why.

40 If you could just allow me to speak of this for a moment. It is a big medical issue. And the problem in the last two years particularly has been the profession is overwhelmed, absolutely overwhelmed by COVID, and it's not

just COVID, it's the fact a huge backlog of patients and problems that we have with mental health, catching up on cancer screening and so on that results from this backlog. I find my colleagues in the organisation I work for they're working 60, 70, 80 hours a week. They're stressed and exhausted,
5 and I think part of the failure to communicate with many important national issues at the moment apart from COVID is this degree of commitment to health which has overwhelmed us.

10 So if you like I'm making an excuse for there being no medical input. Well, there needs to be a medical input. And my submission that I made would I expect to be a Doctors for the Environment Australia one. I'm a co-founder of that organisation. We're very important in what we do, but there wasn't time to fulfil all the requirements and get people to sit on the group to approve the submission and correct it a bit by our standards. So it's come in
15 as a personal submission. I imagine that the AMA and the colleges are working on the same problem.

20 So I would just like to say that in listening to SACOSS this morning and the problems in Oodnadatta, which I know well, we need to be involved, because these problems are medical. These people have skin conditions, infections of their guts and so on because of that water. So you need our information. And I hope we can provide it. If I can do anything to facilitate input from the medical profession I will, but I just wonder if I could ask whether you provide - when do you provide the insights to any of these organisations?
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COMMISSIONER DOOLAN: It's a really good point, David. We learnt - we first did our assessment in 2017 and we sort of came to, if you like, belated recognition we weren't dealing with drinking water quality appropriately then, and we sought out NHMRC and all the health regulators
30 towards the end of that inquiry. So what we have picked up this time around from the start is trying to engage with at least the health regulators, drinking water quality regulators.

35 We've had NHMRC on our stakeholder working group and made sure we've engaged with the health regulators, but not the medical profession per se, no, we have not. I mean welcome as you have said, like everybody is, but we probably haven't reached out specifically to the medical profession, and as you said this was not the year to do that either.

40 PROFESSOR SHEARMAN: Yes. Well, as you see from the submission I put in there is more to the issue than potable water. It's a very wide health issue that cuts into so many areas of your policy, as I see it anyway. And that was a basis which I felt I must say something and put in a submission, although an individual one.
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COMMISSIONER DOOLAN: Absolutely.

PROFESSOR SHEARMAN: So thank you. If I could just leave those thoughts with you.

COMMISSIONER DOOLAN: Sure.

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PROFESSOR SHEARMAN: Please could I start my presentation then - - -

COMMISSIONER DOOLAN: Yes. Please do, it's fine.

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PROFESSOR SHEARMAN: Good, thank you very much. I would just like to say that water is a key life support system that we - I think you can agree with that. Some are ecological services, we cannot survive without them as a basis for our full production, but we should be aware that our environment is deteriorating rapidly. But the first stable system that we have, support system that we have to consider is climate, because of the physiological limits with temperature beyond which none of us could survive, and indeed that limit exists in some communities in Australia now and they are going to have to be vacated.

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So these are the things that I tried to blend together. I would just like to say in terms of climate change we have to plan for a rise in temperature 3 degrees this century if mitigation remains as is present, poor level. Yes, 3 degrees. The balance of climate opinion, although scientists don't like to say this too often, is now at that level of concern. But there is little good news apart from Biden's presidency. The bad news is from all around. For example, in China last year bought 38 gigawatts of new coal fired power to the operation. This is more than three times what was bought online everywhere else, and much more is planned. So we have to plan for 3 degrees. Some people say even more.

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Now, I have heard you commenting climate change and I'm gratified, , but what I'm suggesting is that it isn't - it is being compassed enough in your deliberation, and I'm shocked in relation to the data climate advice in relation to Murray Basin which was clearly suppressed, and when I look at the need for projections elsewhere in Australia where developments are going on there is little consideration at the state level as to what's going to happen with climate.

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So it's a policy free area, and I hope you can gender up more government interest in this. Having said all that on current projections I personally believe as a scientist and a doctor that Australia will be unsustainable this century unless we do much more. So that's the context of my concerns.

