



Australian Government  
Department of Agriculture,  
Water and the Environment

# Australian Government response to the *Independent assessment of social and economic conditions in the Basin*



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### **Cataloguing data**

This publication (and any material sourced from it) should be attributed as: Department of Agriculture, Water and the Environment 2020, *Australian Government response to the Independent assessment of social and economic conditions in the Basin*, Department of Agriculture, Water and the Environment, Canberra, September. CC BY 4.0.

ISBN 978-1-76003-313-2

This publication is available at: [awe.gov.au/water/mdb/policy/independent-assessment-social-economic-conditions-basin](http://awe.gov.au/water/mdb/policy/independent-assessment-social-economic-conditions-basin).

Department of Agriculture, Water and the Environment

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Web [awe.gov.au](http://awe.gov.au)

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# Foreword

In June 2019 the Australian Government established an independent panel to provide an assessment of social and economic conditions in the Murray–Darling Basin’s rural and regional communities.

I thank the panel, chaired by Ms Robbie Sefton, for their considerable work on the assessment and commend the scope and depth of consultation undertaken to inform their findings. I also recognise the efforts of Basin state governments, stakeholders and community members who shared their knowledge and expertise through participation in the panel’s consultation activities. I welcome the insights provided in the final report.

The panel found that many people in the Basin are doing it tough. Some communities are particularly vulnerable to the impacts of water reform and feel they are struggling. The report tells us that changes and impacts in the Basin go beyond water reform – communities have suffered through extreme drought, structural changes, policy uncertainty and now COVID 19. Water reform can add pressure to vulnerable communities and accentuate the impacts of these changes. The issues experienced by communities are complex and varied, and I recognise they are of concern to many and warrant action from the government.

I have considered the findings of the report and my focus now is to ensure all Basin governments deliver the Basin Plan in a way that brings regional communities and jobs to the centre of implementation. The government has developed the Murray–Darling Communities Investment Package which supports this objective, outlining a refreshed approach to delivering the Basin Plan. The investment package introduces a range of new initiatives that benefit communities as well as the rivers and wetlands that make up our shared natural heritage. I will also work in partnership with all levels and areas of government to address the broader needs of Basin communities that underpin their wellbeing.

The Murray–Darling Basin is the food bowl of the nation, with total agricultural production of \$24 billion annually, more than 2 million people who rely on it for their vital source of water, and over 40 First Nations. The Australian Government is prioritising actions that will promote a prosperous and resilient future for this vital and vibrant region. The findings of this report are a source of valuable information to assist all Basin governments in supporting this future.

The Hon. Keith Pitt MP  
Minister for Resources, Water and Northern Australia

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# Overview

In June 2019 the Hon. David Littleproud MP, then Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, established an independent panel to provide an assessment of social and economic conditions in regional communities across the Murray–Darling Basin.

The panel was asked to consult Basin communities most affected by water reform on issues impacting their social and economic wellbeing, to understand where Basin governments can best apply resources to support communities and lessen these impacts. In conducting their review, the panel engaged with a range of stakeholders across the Basin including local businesses and governments, peak bodies and First Nations. This consultation, along with commissioned research, informed the panel's findings and recommendations.

# Key findings of the report

The panel heard from communities, stakeholder groups and government agencies across the Basin. A key focus of the report was conditions in communities identified by the panel's research as vulnerable to impacts from water recovery, such as those in northern Victoria, southern New South Wales (NSW) and remote areas across the northern Basin. The aim of this focus was to assist government to target support addressing these impacts.

The panel was unable to separate out the specific impacts of Basin Plan water reform from broader factors affecting regional communities. However, they identified some characteristics that may make communities more vulnerable to these impacts, such as towns with small populations, a lack of economic diversity and existing disadvantage.

The panel found that:

- There have been many positive benefits of water reform; however, they are not distributed evenly across Basin communities.
- Basin communities are changing. The key drivers for change are like those in regional communities across Australia such as commodity prices, farm consolidation and a changing climate.
- The shock of COVID-19 and subsequent restrictions on trade, employment, production and tourism have increased pressures faced by Basin communities.
- The impacts of change extend beyond farming enterprises and their supporting industries and services - they are felt by town businesses and communities.
- Communities will continue to experience change and need to understand, operate and thrive in this environment, or adapt and transition where necessary.
- People are feeling 'over-consulted' and 'under-listened to'. They want to be part of discussions on policy that affects them.
- More needs to be done to improve social and economic outcomes for First Nations communities in the Basin. First Nations communities expressed concern with a lack of involvement in current and future water planning, management and access arrangements.
- Governments are investing significantly in Basin regions, but there is the potential to better coordinate and target these programs, taking local priorities into account.

The government values the key role that Basin communities and agricultural industries play in working towards a sustainable Basin. We are listening to the concerns raised by this and other reports on the Basin, and are working to ensure that Basin communities, industry, First Nations and the environment are well equipped to meet future challenges and opportunities.

