



Australian Government
Department of Agriculture,
Water and the Environment

National Partnership Agreement on Implementing Water Reform in the Murray– Darling Basin

Milestone assessments for the year
ending 30 June 2019



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Glossary

Term	Definition
ACT	Australian Capital Territory
BOC	Basin Officials Committee
CEWH	Commonwealth Environmental Water Holder
CEWO	Commonwealth Environmental Water Office
CMA	Catchment Management Authority
CMP	Constraints Measures Program
DELWP	Department of Environment, Land, Water and Planning (Victoria)
DEW	Department for Environment and Water (South Australia)
DNRME	Department of Natural Resources, Mines and Energy (Queensland)
DPIE	Department of Planning, Industry and Environment (NSW)
EWAG	Environmental Watering Advisory Group
GL	gigalitres
GMW	Goulburn–Murray Water
HEW	held environmental water
IGA	<i>Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin</i>
IVT	inter-valley trade
IWG	Interagency Working Group (NSW)
LTWP	long-term environmental watering plan
MDBA	Murray–Darling Basin Authority
MDBWIP	Murray–Darling Basin Water Infrastructure Program
MER	monitoring, evaluation and reporting
NPA	<i>National Partnership Agreement on Implementing Water Reform in the Murray–Darling Basin</i>
NSW	New South Wales
NWI	National Water Initiative
PEW	planned environmental water
PPM	prerequisite policy measure
SA	South Australia
SDL	sustainable diversion limit
VEWH	Victorian Environmental Water Holder
VFMP	Victorian Farm Modernisation Project
WEP	Water Efficiency Program
WRP	water resource plan

Background

The *Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin* (IGA) is an undertaking by the Australian Government and the Murray–Darling Basin state governments to build on existing achievements by implementing water reforms that further improve the health of the Murray–Darling Basin and secure a future for its communities.

Part 7 of the IGA commits the Australian Government to providing financial support to the Basin states via the *National Partnership Agreement on Implementing Water Reform in the Murray–Darling Basin* (NPA).

Each Basin state has committed to implementing the NPA in accordance with milestones set out in Schedule A of the agreement (reproduced in [Appendix A](#)), and reporting on milestone progress through an annual Statement of Assurance.

Assessor's role

Using the statements of assurance and any supporting documentation provided by each participating Basin state, the assessor is required to evaluate jurisdictional performance against milestones in Schedule A to the NPA, as described in Part 4 of the NPA (Department of Agriculture, Water and the Environment 2020).

This assessor's report provides advice to the Australian Government minister with portfolio responsibility for water in relation to Basin state performance against milestones set out in Schedule A, the extent to which the milestones have been met and, where the state has not met or partially met a performance milestone, any steps and activities that it took to meet the milestone.

The minister decides whether payment should be made to a Basin state under the NPA.

The National Water Commission was initially tasked with the assessor's role and completed the required assessments in 2013 and 2014. The *National Water Commission (Abolition) Act 2015* abolished the National Water Commission in June 2015. The assessor's role has transferred to the Department of Agriculture, Water and the Environment. This is the fifth report prepared by the department.

Assessment scope

This report provides a detailed assessment of Basin states' progress against the actions listed in Schedule A of the NPA.

In November 2017 the Murray–Darling Basin Authority (MDBA) released *The Murray–Darling Basin Water Compliance Review* (MDBA 2017). The review found significant degrees of difference between Basin states' cultures of compliance. The Australian Government announced on 27 November 2017 that it would link Murray–Darling Basin Plan implementation payments to progress by Basin jurisdictions in reforming compliance arrangements and the development and delivery of Basin Plan-compliant water resource plans (Turnbull 2017).

The Commonwealth and the Basin states entered into the *Murray–Darling Basin Compliance Compact* (the Compliance Compact) in June 2018 to address compliance and integrity of Basin water management issues identified in this and other recent reviews (MDBA 2018). The department subsequently reported on Basin states' progress in the development of water resource plans in the 2017–18 assessment, and flagged expectations regarding compliance. The department has also considered Basin state efforts to implement the Compliance Compact in this assessment.

Assessment approach

For each assessment, all Basin states provide their Statement of Assurance to the department. The information provided in the statements of assurance and other material is compared with milestones in Schedule A of the NPA.

In conducting this assessment, the department consulted with Australian Government agencies, including the Commonwealth Environmental Water Office (CEWO) and the MDBA. Basin states were given an opportunity to comment and provide feedback before the assessment was finalised.

1 Assessment for the Australian Capital Territory

1.1 Summary of findings

The Australian Capital Territory (ACT) made satisfactory progress to implement the Basin Plan in 2018–19 noting some milestones are assessed as partially met.

The ACT has agreed with New South Wales (NSW) to enable trade between the ACT and NSW Murrumbidgee, however this was not achieved by June 2019. While not submitting annual watering priorities to the Murray–Darling Basin Authority (MDBA) for 2019–20, the ACT did complete its five-yearly review of the ACT Environmental Flow Guidelines which incorporate a number of improvements to ensure consistency with the Basin Plan.

In April 2019 the ACT submitted its ACT Water Resource Plan (surface water and groundwater) to the MDBA for assessment. Following the MDBA's advice that the Water Resource Plan (WRP) was not yet consistent with the Basin Plan, the ACT withdrew it in September 2019 and resubmitted it for assessment in December 2019 (MDBA 2020).

The ACT made progress in implementing measures to improve its compliance regime. The MDBA found the ACT has completed all of its transparency and compliance framework-related commitments. However, the MDBA remains concerned about the ACT's commitment to progressing its metering policy and implementation plan.

Findings for the ACT are summarised against each milestone in Table 1 in the order they appear in the NPA. Full findings and details of the assessment are also included in this chapter.

Table 1 Summary of findings for the Australian Capital Territory

National Partnership commitments	Assessment summary	Finding
6) The state has supported the Commonwealth in bridging the gap.	a) The ACT and NSW have committed to develop and implement interstate water trade arrangements. However, these arrangements were not in place by June 2019. b) The ACT did not introduce any restrictions or suspensions on the trading of water access entitlements. c) The ACT did not take any action to impede Commonwealth measures to acquire water for environmental purposes. d) The ACT has not been involved in Commonwealth applications for water trading. e) The ACT entitlements in regulated surface water systems are consistent with the provisions of the National Water Initiative clauses 28 to 32.	Milestone partially met.