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Now, I am sorry my submission was so long, but I have chosen four quick points that are perhaps the key ones. They are not the only ones, but if I could spend two minutes or less on each. The first of these is that it would be very useful to have clear priorities for water use in this rapidly drying

5 climate, and because this is for human health and survival issue we have a right, it's a human right to drinkable water, and this needs to be number one. This is being fulfilled, as I have heard from other submissions, certainly not Indigenous or remote communities, and not all also for some farming communities already.

10 Now, I do wonder how they research the science of it significantly. Why areas like the Great Artesian Basin, the water itself, could not be protected currently because present time it is in fact plundered. There's no other word for it, and it's use is often unmonitored and you will be aware of that.

15 There's also human right for the water to be uncontaminated, and I have great worries - I even have nightmares about it - is the contamination of this water, for example, in the Great Artesian Basin by the mining initiatives, particularly gas, because we know a lot of information which isn't appreciated by the industry or government that this is producing PFAS like chemicals and PAHs which if they get into that water will be there for decades and are active medically in extremely small amounts.

20 Now, all this research can be provided for you if you wish. I haven't listed it in my submission. So it's a human right. It needs to be a priority. And along with that, the second priority needs to be environment and sustainability because there's nothing if we lose that. And I've questioned this understanding of sustainability in my submission, and the use of the word
25 such as legitimate water user and water balance - it's almost as though the NWI hasn't understood the sustainability issue as defined by Brundtland 40 years ago.

30 So I have to make the statement, I think the NWI does not truly understand sustainability. There are frequent mentions of maintaining a balance in the draft report, but you know, as climate change bites, the environment and its services needs more water to survive, and if we lose it then there's nothing. And the draft report says in places things like the environment will have to adapt to lower water. Well, that is a grave scientific misconception. It will
35 have to, but that should be the end point.

40 That will be the end point of the loss of that part of Australia. So I think we have to understand scientifically that as with climate change, we're worried about tipping points, and the tipping points - a whole region of environmental system can collapse. And you can't retrieve that. So in conclusion on the sustainability, environment and potable water will need progressively more of the total water available. The remaining water will be for judicious economic use, and we have to drive that word judicious if we can still have an economy, but it's going to have to be judicious and not a gross user of
45 water.

Now, my third point - and the most difficult one perhaps to appreciate - is

that the water use for development projects is managed in what I consider, having read all the data, a parallel universe. You know, I write scores of submissions on the resource projects based on my expertise and I find little are adhered to NWI principles. Commonly, the processes adhered to but in practice, the deep concerns from the IESC are listed and disregarded. You find a state which wheels out a single water expert to contest them or the IESC requirements are not adhered to or they're not monitored or there is no transparency as to what the outcome is.

And in any case, approval is frequently given by a single individual that the risks are - and the wording always used are manageable in inverted commas. You'll see this every time. There's no explanatory statement ever as to why they are manageable and how they are manageable. So this parallel universe in disregard of water policy has been strengthened by two recent decisions very anxious making decisions. They are to exclude health-impact assessment from the Samuel Review so that people like me can no longer kick up in relation to an EIS which has a health hazard; and secondly, there's more control handed to the states which already responsible for much of the malfeasance.

So I mean, it's a - you have to be dedicated to read these EISs and put in any comments these days, and I suspect that most people have to be on anti-depressants. It's as bad as that, to cope with what's going on. The use of water in some of these projects is prodigious; you're aware of that. It's often unmonitored and it's taken from basins that are at this stage pure and need to be kept for a long time often at the whim of government.

Now, I've painted the worst scenario. There are some good projects that are done properly, but the necessary use of water is unmonitored and in my submission I draw attention to the study I did on the sustainability of the Surat Basin, and I would encourage you to have a look at that because it indicates that that basin is probably lost as an environment and food production unless our attitudes change. Excuse me. Now, the fourth point and finally, the whole thread of my submission and what I'm saying today is dependent on the need for an independent expert commission, like you are, but to bring together much more expertise.