# A refreshed approach to Basin Plan implementation

The panel's findings reinforce the findings of other reports on Basin Plan implementation such as the Productivity Commission's 5-year assessment of the Basin Plan and the Murray–Darling Basin Authority's (MDBA) Basin Plan report card – some elements of implementation have stalled. The panel also heard that many in the community are frustrated by inconsistent and fragmented engagement approaches from Basin jurisdictions. There is a lack of community support for, or understanding of, the benefits of Basin Plan outcomes. Nonetheless, the panel acknowledged the overall gains Basin Plan reforms have brought Australia.

The key concerns the panel heard around Basin Plan implementation focused on:

- improving trust and accountability and information accessibility
- delivery of the sustainable diversion limit adjustment mechanism (SDLAM), which includes:
  - supply and constraint projects that deliver a reduction in water recovery of 605 gegalitres (GL)
  - efficiency projects that achieve an additional 450 GL of water for the environment
- better monitoring and reporting on outcomes
- supporting communities impacted by Basin Plan implementation
- building the leadership and engagement capacity of Basin communities.

The achievement of both elements of the SDLAM were singled out as key concerns in the panel's consultations, concerns reflected in previous reports such as the Productivity Commission's 5-year assessment. The panel considers that achieving the full 605 GL water recovery offset is an essential outcome for communities and supported initiatives that would increase its chance of success.<sup>1</sup>

The government's Murray–Darling Basin Economic Development Program is delivering real support for communities affected by Basin Plan water recovery through competitive grants rounds. It provides an investment into the ongoing future of Basin communities considered vulnerable, disadvantaged and least able to independently adapt to the impacts of water recovery. The program increases their capacity to diversify and strengthen their economies, improves resilience, and increases opportunities for continuing employment. It aligns closely with the panel's finding that government support needs to be closely tied to local and regionally identified priorities. Projects are put forward by communities themselves to address issues of local concern. Approved projects across the Basin address many concerns and needs highlighted

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<sup>1</sup> A sentence inferring support from the Panel for recovery of 450GL of water for enhanced environmental outcomes in the Basin Plan has been removed on 7 December 2020, to avoid mischaracterising the panel's position.

by the panel, for example, the development of leadership and business skills, enhancing digital connectivity, and working to support the health and wellbeing of Basin First Nations.

To address concerns around Basin Plan implementation raised in this and other reports, the government is bringing forward a suite of new initiatives in the Murray–Darling Communities Investment Package. The initiatives in the investment package support investment in strategic, competitive-based and community-led projects, aimed at extracting as much value as possible from the Basin Plan for communities, the environment, agricultural industries and First Nations.

The package, released on 4 September 2020, contains actions to:

- invest in community resilience and river health
- build trust, transparency and deliver accountability for managing scarce water resources
- improve implementation of the Basin Plan.

The investment package's actions that address panel recommendations are summarised in the [Australian Government response](#) section.



# Supporting sustainable Basin communities

The panel found that some regional Basin communities have poor social and economic conditions compared with the rest of regional Australia. The most vulnerable communities are concentrated in outer regional and remote/very remote areas with smaller populations, less economic diversification and a high dependency on agriculture and irrigation spend per capita. They include communities in northern Victoria, southern NSW and the remote northern Basin.

Research commissioned by the panel found a range of causes for decline in community wellbeing, most of which have been occurring over a period of more than a decade. For example, the migration of jobs and workers into larger regional centres and cities, consolidation of smaller farms into large, changes in commodity prices and the effects of climate change have all had an impact. Recently, the outbreak of COVID-19 and subsequent restrictions on trade, employment, production and tourism have placed increased pressure on Basin communities.

The research found that while water reform is generally not the key cause of decline, it can add pressure to already vulnerable communities and accentuate the impacts of change. The panel made recommendations to support more vulnerable communities in areas such as digital connectivity, research and innovation to underpin diversification, and access to frontline services.

As acknowledged by the panel, the Australian Government and Basin states, have invested substantially in Basin communities. While there have been significant gains and improved economic and social outcomes over time, the panel found government support could be better targeted and coordinated, and more closely tied to local and regionally identified priorities.

A current government initiative, the Murray–Darling Basin Economic Development Program, aligns with the panel’s finding that government support should be linked to local and regionally identified priorities. The government has also made commitments in many areas identified by the panel since the final report was received. For example, new programs and actions in regional development, drought support and COVID 19 have been initiated that support Basin communities in business planning, regional digital connectivity, and climate change literacy and resilience. The government will continue to use the panel’s findings and insights to work with communities and across Basin jurisdictions to inform program design, delivery and evaluation, and ensure consideration of the specific needs of Basin communities across its programs.

# Improving outcomes for Basin First Nations

The panel found that more needs to be done to embed and mainstream First Nations participation in water planning, and access to water for social, cultural and economic purposes. Existing policy and initiatives seek to achieve these objectives – still, the panel found continued disadvantage. The panel also noted that First Nations peoples are underrepresented in existing datasets, making program outcomes hard to determine.