National Partnership commitments	Assessment summary	Finding
7) Following publication of the Constraints Management Strategy by the MDBA, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the sustainable diversion limit adjustment mechanism.	Not applicable to the ACT.	Not applicable.
8) The state has cooperated in arrangements for Basin Plan environmental watering.	<ul style="list-style-type: none"> a) The characteristics of licensed entitlements held for environmental water use in the ACT have not been enhanced or diminished relative to like entitlements held and used for other purposes. b) The ACT implemented measures to facilitate the use of environmental water. c) The ACT did not provide annual environmental watering priorities for 2019–20 to the MDBA, however it did complete its 5-yearly review of the ACT Environmental Flow Guidelines which incorporate improvements to ensure consistency with the Basin Plan. d) The ACT does not have any held environmental water and applied the Basin Plan's Principles to be applied in environmental watering in its releases of planned environmental water. The ACT made progress in implementing measures to improve its compliance regime. e) Environmental watering occurred with regard to the views of local communities and persons materially affected by the management of environmental water. f) The ACT submitted its draft long-term environmental watering plan to the MDBA in March 2019. The MDBA advised the ACT that the plan requires stronger alignment with the Basin Plan. 	Milestone partially met.

1.2 Bridging the gap

1.2.1 Removal of barriers

The ACT partially met this commitment for 2018–19.

The MDBA considers that the lack of trading arrangements between the ACT and NSW is inconsistent with the Basin Plan water trading rules. The MDBA considers the ACT Murrumbidgee to be the start of the regulated system and that trade arrangements need to be enabled, including with Victoria and South Australia. At the Murray–Darling Basin Ministerial Council meeting of June 2017 and since, the ACT and NSW made commitments to facilitate entitlement trade between the ACT and the NSW Murrumbidgee.

The ACT reported that the lack of interstate water trading arrangements by June 2019 was due to NSW's inability to progress the matter, while NSW reported it worked closely with the ACT

during 2018–19 to progress these arrangements. The department has been advised that some progress has been made, with options to operationalise trade under consideration through an interjurisdictional working group chaired by the MDBA.

However, as trade was not enabled by 30 June 2019, the department considers that the ACT has not fully met this milestone and expects progress to be made during 2019–20.

The ACT reported it is otherwise compliant with the Basin Plan water trading rules.

1.2.2 Restrictions on trade

The ACT met this commitment for 2018–19.

The ACT did not introduce any restrictions or suspensions on the trading of water access entitlements (ACT Government 2019a) and the MDBA's advice supports this finding.

1.2.3 Actions to impede Commonwealth water acquisitions

The ACT met this commitment for 2018–19.

It was previously understood that the ACT's contribution to the shared reduction amount in the southern Basin was met through the Commonwealth's 2014 purchase of 4.9 GL of ACT-held entitlement from the NSW Murrumbidgee. The Commonwealth therefore did not seek to acquire water for environmental purposes from the ACT during 2018–19. Subsequent advice indicated that water recovery was required from within the ACT WRP area.

The ACT cooperated with the Murray–Darling Basin Water Infrastructure Program (MDBWIP), launched in July 2018 to contribute to bridging the gap for the sustainable diversion limit (SDL) (62 GL of efficiency measures to be secured by June 2019) and for the 450 GL of efficiency measures required under the Basin Plan with neutral or positive social and economic impacts. The Ministerial Council agreed to adopt additional socio-economic criteria on 14 December 2018 (MDBA 2019b), with a new water recovery program, the Water Efficiency Program (WEP), launched in July 2019. The delay resulted in the MDBWIP recovering no water in 2018–19 and the MDBA setting the SDL adjustment for 2019–20 at 544 GL.

The ACT has worked cooperatively with the Commonwealth under the WEP, with the ACT demonstrating its commitment to state-led infrastructure projects by signing a Project Agreement and Schedules in August 2019.

1.2.4 Processing times for trades

The ACT met this commitment for 2018–19.

There were no trades of water resources within the ACT, where the Commonwealth was a participant, during the assessment period.

1.2.5 NWI-consistent entitlements

The ACT met this commitment for 2018–19.

The ACT manages water under an interim WRP that was extended to June 2019. Under this plan, the ACT's water access entitlements are consistent with the provisions of clauses 28 to 32 of the National Water Initiative (NWI).

1.3 Implementation of Constraints Management Strategy

Not applicable to the Australian Capital Territory.

1.4 Cooperation in environmental watering

1.4.1 Characteristics of licensed entitlements

The ACT met this commitment for 2018–19.

The MDBA and the Commonwealth Environmental Water Holder (CEWH) have not advised of any restrictions that would constitute discriminatory or preferential treatment for licensed entitlements held for environmental use during the 2018–19 assessment period.

1.4.2 Measures implemented to facilitate use of environmental water

The ACT met this commitment for 2018–19.

The ACT does not hold any water entitlements for environmental use.

The ACT confirmed that measures to facilitate the use of environmental water occur through its legislated Environmental Flow Guidelines, which provide for the quantity and timing of releases from water storages and restrictions on the volume of water that can be abstracted from a water management area (ACT Government 2019a).

The guidelines were reviewed in 2018 and revised guidelines released in July 2019, with a number of improvements being incorporated to ensure consistency with the Basin Plan. Amendments included increasing environmental flows from the Googong Dam, protecting ACT environmental flows from NSW take, and changes to allow Icon Water greater flexibility in managing the Murrumbidgee to Googong transfer (ACT Government 2019b).

The MDBA notes that the ACT's revised Environmental Flow Guidelines represent a step in the right direction for supporting Basin Plan implementation. It is expected that these guidelines will be used to inform the next version of the ACT long-term environmental watering plan (LTWP) expected to be finalised before the end of 2020 (MDBA 2019a).

Requirements for environmental flow releases from water supply dams are also contained in the water licence held by Icon Water (ACT Government 2019a).

1.4.3 Annual environmental watering priorities

The ACT partially met this commitment for 2018–19.

The ACT did not submit its annual environmental watering priorities for 2019–20. It advised the MDBA that as it does not currently have any held environmental water and does not have specific priorities for use of such water. The ACT also advised that all planned environmental water in the ACT is managed in accordance with the ACT environmental flow guidelines. These legislated guidelines were recently reviewed and updated, and submitted to the MDBA in April 2019 as part of the ACT WRP package.

The MDBA has indicated that the requirement to prepare annual environmental watering priorities applies to both planned and held environmental water and proposed a suitable approach to cater for the ACT's current environmental water management arrangements. While the MDBA considers the ACT's updated environmental flow guidelines to be a step in the right direction for supporting Basin Plan implementation, it expects the ACT to submit annual priorities for the 2020–21 water year by 31 May 2020 (MDBA 2019a).

1.4.4 Management of environmental water consistent with the Basin Plan

The ACT partially met this commitment for 2018–19.

The ACT does not have any held environmental water and manages releases of planned environmental water in accordance with the ACT Environmental Flow Guidelines (ACT Government 2019a). These guidelines form a central component of the ACT's WRP submitted to the MDBA for assessment. The ACT advises it provided environmental water in accordance with the Basin annual watering priorities.

The MDBA noted it is not aware of any environmental watering not in accordance with the *Principles to be applied to environmental watering* (MDBA 2019a).

Icon Water reported 100% compliance with environmental flow requirements in 2018–19 (Icon Water 2019).