It would include environmental science. There could be water science, climate change, human health and, of course, economics. It would encompass what you do. And I'm saying it to you because the productivity commissioner has standing in the eyes of government. Whether you accept this or not, but they're looking to you simply the productivity part of your commitment, and that's their economic ethos, but there is another ethos to survival other than economics and how they're run.

So I'm just making this point, and I note in other submissions the water futures institute recommended a statutory organisation and I'm well versed

because I consulted the report of APEEL (Australian Panel of Experts in Environmental Law) in looking at this situation that's a prestigious group of lawyers who prepared the report, and their recommendation was for a Sustainability Commission. And we're not going to get away with this
5 without it because of the political overriding of many scientific and environmental decisions, and you see this coming up to an election, and I draw your attention to the one that's just occurred with Olive Downs coal mine.

10 So with all these factors, I would like you with all your expertise available just to think about the future and how this country is going to survive without a bigger statutory authority. And just one final thought. You know, when we as doctors graduate, we accept the Hippocratic oath, and this defines our
15 commitments to patient care, but it also come to mean our care for the health of the community.

We call that public health. There are now strong moves to widen the ambit of the oath for both doctors and other health professionals to care for the planet, but we call this planetary health, and this movement is gaining
20 strength. And the reasons are simple, and we need to sell these to the economists. Health and the environment are indivisible. One might add that without the natural environment there is no economy, and that is the problem (indistinct words) in the recent (indistinct words) which no doubt you've read.

25 So I'd just like to conclude on that point on the importance of what you're looking it, and my feelings - and I'm sure a lot of other doctors' feelings, as to where you should be progressing to. So thank you for your interest. Thank you very much.

30 COMMISSIONER DOOLAN: Thank you, David. So we have certainly read your submission and listened and understand where you're coming from. I suppose there's just a couple of points I'd like to make that probably won't change where you - but will explain us a little bit.

35 We may be called the Productivity Commission, and we are clearly, but we are still meant to balance other issues. So I'm the Environment Commissioner. We have Commissioners with social expertise, we have an Indigenous Commissioner around the table. So that we do try to make sure it is a broader than economic perspective.

40 MR SHEARMAN: Yes.

45 COMMISSIONER DOOLAN: In some cases - it's not the sustainability commission that you're requesting. In some cases, we have tried to recognise that in areas that are yet to be developed, there is the potential to do as I think you've said, take climate change into account, make sure the environmental provisions are set prior to development occurring and then having a

consumptive pool available in the way that you would like. However, we do have a range of areas of Australia where that luxury is not available to us now.

5 They are fully allocated - in some cases over-allocated and we have to try to see ways through that as well. And the only other comment I think I would make is that the idea of an independent authority making water allocations decisions is an attractive one for many stakeholders, but ultimately
10 Governments have that accountability and even though people might not like that, that is the place where it happens. And so our focus is actually trying to make better processes and practices for Governments to do it – to put an accountability framework around how they do it. And that’s what we have attempted to do here.

15 But I certainly take your point that yourself, the group that you represent and a number of stakeholders, do not see that as adequate. Drew, do you want to make any comments?

20 COMMISSIONER COLLINS: Yes, certainly. Thank you, Jane. I might add, David, that I’m one of those economists in the productivity commission, but my personal background is as an environmental economist and I’ve worked in environmental portfolios of Government. I’ve overseen State of the Environment reporting, so I do understand some of your comments about
25 the current and declining status in some instances with the environment, so I’m very mindful of that and so is the water sector. And you’d be mindful of the difficulty reform process that’s been undertaken in the Murray Darling Basin and the longer term agenda to move towards rehabilitation. But there are a number of difficulties.

30 In terms of your comments about priorities for water use, I guess, we’ve spent a lot of time in our report discussing planning processes, decision-making processes to take on board various views on what those priorities should be and Governments have processes for doing that. If there are shortcomings in what we’re recommending in that regard, we’d be keen to hear
35 that from you. Similarly, for new developments, we’ve suggested a new element in the – in a new NWI focussing specifically on infrastructure development. We’ve provided criteria to promote not just the economic viability of those developments but that they are environmentally sustainable and we’ve provided criteria with which to assess that compliance.