The benefits of First Nations involvement in water management and planning are being supported and realised across the Basin. For example, the Narran Lakes Ramsar site is co-managed by a NSW National Parks and Wildlife Service and Indigenous committee, The Living Murray Indigenous Partnerships Program provides the opportunity for First Nations people to be heard in the management of these icon sites and the Gayini Nimmie-Caira site in southern NSW is managed by the local Nari Nari people. The Commonwealth Environmental Water Office (CEWO) has formal partnership arrangements in which First Nation communities can propose, plan, deliver and monitor watering events in collaboration with the CEWO. The CEWO is also working with the MDBA, Murray Lower Darling Rivers Indigenous Nations and Northern Basin Aboriginal Nations to identify Indigenous environmental watering objectives.

Currently, First Nations ownership of water entitlements is low. Use of cultural entitlements is restricted to cultural, non-economic purposes. The Murray–Darling Basin Aboriginal Water Entitlements Program aims to achieve enhanced access to, and management and ownership of, water entitlements. The program provides funding of \$40 million over 4 years, split equally between the northern and southern basins, to support Basin Indigenous communities' investment in cultural and economic water entitlements and planning activities. The government acknowledges implementation of this program has been slower than anticipated. We are listening to feedback from First Nations on the proposed model and considering options to better deliver the program and benefit Basin First Nation communities.

Under a new initiative, the government will fund an extension of the current Indigenous Rangers program to include Basin Indigenous river rangers. This will employ Indigenous community members on natural resource management activities for ecological and cultural outcomes and provide potential opportunities for further engagement in managing Basin Ramsar sites.

The government is also supporting ongoing policy reform such as:

- the refresh of the National Water Initiative, with strategies to support greater Indigenous participation in water planning processes and decision-making, and strengthen jurisdictional approaches to Indigenous water interests
- the Closing the Gap refresh, which will establish an inland water rights-based target.

There is still work to be done to ensure a more equitable distribution of the benefits of a healthy and sustainable Basin, and provide for First Nation custodianship of river country. The government is committed to undertaking this journey in partnership with Basin First Nation communities.

# Australian Government response

The Australian Government has provided a response to the issues raised in the report's 16 themes, with specific responses to each of the panel's recommendations under those themes. Some recommendations rest with the Australian Government to consider and act on, some with Basin states. Importantly, responding to and implementing many of the recommendations is a shared responsibility of the Commonwealth and Basin states.

The Australian Government's Murray–Darling Communities Investment Package sets out a range of initiatives designed to refresh Basin Plan implementation. Its development drew heavily on the panel's insights and recommendations around water reform to ensure that communities are brought to the centre of implementation. The government will use the panel's findings and insights to inform future work and decisions on implementing the Basin Plan, and in the design and delivery of broader government programs to support Basin communities.

Of the 22 recommendations made by the panel 20 have been agreed to in full, in principle or in part. Two recommendations need further consideration as the issues raised will require more time to work through the best way to address them.

## Theme 1 - Improve the way we work together

### Recommendation 1

Basin governments and communities must find better ways to engage about Basin and broader reforms and strengthen leadership capacity of regional communities and government agencies. Specific actions to improve the way we work together may include:

- a) building local leadership capacity to work with governments to design policies and programs that are tailored to community needs. Programs such as the Basin Communities Leadership Program could be scaled up and/or the Murray–Darling Basin Leadership Program reinstated to support local capacity development
- b) building community and catchment involvement by engaging with local communities, landholders and catchment management authorities to support coordination of environmental watering and investments in complementary measures
- c) strengthening community consultation approaches so that consultation on issues with potentially material social, economic and/or environmental implications are not rushed or superficial. This applies to initiatives including, but not limited to, sustainable diversion limit adjustment mechanism (SDLAM) projects, the remaining water resource plans, and river operation decisions
- d) further strengthening the capacity and capability of the Australian Government Department of Agriculture, Water and the Environment, the Murray–Darling Basin Authority (MDBA) and Basin states to engage regionally and implement the Panel's recommendations.

### Response to recommendation 1 – Agree

The Australian Government recognises there is a need to rebuild trust in Basin agencies through better engagement, information sharing, transparency and accountability. The government is committed to engaging with communities on the implementation of water programs and

initiatives. We are looking to use the experience of the panel, the bushfire recovery taskforce and drought response work to build our engagement approach and improve transparency around how community feedback has influenced the design, development and evaluation of programs. Basin states also have significant responsibilities in this area - the initiatives cited by the panel are all state projects. Through the Murray–Darling Basin Ministerial Council, the government continues to work with Basin states to improve consultation on all areas of Basin Plan implementation.

To assist with our engagement efforts, the government will leverage an extensive network of officers situated in regional and rural Basin communities. The MDBA recently expanded its footprint to include 7 regional offices, with a third of its staff now regionally located. In addition, 7 MDBA Regional Engagement Officers live and work within regional Basin communities and engage with these communities on issues around Basin Plan implementation. The Commonwealth Environmental Water Holder also has Local Engagement Officers in regional Basin locations.