The Commonwealth and Basin states entered into the *Murray–Darling Basin Compliance Compact* in June 2018 to address compliance and integrity of Basin water management issues identified in recent reviews (MDBA 2018). The Compliance Compact was endorsed by the Council of Australian Governments in December 2018. While the Murray–Darling Basin Water Compliance Review (MDBA 2017) indicated the ACT already has a comprehensive compliance framework in place, the Compliance Compact includes a number of actions for the ACT to improve its compliance regime.

The MDBA's 2019 assessment of Basin states' progress in implementing the Compliance Compact found that the ACT has now completed all of its transparency and compliance framework-related commitments (MDBA 2019d). However, while acknowledging that the ACT's operating environment means that the risk and impact of these issues are considered to be low, the MDBA remains concerned about the ACT's commitment to progressing many of the issues with its metering policy and implementation plan.

1.4.5 Consultation on environmental watering

The ACT met this commitment for 2018–19.

The ACT does not have any held environmental water. Consultation on environmental flows in the ACT primarily occurs through the five-yearly reviews of the Environmental Flow Guidelines. Revised guidelines were released in July 2019 following public consultation throughout 2018–19. The guidelines are central to the ACT WRP and were prepared with these requirements in mind. Consultation has also occurred while preparing the ACT WRP.

The ACT advised it has held discussions with NSW on environmental watering and it agreed on the current arrangements. The ACT notes there is very little opportunity for improved outcomes

from coordinated environmental water releases in the Murrumbidgee River system (ACT Government 2019a).

1.4.6 Long-term environmental watering plans

The ACT met this commitment for 2018–19.

Schedule A of the NPA requires that 12 months after the MDBA has made the Basin-wide Environmental Watering Strategy, or within another time frame agreed between the MDBA and the ACT, LTWPs for surface WRP areas must have been developed consistent with the requirements of the Basin Plan.

The ACT provided a draft LTWP to the MDBA on 4 March 2019. The MDBA advised the ACT that the ACT LTWP requires stronger alignment with the requirements set out in chapter 8 of the Basin Plan. The MDBA proposed that the ACT commences work to enhance the ACT LTWP supported by the MDBA once the ACT WRP is accredited. (MDBA 2019a).

2 Assessment for New South Wales

2.1 Summary of findings

New South Wales (NSW) continued to implement the Murray–Darling Basin Plan in 2018–19, and has made good progress in some areas, however progress has been slower than expected in a number of key areas.

Overall the department has found that NSW made satisfactory progress to implement the Basin Plan 2018–19, noting that two milestones have been assessed as partially met.

The department is particularly concerned with slow progress on the development of entitlement trade arrangements with the ACT and NSW not having lodged all of its Water Resource Plans (WRPs) with the Murray–Darling Basin Authority (MDBA) for assessment within an extended and agreed time frame.

New South Wales supported Commonwealth measures to acquire water for environmental purposes in 2018–19. Although the Basin Pipes program did not fully expend the initially agreed \$248 million commitment, NSW worked cooperatively with the Commonwealth to deliver approved infrastructure projects under the program.

New South Wales also made good progress with its constraints proposals in the southern Basin and on 28 February 2019 signed a funding schedule under the Project Agreement with the Commonwealth to undertake Stage 1 activities for these measures.

In February 2019 NSW requested an extension until 31 December 2019 to submit its Water Resource Plans (WRPs) for accreditation. While this extended deadline was not met, NSW worked collaboratively with the MDBA and invested substantial effort in developing its WRPs over 2018–19. In November 2019 NSW completed public exhibition for drafts of all its 20 WRPs, with its 11 groundwater WRPs submitted to the MDBA for assessment in April 2020.

The MDBA remains committed to working cooperatively with NSW in the development of its WRPs and to assist in the resolution of issues such as the regulation of floodplain harvesting, the protection of environmental water in the northern NSW catchments, and completion of appropriate Traditional Owner consultation. (MDBA 2020).

With respect to protection of environmental water, NSW had its prerequisite policy measures in place by 30 June 2019 and established interim measures to protect environmental flows in the northern Basin pending the development of permanent measures. New South Wales also made significant progress in implementing measures to improve its compliance regime.

New South Wales's finalisation of its long-term environmental watering plans (LTWPs) has been tied to the development of its WRPs. While substantial delays occurred in the development of its LTWPs over 2018–19, these plans were finalised and submitted to the MDBA in December 2019.

Findings for NSW are summarised against the milestones in Table 2 in the order they appear in the NPA. Full findings and details of the assessment are also included in this chapter.

Table 2 Summary of findings for New South Wales

National Partnership commitments	Assessment summary	Finding
6) The state has supported the Commonwealth in bridging the gap.	<ul style="list-style-type: none"> a) NSW and the ACT have committed to develop and implement interstate water trade arrangements, however these arrangements were not in place by June 2019. b) NSW did not introduce any restrictions or suspensions on the trading of water access entitlements. c) NSW worked cooperatively with the Commonwealth in 2018–19 to deliver approved infrastructure projects under two programs. d) Applications for water entitlement and allocation trades were processed consistent with the agreed service standards for trade processing times. e) NSW entitlements in regulated surface water systems are consistent with the provisions of National Water Initiative clauses 28 to 32. 	Milestone partially met.
7) Following publication of the Constraints Management Strategy by the MDBA, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the sustainable diversion limit adjustment mechanism.	NSW progressed development of its constraints measure proposals in the southern Basin. It provided formal advice of its overdue assessment of Victoria's New Goulburn Constraints Measure proposal in February 2019 and signed a funding schedule with the Commonwealth to progress Stage 1 activities for its constraints measures.	Milestone met.
8) The state has cooperated in arrangements for Basin Plan environmental watering.	<ul style="list-style-type: none"> a) The characteristics of licenced entitlements held for environmental water use in NSW have not been enhanced or diminished relative to like entitlements held and used for other purposes. b) NSW has implemented interim measures to protect environmental water from consumptive diversion, and commenced developing and implementing more permanent measures. NSW had implemented its prerequisite policy measures by 30 June 2019. c) NSW provided the MDBA with annual environmental watering priorities, consistent with the Basin Plan, for all nine surface WRP areas. d) NSW co-operated with Queensland and the Commonwealth in two major environmental watering events in the northern Basin during 2017–18 and 2018–19, but does not yet have permanent measures in place to protect environmental water in the northern Basin. NSW made progress in implementing measures to improve its compliance regime. 	Milestone partially met.

National Partnership commitments	Assessment summary	Finding
	e) Environmental watering in NSW has occurred having regard to the views of local communities and persons materially affected by the management of environmental water.	
	f) NSW made progress in 2018–19 to develop its long-term environmental watering plans for surface WRP areas to a high standard, with the finalised plans provided to the MDBA in December 2019.	