40 So again, that’s another area I think is very pertinent to your comments. If you think there is shortcomings in that recommendations, we’d be more than happy to hear that.

45 MR SHEARMAN: Yes. Well, but perhaps I could just respond to those couple of points for both of you. Personally, it would have been remiss of me if I hadn’t looked carefully through all your experts – your commissioners

and their attributes are very impressive. And I'm not putting any reflection on them at all.

5 I'm just making the observation that it is no longer possible for Governments to encompass the issues of survival and sustainability that we have before us that science is presenting.

10 Put it this way, put it this way. These are now so complex that even if the Government's ability to comprehend and act had remained at the same level and I'm not saying it doesn't, it's beyond Government to cope with many of these – if they just do it on the understanding to be able to make rational decisions. And I say this from being in the office is – many, Ministers and others trying to explain the issues to them. This problem has got much worse and we're going to have to look at other means of handling it.

15 And there are other means of handling it. We're handling it in the case of the bank that makes all the decisions for us. Nationally, it becomes that degree of oversight and independence. We certainly, don't have all the states running their own armies of defence capabilities. We put these in the hands of the experts and the Government usually takes most of these points.

20 In relation to the complexity that we put together. I've spent my whole time on trying to blend the three things I've talked about. It is difficult to do this. The complexity is enormous. The information coming out on climate modelling is enormous and it's coming every three months, but you need some sort of organisation that has all these people and experts in one group. Within that group, they'd be doing what your role is, but there is the coordination they are not in silos. So it brings together these people. They were the best model I've looked at in the world in relation to this issue was the USEPA before Trump demolished it or retarded it, but it's been reinstated. And it enables decisions, the sorts of decisions you're talking about here to be brought together and simple, simple decisions presented to Government or a President to make.

35 That is what's being re-instituted by Biden now. We have no similar system in Australia. While you're covering some of this to some extent, you just don't have the numbers or the expertise in some of these other areas. I'm not saying that critically, I'm just saying I don't believe your constitution is sufficient to cover this. So that is by response – I'm not demoting economics or whatever. I'm actually – the patron of an economic society and I learn a lot from them.

40 But what I was saying is, we all need to be looking at the future and what we need to change and survive and Australia cannot manage with its present institution. It's just in a dreadful state. Both of the political and at the institutional level. And yet the expertise is there – it's there. They were

there as with the colleges and the universities and so – we’re just not getting this together. To deliver – to deliver a sustainable future.

5 So if I could summarise, that’s the reason I put in the submission more than anything. Because I’d just like you to think about that, that’s all. And I appreciate really, what you’ve said and I’m not – I’m not contradicting that. I’m just saying it needs to go further.

10 COMMISSIONER DOOLAN: Okay. Well, thank you. Thank you very much, David and thank you very much for your submission. And also for bringing that medical practitioner’s viewpoint to us, as we said.

MR SHEARMAN: Yes. Yes, I - - -

15 COMMISSIONER DOOLAN: We’ve been to NHMRC but you’ve taken it further for us. So thank you for that.

MR SHEARMAN: Okay. My pleasure to participate. Thank you.

20 COMMISSIONER DOOLAN: Okay. So, I’m just asking at the moment, are there any callers or observers on the line who would like to appear before the Commission? Okay. If not, I now adjourn the proceedings and this concludes the Commission’s public hearings for the National Water Reform Inquiry for today. And for the inquiry.

25 I’ll just give a reminder that anybody who has not – who wants to lodge a public submission has not yet done so, could they do that as soon as possible. The date has closed but we still do accept them. And if I could just thank all participants, all people who have put submissions in, all participants who
30 have actually participated in the hearings, the feedback that we receive on our draft report and on our issues paper is excruciatingly important to us in making sure we try to craft recommendations for Governments that reflect the diverse views and that we seek to try to get a better way forward.

35 So if I could just once again, thank all participants in the hearings and more generally all those who have added to our inquiry by lodging submissions. And I draw it to a close. Thank you all.

40 **MATTER ADJOURNED**

[11.51 am]