Leadership in the Basin is supported by many government funding initiatives. For example, the Murray–Darling Basin Economic Development Program (EDP) funded leadership and capacity building programs such as the Basin Communities Leadership Program, run by the Murray Darling Association. This program is available in 15 Basin communities most impacted by Basin Plan water recovery. Further funding through the EDP is available under the investment package, and the Leadership Program will be eligible to apply for this funding.

As part of the government's Future Drought Fund, \$7.45 million is available in the Drought Resilience Leaders program. This will provide funding for community members to undertake training in leadership, and a community activity to build drought resilience in their locality. \$3.75 million will be available through the Networks to Build Drought Resilience program, which will fund networking groups to support training and networking events and foster projects that encourage connectedness and improve wellbeing.

Under the investment package, a new river health program will fund community-driven projects that take direct action to improve the health and ecological condition of rivers and wetlands in the Basin. Importantly, as applications are community-driven, they will fund local organisations such as Indigenous corporations, local government, cooperatives, incorporated associations and companies on a competitive basis to address environmental issues of importance to their area. The program will encourage employment and increase community involvement in, and understanding of, the environmental benefits of these works. It will include projects identified by local communities such as riverbank rehabilitation, erosion control, revegetation, fish passage, and river and wetland restoration at sites prioritised by that community.

## **Recommendation 2**

All parties involved in designing, developing, implementing, monitoring and evaluating water policy and reform must recognise the importance of transparency and accountability in providing certainty and confidence to communities. Actions to achieve this include:

- a) investing in an easily accessible, Basin-wide water resource information platform. The platform should provide timely information and simple description and definitions of water terms, policies, operational settings, rules and their implementation, and

changes (or those proposed) to them. It could also provide easily understandable indicators of water supply and demand and enable rapid understanding of the composition of, and changes in, river flows and storages, both temporally and spatially, as well as access and release triggers. It should also track how governments have assessed, consolidated and implemented recommendations from reviews on issues relating to the Basin

- b) having the Basin Officials Committee publicly report advice provided to the Ministerial Council and advice provided for implementing policy and decisions of the Council on matters such as state water shares and the funding and delivery of natural resource management programs
- c) investing in water literacy in communities, media organisations and local government to support informed dialogue and rebuild trust
- d) improving data and information about social and economic conditions in rural and regional Basin communities, the drivers, and dynamics of change.

## **Response to recommendation 2 - Agree**

The Australian Government agrees that transparency is of key importance for Basin communities and is already making inroads into increased transparency for water users. The government, in consultation with Basin states, has committed to building a web-based, real-time water information platform as the single point of truth for the community on water. The platform will bring together water information from across governments in an accessible format for water users and communities, helping to improve water literacy. This work will build on state-based systems and investments, and current Bureau of Meteorology projects such as the \$4.9 million information standardisation project.

The MDBA has also implemented a monthly point-in-time snapshot that gives water users access to a picture of water released down the Murray River against environmental licences, compared with water for towns, industries and irrigators.

The MDBA continues to publish Ministerial Council communiques describing meeting decisions and outcomes on its website. However, confidential advice to Basin ministers will remain confidential.

Under the investment package, a new initiative will report on social, economic and environmental conditions in the Basin - the drivers, and dynamics of change. It will estimate the impacts of water reform and build a knowledge base to support policy decisions, increase stakeholder trust, and inform effective decision making by water agencies and other organisations. It will add evidence to support government decisions made as part of the legislated 2026 Basin Plan review.

Programs and initiatives in the investment package will be carried out in partnership with communities to ensure that in implementing these initiatives, we seek community input and demonstrate how that feedback has been used in the design, delivery and evaluation of programs.

## **Theme 2 - Pace further planned water recovery to capacity to adjust**

### **Recommendation 3**

From this point on, the Australian Government should time planned further water recovery in the northern and southern Basins to match the capacity of systems to deliver water to where it is needed, to achieve enhanced environmental, social and working river outcomes without detrimental uncompensated third-party impacts.

From this point on, the Australian Government should also match the pace of all planned further water recovery to the capacity of communities to absorb and adjust to change, based on community scale social and economic assessment of anticipated impacts and engagement with affected communities.

### **Response to recommendation 3 - Agree**

The government is committed to delivering the Basin Plan and recognises that a different approach is required to recover 450 GL of water for downstream river health benefits. Under the refreshed approach to Basin Plan implementation, set out in the investment package, the government aims to progress the 450 GL of additional water recovery by focussing on recovering water for the environment through modernising off-farm water delivery infrastructure. The government will work with Basin states and irrigation networks to identify potential projects, for example through work being undertaken by the Murray–Darling Basin Ministerial Council on a stocktake of open channels.

## **Theme 3 - Consider recovery that reduces the impact on the consumptive pool**

### **Recommendation 4**

Where possible, off-farm recovery should be a preferred approach for recovering water when it reduces the impact on the consumptive pool. Where off-farm recovery occurs, it should be cost-effective and underpinned by appropriate and transparent infrastructure pricing and service provision frameworks that align the long-term needs of users and their capacity to maintain the off-farm infrastructure.