2.2 Bridging the gap

2.2.1 Removal of barriers

New South Wales partially met this commitment for 2018–19.

The MDBA has previously advised of two issues regarding entitlement trade in NSW. These relate to interstate trade between NSW and the ACT and trade between NSW and Queensland on intersecting streams.

The MDBA considers that the lack of trading arrangements between the ACT and NSW is inconsistent with the Basin Plan water trading rules. The MDBA considers the ACT Murrumbidgee to be the start of the regulated system and that trade arrangements need to be enabled, including with Victoria and South Australia. At the Murray–Darling Basin Ministerial Council meeting of June 2017 and since, the ACT and NSW made commitments to facilitate entitlement trade between the ACT and the NSW Murrumbidgee.

New South Wales reported that, throughout 2018–19, it worked closely with the ACT to progress these trading arrangements (NSW Government 2019a), while the ACT reported that the lack of trading arrangements by June 2019 was due to NSW's inability to progress the matter. The MDBA has advised that some progress has been made, with options to operationalise trade under consideration through an interjurisdictional working group chaired by the MDBA.

However, as trade was not enabled by 30 June 2019, the department considers that NSW has not fully met this milestone.

Regarding trade with Queensland on intersecting streams, NSW and Queensland have advised there is insufficient demand to warrant the development of a trading framework at this time. They plan to monitor demand and review the possibility of enabling trade if demand justifies the costs involved (NSW Government 2019a). NSW reported they have agreed with Queensland to a consistent reporting approach.

2.2.2 Restrictions on trade

New South Wales met this commitment for 2018–19.

New South Wales stated that in 2018–19 it actively worked towards achieving consistency with the Basin Plan water trading rules and had not introduced any new restrictions within the last water year (NSW Government 2019a). The MDBA's advice supports this finding (MDBA 2019a).

2.2.3 Actions to impede Commonwealth water acquisitions

New South Wales met this commitment for 2018–19.

The Commonwealth completed several water recovery measures during the assessment period as a result of water savings infrastructure programs in NSW.

State Priority Projects were designed to be the primary state-run infrastructure programs to deliver water savings to enable the Commonwealth to meet its bridging the gap commitments. While the NSW Basin Pipes program – and to a lesser extent the Irrigated Farm Modernisation program – did not fully expend the initially agreed \$248 million commitment, NSW worked cooperatively with the Commonwealth in 2018–19 to deliver approved infrastructure projects and demonstrated a proactive approach to water recovery. On-farm projects of approximately \$125 million were contracted or completed. These projects are expected to result in the transfer of approximately 25 gigalitres (long-term average annual yield) of water savings to the Commonwealth.

Following NSW's non-delivery of the full volume of expected water under existing state priority and other projects, Minister Littleproud wrote to the NSW Government on 9 July 2018 releasing it from further water recovery under the NSW Basin Pipes and Irrigated Farm Modernisation programs. The Australian Government's intent was to use remaining funding for the Murray–Darling Basin Water Infrastructure Program (MDBWIP) and other initiatives.

The MDBWIP was launched in July 2018 to contribute to bridging the gap for the sustainable diversion limit (62 GL of efficiency measures to be secured by June 2019) and for the 450 GL of efficiency measures required under the Basin Plan with neutral or positive social and economic impacts. The Ministerial Council agreed to adopt additional socio-economic criteria on 14 December 2018 (MDBA 2019b) but the overall delay resulted in the MDBWIP recovering no water in 2018–19. Consequently the MDBA was required to set the sustainable diversion limit (SDL) adjustment for 2019–20 at 544 GL. New South Wales, along with Victoria, South Australia and the ACT, agreed to bring forward project proposals with the aim of achieving the full 605 GL adjustment in the future.

The new Water Efficiency Program (WEP) was launched in July 2019. New South Wales has worked cooperatively with the Commonwealth under the WEP, with NSW demonstrating its commitment to state-led infrastructure projects by signing a Project Agreement and Schedule in August 2019.

2.2.4 Processing times for trades

New South Wales met this commitment for 2018–19.

New South Wales advised it had processed applications for water entitlement and allocation trades to which the Commonwealth was a party consistent with the agreed service standards for trade processing times for state approval agencies (NSW Government 2019a).

These findings are supported by data publicly available from NSW's water trade reporting website (WaterNSW 2019).

2.2.5 NWI-consistent entitlements

New South Wales met this commitment for 2018–19.

New South Wales confirmed that entitlements in regulated surface water systems are consistent with clauses 28 to 32 of the National Water Initiative (NWI), unless where otherwise agreed (NSW Government 2019a).

2.3 Implementation of Constraints Management Strategy

New South Wales met this commitment for 2018–19.

New South Wales worked collaboratively with the MDBA and other Basin states in the Constraints Measures Working Group during 2018–19, including to develop a risk management strategy and a coordinating work plan to implement the constraints management program, which was endorsed by the Ministerial Council on 14 December 2018.

Ministers also noted at this meeting that community engagement and co-design in the implementation of the coordinating work plan is fundamental to successfully delivering the plan, and that concerns about transparency and deliverability be addressed as a priority (MDBA 2019b). Victoria advised that it is working with NSW to incorporate community co-design into constraints projects, and reduce overall project risks.

At the December 2018 Ministerial Council meeting the Commonwealth and all Basin water ministers signed the overarching *Project Agreement for Stage 1 Funding for Sustainable Diversion Limit Adjustment Supply and Constraints Measures in the Murray–Darling Basin*, which provides the framework for funding to be provided to the Basin states for stage 1 activities.

New South Wales is a proponent for the:

- Hume to Yarrawonga Constraints Measure (with Victoria)
- Yarrawonga to Wakool Constraints Measure
- Murrumbidgee River Constraints Measure
- Lower Darling River as part of the Menindee Lakes Water Savings project.

With the exception of the Victorian New Goulburn Constraints Measure, NSW has provided assessments of constraints proposals from Victoria and South Australia within agreed time frames. While NSW provided earlier verbal comments to Victoria, its formal assessment of Victoria's New Goulburn Constraints Measure proposal was not provided to Victoria until February 2019, contributing to delays in progressing this measure.

The department received a Stage 1 (pre-construction) funding proposal from NSW on 8 January 2019 to facilitate further work on its Yarrawonga to Wakool, Murrumbidgee River and Lower Darling River constraints measure proposals, as well as other supply measure projects, and on 28 February 2019 a funding schedule under the Project Agreement was signed with NSW to undertake Stage 1 activities for these measures. The department did not receive a Stage 1 funding proposal from NSW for the Hume to Yarrawonga Constraints measure, for which it is a joint proponent with Victoria. NSW has reported that delays resulted from the need to align NSW and Victorian project delivery frameworks.