### **Response to recommendation 4 - Agree**

The government is adjusting its focus on recovering water for the environment by modernising off-farm water delivery infrastructure. The government will work with the Basin states and irrigation networks to identify potential projects that are cost-effective and meet the needs of users.

## **Theme 4 - Allow more time and flexibility to progress the Sustainable Diversion Limit Adjustment Mechanism**

### **Recommendation 5**

If the existing SDLAM projects do not deliver the anticipated 605 GL, there should be flexibility to allow new or other existing projects to close the SDLAM gap. The 605 GL must be achieved through SDLAM.

Given COVID-19, the progress status of key SDLAM projects, and the need for community consultation to not be rushed or superficial, timeframes for SDLAM measures should be extended to deliver an equivalent value of 605 GL.

### **Response to recommendation 5 – Agree in part**

The government will work with Basin states to accelerate planning and delivery of those supply and constraints projects at risk of not being delivered by 2024. We will partner with the National Water Grid Authority on these projects. We will also consider options to augment or amend existing projects where these can assist with achieving the program's goals.

A new National Partnership agreement between the Australian and Basin state governments to provide funding for new and ongoing activities required to implement the Basin Plan will be developed. This National Partnership agreement will include activities to support the delivery of supply and constraint measures.

The Australian Government does not support amending legislation to extend timeframes to deliver on these measures. However, it will work with Basin states to ensure that any approach to implementing the SDLAM projects protects the interests of Basin communities.

## **Theme 5 - Progress complementary measures**

### **Recommendation 6**

The MDBA, working with Australian and state governments and Basin communities, should develop an agreed method to determine the impact of local complementary measures on supporting or making progress towards Basin Plan objectives. The method should be appropriate to the northern and southern Basins.

The draft method should be developed for consultation by October 2020.

### **Response to recommendation 6 – Further consideration required**

Any formal method for aligning complementary measures with Basin Plan objectives would need to be considered by joint Basin governments and ultimately require a Basin Plan amendment to be formally adopted. The government's focus in the first instance is to invest directly into the resilience of Basin communities and the river health projects they support.

### **Recommendation 7**

Commonwealth and Basin state governments should invest in complementary measures across the northern and southern Basins to contribute to the outcomes in final recommendation 6.

### **Response to recommendation 7 - Agree in part**

The Basin Plan acknowledges that actions to improve river health, along with water recovered for the environment, are essential to support environmental outcomes. Two new initiatives under the investment package will fund direct actions to improve the health and ecological condition of rivers and wetlands in the Basin. These programs will help address environmental issues and promote river health outcomes.

The first, delivering environmental outcomes in the Riverland, is a new program delivering \$37.6 million for practical projects to sustain Riverland environments, recognising there have

been delays in progress towards securing an additional 450 GL of water to improve river health and habitats on the lower Murray.

The second initiative will provide \$20 million for river health projects focussed on community participation, at sites identified by local communities. Applications will be community-driven and will fund local organisations on a competitive basis to address environmental issues of importance to their area. The organisations can include Indigenous corporations, local government, cooperatives, incorporated associations, and companies. These on-ground projects will encourage employment, community involvement and economic development.

## **Theme 6 - Accelerate preparation for the Basin Plan review**

### **Recommendation 8**

To support adaptive management and better prepare for scheduled formal reviews, the MDBA should bring forward a program of continuous evaluation, including the development of timely and relevant social and economic indicators (Schedule 12, item 3).

This program should build on the MDBA's 2020 evaluation of the effectiveness of the Basin Plan. It should establish a clear framework and approach for information sourcing so that social and economic condition and change information is directly comparable, and reports at the appropriate spatial scale. Information should be sourced and reported as it becomes available.

### **Response to recommendation 8 - Agree**

Under the investment package, a new initiative will report on social, economic and environmental conditions in the Basin - the drivers, and dynamics of change. It will estimate the impacts of water reform, and build a knowledge base to support policy decisions, increase stakeholder trust, and inform effective decision making by water agencies and other organisations. It will add evidence to support government decisions made as part of the legislated 2026 Basin Plan review.

## **Theme 7 - Support community led transitions**

### **Recommendation 9**

To empower communities to make longer term investments in their future, the Australian Government should increase the scale of the Murray–Darling Basin Economic Development Program and extend it to 2030. It should also prioritise the program towards more vulnerable and disadvantaged communities most negatively impacted by Basin water reforms. Funding programs must be community driven and focused on reforms and investments that build industries that provide long term jobs and income for communities.

### **Response to recommendation 9 – Agree in part**

The EDP focuses on community driven and supported projects that strengthen and diversify local economies and build resilience to economic challenges. Program funding under the EDP is delivered through competitive grants rounds for projects that provide economic benefit and create employment through enterprise development. Rounds 1 and 2 of the EDP targeted the communities considered most impacted by the Basin Plan, as informed by research that included the MDBA's 2016 and 2017 Basin Plan evaluations. The targeted communities include those identified by the panel as vulnerable. The 2 rounds completed so far will provide \$40 million in support for these communities.



Under the investment package, an additional \$34 million will be made available through the EDP to provide economic assistance for communities struggling with the effects of Basin Plan water recovery.