Constraints measures are highly complex proposals that are integral to successfully implementing the Basin Plan. The MDBA advised the August 2019 Ministerial Council meeting that progress on the Constraints Measures Program (CMP) has been slower than anticipated

with efforts focused on establishing funding and delivery arrangements (MDBA 2019a). The MDBA is also concerned there remains a significant risk that the overall CMP will not be successfully implemented. This risk stems from widespread community scepticism about the benefits it will achieve (including environmental), anxiety about impacts to private property and capacity to manage flows in the manner the program proposes (MDBA 2019a).

In the 2017–18 assessment, the department raised concern that the overall delay in approving and implementing the package of supply measures (including measures to ease constraints) had increased the risk of the package not being delivered within the legislated time frames. New South Wales' late assessment of the New Goulburn Constraints Measure, along with its adoption of Victoria's co-design framework and the commissioning of a constraints modelling review will make completion of the constraints measures by June 2024 challenging.

2.4 Cooperation in environmental watering

2.4.1 Characteristics of licensed entitlements

New South Wales met this commitment in 2018–19.

New South Wales confirmed that the characteristics of licensed entitlements held for environmental use were not enhanced or diminished relative to like entitlements held and used for any other purposes except as agreed with the Commonwealth to facilitate improved environmental watering (NSW Government 2019a). The MDBA also advised that the characteristics of licensed entitlements held by the Commonwealth Environmental Water Holder (CEWH) in NSW were not diminished relative to like entitlements held and used for other purposes in 2018–19.

Amendments to section 324 of the *Water Management Act 2000* (NSW) commenced on 9 August 2018. The amendments clarify that managing water for environmental purposes could meet the public interest test to invoke temporary restrictions on water extractions. The department acknowledges NSW's use of this provision on several occasions during 2018, 2019 and 2020 to protect environmental water in the northern Basin. However, the department also notes that the circumstances under which these arrangements apply remains unclear as the Act leaves the application of section 324 to ministerial discretion.

New South Wales has advised it has established an Interagency Working Group (IWG) on environmental water which includes representatives from NSW agencies as well as the MDBA and the Commonwealth Environmental Water Office (CEWO). The IWG has identified the Gwydir, Macquarie and Barwon–Darling catchments as having a significant risk of environmental water being extracted for other purposes (NSW Government 2019a). New South Wales is proposing to include arrangements in these water sharing plans to provide greater protections for environmental water and reduce the need to use section 324(1) for environmental purposes in the catchments. The proposed arrangements for the three catchments involve the active management of flows to determine and protect the portion which originated as held environmental water (HEW) and as such are to remain instream for environmental purposes. Further protections are proposed for the Barwon–Darling catchment. New South Wales consulted on the proposed arrangements in 2019 and has advised that the revised arrangements for the three catchments are expected to be in place by July 2020 (NSW Government 2019b).

2.4.2 Measures implemented to facilitate use of environmental water

New South Wales met this commitment for 2018–19.

In 2018 NSW advised that its PPM implementation plan required changes to the water sharing plans and procedural manuals for the NSW Murray Lower Darling and the Murrumbidgee. In its overview of its PPM implementation process and PPM work plan presented to the Basin Officials Committee (BOC) in August 2018, it outlined the need for changes to its legislative, regulatory and operational framework in addition to the drafting of rules to be included in the NSW Murray and Lower Darling and the Murrumbidgee WRPs.

While there have been delays in finalising the WRPs, NSW advised that its PPMs were in place by 30 June 2019 through a joint letter of commitment provided by the agencies responsible for PPM implementation. The MDBA has assessed that NSW's PPMs were in effect by 30 June 2019 and this assessment was supported by the Independent River Operations Review Group (MDBA 2019a).

New South Wales further advised that its PPM procedures manuals provide for a process of adaptive management and ongoing refinement of its PPMs. The MDBA strongly supports adaptive management of these measures (MDBA 2019a, 2019c), and advised the BOC at their 20 November 2019 meeting that it's of critical importance Victoria, NSW and South Australia commit to further improving PPM implementation over time. At this meeting, the BOC agreed to the development of a work plan for the ongoing adaptive management of operational arrangements for environmental water, to be coordinated by the MDBA.

More broadly, the department notes that while good progress continues to be made, current arrangements do not yet adequately facilitate the effective use of environmental water to meet Basin Plan requirements. Limitations on the use of environmental water continue, such as:

- detailed procedures are yet to be agreed regarding the use of NSW environmental water entitlements on Victorian environmental assets (and likewise, the use of Victorian entitlements on NSW assets)
- different approaches to the assessment of possible third party impacts from environmental watering
- lack of information to support assumed loss rates in environmental water accounting.

The CEWH advised that, due to operational constraints, restrictions were placed on the delivery of HEW through the Murray River to South Australia in spring 2018 but that no such restrictions were placed on the delivery of retail water orders placed by other licence holders (CEWH 2019). The department understands this situation arose due to unusually hot and dry conditions necessitating an increase in bulk water transfers to Lake Victoria to ensure a sufficient reserve downstream of the Barmah Choke. The MDBA reported that order lead times, issues with integrating operational and environmental water planning, and uncertainty around the delivery rights associated with directed releases contributed to this failure to deliver the CEWH's water. Significant work is being undertaken with relevant jurisdictions and environmental water holders to address these issues in the future.

The CEWH also advised that NSW, Victoria and South Australia agreed to a trade of 50 GL of Commonwealth-held South Australian entitlement to Victoria as a trial during August 2018, with

corresponding back trades from January to April 2019, and that the trial included conservative, interim risk treatments aimed at avoiding risk to third parties (CEWH 2019). Similar proposals have been opposed by Basin states in previous years due to concerns about possible impacts on third parties. The Independent River Operations Review Group reviewed the back trade and noted that jurisdictions commented positively on the risk/mitigation approach used by the MDBA. While limiting the potential for third party impacts needs to be considered, the materiality of any such risk needs to be balanced against the need to move environmental water to best meet environmental requirements. NSW has advised it is working with other jurisdictions to clarify environmental water rights, to better understand the risk of such trades and to ensure that environmental water portfolios can be used without third party impacts.

NSW worked with the MDBA to establish a three-year trial of revised environmental watering arrangements began in July 2019. This trial facilitates the use of return flows in either NSW or Victoria with environmental water holders planning to use these trial arrangements for a watering action in the 2019 spring. The trial will be evaluated by the Water Liaison Working Group and the Trade Working Group after the first six months, or later if appropriate conditions are not triggered to test the trial.

For the River Murray, the CEWH also advised that multi-site watering trials continue to progress, but do not yet provide for enduring measures (CEWH 2018). The MDBA has reviewed the trials conducted between 2010–11 and 2016–17, and reported to the River Murray Operations Committee. The outcomes of the trials will inform the implementation and ongoing improvement of PPMs, the implementation of Objectives and Outcomes by River Murray Operations, and outstanding actions are being progressed through the Environmental Water Improvement Group.