### **Recommendation 10**

The Australian Government should increase the Murray–Darling Basin Economic Development Program Round 2 budget of \$15 million.

### **Response to recommendation 10 – Agree in principle**

The outcomes of the EDP Round 2 have been announced. Under the investment package, an additional \$34 million has been made available for the program.

## **Theme 8 - Further empower communities in decisions about their future**

### **Recommendation 11**

Where an up water recovery proposal fails to meet established neutrality criteria, this should trigger an option by the local communities to have a formal process to consider and agree on whether and how third party impacts could be offset in a way that is acceptable to those negatively affected by the change. These processes must be community led.

If accepted, the Panel's additional process should also be applied to any further northern Basin future water recovery.

### **Response to recommendation 11 – Agree in part**

Under the refreshed approach to Basin Plan implementation, set out in the investment package, the Australian Government will focus its future efforts for water efficiency on off-farm water infrastructure projects.

Should states or communities identify on-farm water efficiency projects, the Australian Government will work with Basin states to consider proposals, including whether they meet neutrality criteria and whether offsets are required. This approach will ensure only projects that are farmer and community-led will be considered.

## **Theme 9 - Give greater transparency around river operations**

### **Recommendation 12**

Reflecting community concerns, all Basin governments should continue addressing consumptive and environmental water river operation issues. This work includes, but is not limited to:

- a) Commonwealth and state water ministers developing an aligned multi-state approach to development below the Barmah Choke
- b) developing efficient and effective longer-term responses to deliverability issues that impact on consumptive and environmental water and third parties. This work may

involve exploring new water market products such as capacity shares to help manage consumptive and environmental water delivery issues

- c) better incorporating local and regional information and decision making into water recovery and river operations planning
- d) improving the transparency of river operations and governance arrangements.

### **Response to recommendation 12 – Agree**

The government understands that capacity constraints and deliverability are significant concerns to irrigators and industries downstream of the Barmah Choke. The MDBA is working with Basin governments to address River Murray deliverability challenges for both consumptive and environmental water. The Murray–Darling Basin Ministerial Council has agreed to a feasibility study on options to address Barmah Choke water delivery issues.

For relevant reaches, constraints measures will improve deliverability and result in regional investment and upgrading of local infrastructure.

Water market products are a state responsibility, and we will work with Basin states to discuss the issues raised in the final ACCC report, including recommendations on water products.

We are improving transparency through a commitment to building a web-based, real-time water information platform as the single point of truth for the community on water. The platform will bring together water information from across governments in an accessible format for water users and communities. It will build on current Bureau of Meteorology projects such as the \$4.9 million information standardisation project.

## **Theme 10 - Improve urban water security**

### **Recommendation 13**

The Australian, state and local governments should improve the water security of Basin towns and cities (including First Nations communities) by focusing on better supply and demand forecasting and planning; non-rainfall based supply options; a full assessment of costs, benefits, risks and uncertainties; and adequate provision of required water supply.

As part of this effort, the Australian, state and local governments should work with town water suppliers to develop regional pilot programs for alternative urban supply sources, including indirect potable reuse.

### **Response to recommendation 13 – Agree in principle**

State governments (including through their local water utilities) retain an important role in securing water for towns and regional communities. The government also works with Basin state and territory governments on urban water issues, including through the next stage of urban water reform in Australia under a renewed National Water Initiative.

### **Recommendation 14**

Consideration should be given to extending the National Water Grid Authority's remit to include securing town and regional centre water supply. This is consistent with National Water Grid Authority objectives of planning the next generation of water infrastructure to support thriving

regions by growing our agricultural sector, increasing water security, and building resilience to a changing climate.

### **Response to recommendation 14 - Further consideration required**

State governments (including through their local water utilities) retain an important role in securing water for towns and regional communities. The government also works with Basin state and territory governments on urban water issues, including through the next stage of urban water reform in Australia under a renewed National Water Initiative.

## **Theme 11 - Improve First Nations' outcomes**

### **Recommendation 15**

As a priority, governments should increase First Nations peoples' access to water for economic and social purposes by:

- a) working with First Nations groups to define levels of access required to support improved outcomes for First Nations peoples across the Basin
- b) recognising the relationship between, and benefits from, First Nations' increasing access to water and land, and working on approaches that provide for both
- c) purchasing water entitlements for First Nations' needs, as described in the Echuca Declaration
- d) reviewing the condition of water licences allocated for First Nations Cultural purposes. Currently, water on these licences is limited to its Cultural purpose and cannot be traded or used for economic activities and outcomes.

### **Response to recommendation 15 – Agree in principle**

The benefits of First Nations involvement in water management and planning are supported and realised across the Basin. For example, the Narran Lakes Ramsar site is co-managed by a New South Wales National Parks and Wildlife Service and Indigenous committee, and The Living Murray Indigenous Partnerships Program provides the opportunity for First Nations people to be heard in the management of these icon sites.