The CEWH considers that ongoing refinement of operational arrangements is needed to ensure the efficient and effective use of environmental water (CEWH 2019). The department understands that a level of service review is under active consideration for the operation of the River Murray system with an end objective to improve the delivery of environmental water. The MDBA, CEWH and Basin states need to continue working together to explore and trial arrangements to optimise the use of environmental water at multiple locations, including across state boundaries.

On 3 July 2018 the Northern Basin Review amendment was reinstated into law. On 9 August 2019, First Ministers signed amendments to the 2013 Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin that support the implementation of 'toolkit measures', including the protection of environmental flows (COAG 2019). An inter-jurisdiction Northern Basin Project Group, involving Queensland and NSW, has been established for implementing these amendments. The group has agreed a process to prioritise, assess and approve projects for Commonwealth funding and implementation and Basin states are working to provide proposals to the Commonwealth for assessment. In November 2019, the Commonwealth offered funding to NSW to develop one of its three feasibility proposals, with funding for the remaining two proposals offered in April 2020. New South Wales executed the Project Agreement and relevant schedules for toolkit measures feasibility activities on 7 May 2020.

The department notes changes to the Barwon–Darling Water Sharing Plan were made in June 2018 to help ensure compliance with the long-term average annual extraction limit. These

changes are intended to prevent annual take exceeding 300% of entitlement. Other changes proposed for the Barwon–Darling Water Sharing Plan include protecting the first flow after an extended dry period from extraction and the implementation of individual daily extraction limits.

2.4.3 Annual environmental watering priorities

New South Wales met this commitment for 2018–19.

New South Wales provided its annual environmental watering priorities for all regulated and unregulated surface WRP areas for 2019–20 to the MDBA as required by 31 May 2019, and the MDBA advised these were consistent with the Basin Plan (MDBA 2019a).

These priority statements are available on the NSW Department of Planning, Industry and Environment website (DPIE 2020).

2.4.4 Management of environmental water consistent with the Basin Plan

New South Wales met this commitment for 2018–19.

New South Wales advised the management and delivery of planned and held environmental water in 2018–19 was consistent with the Basin Plan (NSW Government 2019a).

Strong and effective collaboration occurred between NSW and Queensland agencies, the CEWO and MDBA as they managed an environmental watering event in the Northern Basin: the Northern Fish Flow. This involved coordinated releases from the Glenlyon Dam in Queensland in late April 2019, and the Copeton Dam in NSW in early May 2019, of Commonwealth and NSW held environmental water. It also involved NSW announcing a temporary water restriction under section 324(1) of the *Water Management Act* (NSW) to protect the environmental water as it entered the prescribed Barwon–Darling unregulated water source (CEWO 2019).

The event follows a similar environmental watering event in 2018: the Northern Connectivity Event. The CEWH noted NSW's support for environmental flows across multiple catchments through the use of these embargos and the department considers the protection afforded to these environmental flows by NSW is a substantial positive step towards protecting environmental water in the northern Basin.

The CEWH noted that consultations are now commencing in relation to the cross-border management of environmental flows between NSW and Queensland as part of the 'toolkit measures' (CEWH 2019).

In March 2015 NSW amended planned environmental water arrangements in the Upper Namoi and Lower Namoi Regulated River Water Sharing Plan on a trial basis to run until 2019. The CEWH has previously expressed its concern that changing the supplementary access rules in the Namoi may result in Commonwealth environmental water needing to be substituted for planned environmental water.

New South Wales released the draft Namoi Surface WRP for public consultation in September 2019. It advised it was not planning to incorporate the trial arrangements into the final WRP package, but would consider further options to amend the supplementary access rules (DPIE 2019). As noted in previous assessments by the department, should NSW seek to incorporate

amended arrangements into the final WRP package put forward for accreditation, the changes will need to be assessed by the MDBA for consistency with the Basin Plan.

In July 2016 NSW announced a review of translucent flow releases in a number of catchments in the NSW Murray–Darling Basin, with a review report released in February 2018 (DIW 2018). The review considered there is scope to improve the rules governing translucent flows and recommends that NSW consider changes as part of the WRP development process. New South Wales is proposing changes to translucent flows to be incorporated in a number of WRPs. The MDBA will assess these to ensure they meet the requirements of section 10.28 of the Basin Plan that there be no net reduction in the protection of planned environmental water.

A number of reviews conducted in 2017 highlighted major problems with water compliance arrangements in NSW. In June 2018 the Commonwealth and Basin states entered into the *Murray–Darling Basin Compliance Compact* to address compliance and integrity of Basin water management issues identified in these reviews and to ensure a transparent and consistent approach to compliance arrangements across the Basin. The Compliance Compact was endorsed by the Council of Australian Governments in December 2018 and includes actions for NSW to enhance its compliance regime.

The MDBA's 2019 assessment of Basin states' progress in implementing the Compliance Compact found that NSW has either completed, or is progressing, quality work related to transparency of water information; its metering and floodplain harvesting improvement programs; and implementing solutions for the better protection of environmental water (MDBA 2019d). The MDBA assessment noted delays in NSW progressing its metering rollout and its WRPs, two key themes of the Compliance Compact.

The MDBA noted that NSW has delayed the metering and telemetry roll-out dates of its metering framework due to the ongoing impacts of the severe drought and that NSW does not propose to delay the final rollout date. The MDBA has drawn on NSW information to assess that this delay will not affect the achievement of Compliance Compact objectives.

Delays in progressing NSW's WRPs have been noted in [section 2.1](#).

Given the MDBA's otherwise positive findings, the department acknowledges NSW's ongoing commitment to the Compliance Compact and its progress in strengthening its compliance regime.

2.4.5 Consultation on environmental watering

New South Wales met this commitment for 2018–19.

New South Wales confirmed it is continuing to engage on environmental watering through its Environmental Water Advisory Groups (EWAGs) for the five priority catchments. It has also advised that EWAGs will be created for the remaining catchments on completion of the revised Water Sharing Plans and LTWPs (NSW 2019a).

Membership of EWAGs includes local landholders, aboriginal groups, environmental stakeholders and NSW and Commonwealth agencies responsible for environmental water. Information about the membership and operation of EWAGs is available on the NSW Department of Planning, Industry and Environment website (DPIE 2020).

Arrangements for planned environmental water in NSW will be contained in its WRPs and LTWPs. New South Wales consulted extensively in developing its WRPs and LTWPs in 2018–19, including through the establishment and operation of Stakeholder Advisory Panels and through accepting submissions on draft plans. While developing the plans it specifically consulted with First Nations people, including through a series of workshops (NSW 2019a), although the MDBA has noted more work is required in this area (MDBA 2020).

2.4.6 Long-term environmental watering plans

New South Wales partially met this commitment for 2018–19.

New South Wales substantially progressed its LTWPs over 2018–19 and in November 2019 it completed the public consultation phase for all nine draft NSW LTWPs. The MDBA advised that NSW LTWPs are being developed to a high standard (MDBA 2019a). The CEWH reported that NSW consulted with the CEWO during the development of its LTWPs in the interest of ensuring the utility of these planning documents for supporting the CEWH's obligations under the Basin Plan (CEWH 2019).

New South Wales has previously advised that its LTWPs are being developed in parallel with the development of its WRPs. As a result of delays in preparing and submitting NSW's WRPs, none of its LTWPs were completed and in operation by 30 June 2019. Recognising the inevitability of the delays, in May 2019 the MDBA and NSW agreed to a revised schedule for completing LTWPs and providing them to the MDBA, from September to December 2019. NSW provided its finalised LTWPs to the MDBA in December 2019.

The MDBA reported that the Basin Environmental Watering Working Group will consider the need for an Integrated Murray LTWP now that all of the LTWPs associated with the Murray are finalised.

3 Assessment for Queensland

3.1 Summary of findings

Queensland made satisfactory progress to implement the Basin Plan in 2018–19. It continued to make progress in removing trade barriers that are not consistent with the Basin Plan, supported Commonwealth measures to acquire water for environmental purposes and co-operated in arrangements for Basin Plan environmental watering.

Queensland progressed its Water Resource Plans (WRPs) in 2018–19. The Warrego–Paroo–Nebine Water Resource Plan was accredited on 15 June 2017 and the remaining WRPs for Border Rivers–Moonie and Condamine–Balonne were provided to the Minister for an accreditation decision on 17 June 2019 and accredited on 18 September 2019 (MDBA 2020).

The Murray–Darling Basin Authority (MDBA) found that although Queensland did not meet all of its due dates set out in the *Murray–Darling Basin Compliance Compact*, significant progress was made to achieve high quality outcomes.

Findings for Queensland are summarised against the milestones in Table 3 in the order they appear in the NPA. Full findings and details of the assessment are also included in this chapter.

Table 3 Summary of findings for Queensland

National Partnership commitments	Assessment summary	Finding
6) The state has supported the Commonwealth in bridging the gap.	a) Queensland has taken steps to remove remaining barriers to permanent trade out of water irrigation areas that are inconsistent with the Basin Plan water trading rules. b) Queensland did not introduce any restrictions or suspensions on the trading of water access entitlements. c) Queensland supported Commonwealth measures to acquire water for environmental purposes. d) Applications for water entitlement and allocation trades were processed consistent with the agreed service standards for trade processing times. e) Queensland entitlements in regulated surface water systems are consistent with the provisions of National Water Initiative clauses 28 to 32.	Milestone met.
7) Following publication of the Constraints Management Strategy by the MDBA, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the sustainable diversion limit adjustment mechanism.	Not applicable to Queensland.	Not applicable.

National Partnership commitments	Assessment summary	Finding
8) The state has cooperated in arrangements for Basin Plan environmental watering.	<p>a) The characteristics of licensed entitlements held for environmental water use in Queensland have not been enhanced or diminished relative to like entitlements held and used for other purposes.</p> <p>b) Queensland has taken steps to facilitate the use of environmental water, including through measures outlined in its WRPs.</p> <p>c) Queensland provided the MDBA with annual environmental watering priorities consistent with the Basin Plan.</p> <p>d) Queensland managed and delivered planned and held environmental water consistent with the Basin Plan. Although Queensland has not met all due dates set out in the Compliance Compact, significant progress is being made to achieve high quality outcomes.</p> <p>e) Environmental watering has occurred with regard to the views of local communities and persons materially affected by the management of environmental water.</p> <p>f) Queensland has submitted long-term environmental watering plans for Warrego, Paroo and Nebine, Condamine and Balonne, and Border Rivers and Moonie catchments. The MDBA have advised Queensland that further work is required to better align the Condamine and Balonne, and the Border Rivers LTWPs with the Basin Plan.</p>	Milestone met.

3.2 Bridging the gap

3.2.1 Removal of barriers

Queensland met this commitment for 2018–19.

As noted in the 2017–18 assessment, the MDBA has raised a number of matters with Queensland that relate to Milestone 6(a), with the department's previous assessments noting three areas of potential non-compliance:

- interstate trade in the intersecting streams
- conjunctive storages
- relocatable licences.

The MDBA's preliminary view is that a number of the concerns it raised in relation to conjunctive storage conditions and relocatable groundwater licences have been addressed through work done by Queensland through the WRP accreditation process (MDBA 2019a).

Regarding trade with New South Wales (NSW) on the intersecting streams, NSW and Queensland have advised that there is insufficient demand to warrant the development of a trading framework at this time. They plan to monitor demand and review the possibility of enabling trade if demand justifies the costs involved. NSW reported they have agreed with Queensland to a consistent reporting approach.

Queensland advised it has met with the MDBA on identifying potential trade rules inconsistency. These discussions are continuing with a view to reaching a shared understanding of any non-compliance and development developing of a pathway to achieve compliance (Queensland Government 2019a).

3.2.2 Restrictions on trade

Queensland met this commitment for 2018–19.

Queensland did not identify any new restrictions on the trade of water access entitlements in 2018–19 (Queensland Government 2019a). This is supported by advice from the MDBA (MDBA 2019a).

As noted in previous assessments, the MDBA raised concerns that the Warrego, Paroo, Bulloo and Nebine Resource Operations Plan included a change of location requirement to water access entitlements being temporarily traded to waterholes that may be inconsistent with Basin Plan trading rules. The Plan, for ecological reasons, limits extractions at the new location to periods when there is a visible flow passing downstream of the waterhole, even though there is no such requirement at the original location.

While Queensland has previously acknowledged this plan may have inadvertently introduced an inconsistency, it indicated there is unlikely to be a demand for this type of trade in the future. Queensland has advised that an alternative temporary trade rule, that is consistent with the Basin Plan, has been included in the water management protocols for the Condamine-Balonne and Border Rivers–Moonie and form part of the accredited WRPs. The MDBA understands these water management protocols have been amended to address its concerns. Queensland has also proposed that the Warrego, Paroo, Bulloo and Nebine Resource Operations Plan will be amended as a part of the scheduled plan review cycle, or earlier if there is any risk to the Warrego, Paroo, Bulloo and Nebine water plans' outcomes or Basin Plan outcomes.

3.2.3 Actions to impede Commonwealth water acquisitions

Queensland met this commitment for 2018–19.

Queensland has worked collaboratively with the department to acquire both surface and groundwater entitlements throughout 2018–19 (Queensland Government 2019a). This includes water recovery through water saving infrastructure programs.

State Priority Projects were designed to be the primary state-run infrastructure programs to deliver water savings to enable the Commonwealth to meet its bridging the gap commitments. While Queensland's Healthy HeadWaters Water Use Efficiency program did not fully expend the initially agreed \$154.5 million commitment, Queensland worked cooperatively with the Commonwealth in 2018–19 to deliver approved infrastructure projects and demonstrated a proactive approach to meeting its water recovery obligations. On-farm projects of approximately

\$104 million were contracted or completed. These projects are expected to result in the transfer of up to 19 gigalitres (long-term average annual yield) of water savings to the Commonwealth.