The government recognises there is still work to be done to ensure a more equitable distribution of the benefits of a healthy and sustainable Basin and provide for First Nation custodianship of river country. The government is committed to undertaking this journey in partnership with Basin First Nation communities - the new Indigenous MDBA member is a step in this direction.

In May 2018, the Australian Government agreed to provide funding of \$40 million over 4 years under the MDB Aboriginal Water Entitlement Program - a program to support Basin Indigenous communities' investment in cultural and economic water entitlement, and associated planning activities. Extensive consultation has been undertaken to inform program design.

The government is also supporting ongoing policy reform such as:

- the refresh of the National Water Initiative, with strategies to support greater Indigenous participation in water planning processes and decision making, and strengthen jurisdictional approaches to Indigenous water interests

- the Closing the Gap refresh which will establish an inland water rights-based target. There may be scope to support linkages between existing land held by First Nations people in the Basin and water available through the Murray–Darling Basin Aboriginal Water Entitlement Program.

The MDBA has started building a baseline of water entitlement ownership by Basin First Nations people that could assist in determining the volume, types of use and conditions at the broader level, and determine potential opportunities for improvement.

### **Recommendation 16**

The Australian and Basin state governments should fund First Nations groups to work with experts in valuing ecosystem services provided by, and the benefits arising from, culturally significant sites (including, but not limited to, the 17 Ramsar sites in the Basin). The goal should be to better understand the cultural and economic benefits of improving First Nations groups' access to water, and environmental outcomes.

Funding should also be provided to support Aboriginal enterprise development in associated First Nations communities that use (or could use) ecosystem services.

### **Response to recommendation 16 – Agree**

Under the investment package we will fund an expansion of the existing Indigenous Rangers program to incorporate Basin Indigenous River Rangers. The extension will fund 4 river ranger teams, creating around 20 jobs for Basin First Nations people and providing the opportunity to access and value First Nations knowledge on caring for river country.

Enterprise development applications from Indigenous organisations will be considered under the additional funding for the EDP available through the investment package.

The \$20m Water and Environment Research Program, administered by MDBA, has identified ecosystem services as a research priority.

### **Recommendation 17**

First Nations' participation should be embedded in water policy and strategy development at all levels of government. Basin-wide processes have provided for greater First Nations involvement, but involvement in state and local decision making and planning varies and should be increased.

### **Response to recommendation 17 – Agree**

The Government is currently working on a refresh of the National Water Initiative, and Indigenous interests in water has been highlighted as a significant area requiring focus. A sub-committee will be established to advise on Indigenous water interests and develop a national Indigenous water strategy. This committee will include 6 to 10 Indigenous water experts and will be supported by Basin government officials from all jurisdictions.

The MDBA is working to strengthen provisions in the next iteration of the Basin Plan for First Nations access to water. The MDBA has commenced discussions with Murray Lower Darling Rivers Indigenous Nations (MLDRIN) and Northern Basin Aboriginal Nations (NBAN) on this work. Other groups not represented by these bodies will also be engaged. The MDBA is also

scoping a program of activity so First Nations can effectively provide input into the next Basin Plan, specifically:

- improving water literacy amongst First Nations
- enhancing the capacity of MLDRIN and NBAN to seek and coordinate First Nations input
- seeking greater understanding of First Nations knowledge and issues by the general community and government, especially those undertaking the 2026 review of the Basin Plan
- increasing access to government and the MDBA by First Nations people and organisations.

## **Theme 12 - Pursue more flexible farm systems through research and innovation**

### **Recommendation 18**

In response to the emerging climate and other risks in the Basin, Commonwealth and Basin state governments should increase the focus of, and funding for, research and innovation in these key areas:

- a) enabling the diversification of farm systems across industries, and adaptation to climate change, natural hazards and other risks
- b) translating research and innovation knowledge into on-ground application, particularly through greater in-region capacity to demonstrate the practical value of adopting research and innovation.

### **Response to recommendation 18 – Agree**

The government recognises the key challenges that climate change and natural events bring to our agricultural industries. The government is funding research and programs that will assist farmers to adapt and thrive in the new environment. These include:

- the \$20m Water and Environment Research Program, administered by the MDBA, which will examine climate change in terms of identifying vulnerabilities and options for adaptation
- the Future Drought Fund initiative 'Climate Services for Agriculture' will deliver an interactive digital climate information service for the agriculture sector to assist farmers to make real-time decisions. It will make existing information more relevant, and provide tools that can be applied in local decision-making about the impacts of climate change on future drought trends
- CSIRO has launched 3 'missions' to provide solutions to the biggest challenges facing the agriculture industry. For example, CSIRO will work with the Bureau of Meteorology to provide up-to-date localised climate data and weather forecasts to help farmers with decision making
- the Smart Farms program which focuses on improving land management practices and biodiversity. The program supports agricultural systems to adapt to significant changes in climate, weather and markets. \$136 million has been allocated to the development and uptake of best practice, tools and technologies for farmers and land managers, fishers,

foresters and regional communities. This includes Smart Farming Partnerships (\$57.5 million over 6 years) to:

- develop, trial and implement new and innovative tools that lead to more sustainable, productive and profitable agricultural industries and systems
- protect Australia's biodiversity
- protect and improve the condition of natural resources
- assist Australia to meet its obligations under relevant international treaties.

## **Theme 13 - Improve measurement and evaluation of social and economic impacts of environmental outcomes**

### **Recommendation 19**

To improve decision making and enable well focused and timely responses to wellbeing concerns, governments should agree on a framework that creates a solid baseline and tracks environmental outcomes from water reform, and how these impact Basin communities' social and economic wellbeing. Improvements in monitoring and evaluation measures should include, but not be limited to, demonstrating how enhanced environmental outcomes of water reform affect tourism, recreation, liveability, human health and wellbeing, and cultural values.

Governments should ensure there is adequate resourcing of agencies and organisations involved in monitoring, evaluating and reporting all baseline environmental, social and economic conditions that Basin reforms are being evaluated against.

### **Response to recommendation 19 - Agree**

Under the investment package, a new initiative will report on social, economic and environmental conditions in the Basin - the drivers, and dynamics of change. It will estimate the impacts of water reform, and build a knowledge base to support policy decisions, increase stakeholder trust, and inform effective decision making by water agencies and other organisations. It will add evidence to support government decisions made as part of the legislated 2026 Basin Plan review.

The MDBA is including work on the social and economic benefits of environmental water in the 2020 Basin Plan Evaluation.

Since 2009, the CEWO has invested over \$80 million in monitoring, evaluation and research on the environmental benefits from the use of water recovered for the environment. There is now close to 10 years of robust scientific results showing Commonwealth environmental water is improving local environments and contributing to the longer-term environmental objectives of the Basin Plan.

## **Theme 14 - Move towards more sustainable irrigation infrastructure – understanding ongoing costs of new infrastructure within irrigation infrastructure operators (IIOs)**

### **Recommendation 20**

IIOs should not accept infrastructure for water recovery without involving their customers in the process, and without customers having a clear understanding of the potential pricing implications of new infrastructure. As part of their investment business cases IIOs should demonstrate that customers have willingly accepted the pricing implications of taking on new infrastructure.

IIOs should provide irrigators with more information about the potential medium (5 or more years) to long term (10 or more years) pricing implications of IIO capital investments.

### **Response to recommendation 20 – Agree in principle**

While this recommendation lies within the responsibility of irrigation networks, the government's focus is on recovering water for the environment by modernising off-farm water delivery infrastructure. The government will work with the Basin states and irrigation networks to identify potential projects that are cost-effective and meet the needs of users.

## **Theme 15 - Invest in regional connectivity**

### **Recommendation 21**

Commonwealth and Basin state governments should invest to improve essential infrastructure in Basin communities that are at a relative disadvantage and consider developing a Basin-specific infrastructure fund focusing on digital connectivity.

### **Response to recommendation 21 – Agree**

COVID-19 and bushfire events have reinforced the need for affordable and reliable connectivity options, not only for access to essential services and social connectivity, but also to support the growth and competitiveness of regional businesses. The Australian Government has announced the \$53 million Regional Connectivity Program which will fund infrastructure for mobile or broadband services that provide support for economic development, and directly address the needs of regional, rural or remote communities. The funding is available through competitive grants.

The EDP has also provided funding for local digital connectivity priorities. The program is not Basin-wide but does target vulnerable and disadvantaged areas requiring assistance to adjust to water recovery. Similar projects are eligible to apply for the additional EDP funding that has been made available under the investment package.

## **Theme 16 - Give immediate support to Basin regions and towns facing acute social and economic issues**

### **Recommendation 22**

Basin governments and public and private agencies should:

Department of Agriculture, Water and the Environment

- a) work with communities in the Basin with acute social and economic issues to develop action and outcome plans that will address these issues over the next 3 years
- b) direct resources to attract and retain frontline service providers that specialise in addressing household distress, mental health issues, and financial hardship, in Basin locations experiencing acute social or economic issues.

In addition:

- c) To ensure early progress in meeting the unmet need for mental health support, Basin governments should support organisations with existing and proven delivery capability to deliver online and telephone support services. These programs should be targeted to those most in need - Basin communities in greatest need, young people, and priority populations, particularly Aboriginal and Torres Strait Islander communities.
- d) To plan for the medium and longer term, the Australian Government, in collaboration with Primary Health Networks, leading mental health organisations, and state and territory governments should develop a mental health plan for the Murray–Darling Basin. This plan may include identifying the level of need in the Basin, establishing an action plan and resourcing to better meet the need, and prioritising support for those most in need.

### **Response to recommendation 22 – Agree in part**

All Basin governments have made substantial investments in rural and regional communities in the Basin. The Australian Government will use the findings of this, and other Basin reviews, to inform the design and development of support programs to ensure the specific needs of Basin communities are addressed while achieving program aims. An immediate priority is to increase awareness of programs and support available now. Examples are already in place, for example the Farmhub and Bushfire recovery webpages which provide links to services, grants and funding available for specific issues. Effective communication of these programs will require a multifaceted approach utilising existing regional outreach officers and stakeholder channels.