Minister Littleproud wrote to the Queensland Government on 9 July 2018 releasing it from further water recovery under the Healthy Headwaters Program. The Australian Government's intent was to use remaining funding for the Murray–Darling Basin Water Infrastructure Program (MDBWIP) and other initiatives.

The MDBWIP was launched in July 2018 to contribute to bridging the gap for the sustainable diversion limit (62 GL of efficiency measures to be secured by June 2019) and for the 450 GL of efficiency measures required under the Basin Plan with neutral or positive social and economic impacts. The Murray–Darling Basin Ministerial Council agreed to adopt additional socio-economic criteria on 14 December 2018 (MDBA 2019b), with a new water recovery program, the Water Efficiency Program (WEP), launched in July 2019. The delay resulted in the MDBWIP recovering no water in 2018–19 and the MDBA setting the sustainable diversion limit (SDL) adjustment for 2019–20 at 544 GL.

Queensland has worked cooperatively with the Commonwealth under the WEP.

Queensland worked with the MDBA, Commonwealth Environmental Water Office (CEWO) and the department to develop arrangements to protect environmental water in the Condamine–Balonne catchment. This includes arrangements to ensure environmental water acquired in the upper and middle Condamine can be relocated to the lower Balonne and not be subject to upstream extraction. The Commonwealth requires sufficient certainty in these arrangements to undertake future water recovery with confidence.

Regarding recovery of groundwater in the Upper Condamine Alluvium, the department notes actions taken by the Queensland Government to support water recovery, including reducing the volume of some groundwater licences to contribute to meeting the SDL as part of a two-phased approach to water recovery in the Central Condamine Alluvium. Further water recovery is still required in the Upper Condamine Alluvium Tributaries. A small gap in the Central Condamine Alluvium is being managed by the Queensland Government through the Condamine Balonne Water Plan.

3.2.4 Processing times for trades

Queensland met this commitment for 2018–19.

Queensland confirmed that all applications for trade to which the Commonwealth was a party were processed consistent with the agreed service standard (Queensland Government 2019a).

3.2.5 NWI-consistent entitlements

Queensland met this commitment for 2018–19.

Queensland confirmed that entitlements in regulated surface water systems are consistent with clauses 28 to 32 of the National Water Initiative (NWI), unless where otherwise agreed (Queensland Government 2019a).

3.3 Implementation of Constraints Management Strategy

This milestone is not applicable to Queensland.

3.4 Cooperation in environmental watering

3.4.1 Characteristics of licensed entitlements

Queensland met this commitment for 2018–19.

Queensland confirmed that the characteristics of licenced entitlements held by the Commonwealth for environmental use have not been enhanced or diminished relative to like entitlements held for other purposes (Queensland Government 2019a).

The MDBA advised that the characteristics of licenced water entitlements held by the Commonwealth Environmental Water Holder (CEWH) were not diminished relative to like entitlements held and used for other purposes in 2018–19 (MDBA 2019a).

Queensland noted that new water plans for the Condamine and Balonne and Border Rivers and Moonie catchments and associated water entitlement notices amended some water entitlements. For example some water licences were converted to water allocations and some water allocations had conditions changed or added. However, it advised that these changes are a necessary step in developing water markets and improving water security and have not advantaged those entitlements in relation to any held by the Commonwealth (Queensland Government 2019a).

3.4.2 Measures implemented to facilitate use of environmental water

Queensland met this commitment for 2018–19.

Queensland advised it has committed to protecting Held Environmental Water purchased above EJ Beardmore Dam from legal take within the Lower Balonne Water Management Area. Arrangements for the protection of current and future Commonwealth holdings of environmental water are set out in the Condamine and Balonne Water Resource Plan 2019 (MDBA 2019e) and Condamine and Balonne Water Management Protocol 2019.

The MDBA noted that Queensland has included arrangements in its WRPs to enable coordinated environmental watering within the Border Rivers catchment and downstream to the Barwon–Darling. These include cooperation and coordination with NSW, the CEWO and MDBA on annual environmental watering properties and coordination of flows in the Northern Basin (MDBA 2019a).

The MDBA also noted that the *New South Wales – Queensland Border Rivers Intergovernmental Agreement 2008* (Queensland Government 2019b) directs the sustainable management and sharing of water, including planned environmental water and in relation to the protection of low flows and connectivity. Section 35 of the 2008 agreement includes an exceptional circumstances protocol where the states have agreed to jointly develop arrangements to address exceptional circumstances in downstream catchments. The MDBA noted that further improvements in low flow protection will require ongoing action beyond accreditation of WRPs through the

arrangements to address downstream exceptional circumstances, as agreed in the 2008 agreement (MDBA 2019a).

The CEWH advised that ongoing refinement of operational arrangements for the use of environmental water is needed to ensure its efficiency and effective use (CEWH 2019).

On 3 July 2018, the Northern Basin Review amendment was reinstated into law. On 9 August 2019, First Ministers signed amendments to the *2013 Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin* that support implementing 'toolkit measures', including the protection of environmental flows (COAG 2019). An inter-jurisdiction Northern Basin Project Group, involving Queensland and NSW, has been established for implementing these amendments. The group has agreed a process to prioritise, assess and approve projects for Commonwealth funding and implementation and Basin states are working to providing proposals to the Commonwealth for assessment. In November 2019, the Commonwealth offered funding to the states to develop feasibility proposals. On 6 December 2019, Queensland executed relevant funding agreements.

3.4.3 Annual environmental watering priorities

Queensland met this commitment for 2018–19.

Queensland provided the MDBA with its annual environmental watering priorities as required by 31 May 2019 (Queensland Government 2019a), and the MDBA confirmed these were consistent with the Basin Plan (MDBA 2019a).

3.4.4 Management of environmental water consistent with the Basin Plan

Queensland met this commitment for 2018–19.

The MDBA noted that it is not aware of any environmental watering not in accordance with the *Principles to be applied to environmental watering* (the Principles) (MDBA 2019a). Queensland confirmed that the management and delivery of planned and held environmental water was consistent with the Basin Plan including the Principles (Queensland Government 2019a).

The only Held Environmental Water in Queensland is held by the Commonwealth (Queensland Government 2019a). Neither the MDBA nor the CEWH raised concerns in their assessment comments with the management or delivery of environmental water in Queensland.

Queensland's current statutory water plans include water management arrangements to protect planned environmental water.

Queensland has coordinated, consulted and cooperated with other Basin jurisdictions on the management and delivery of environmental water in 2018–19, particularly in the Border Rivers WRP area (Queensland Government 2019a).

Strong and effective collaboration occurred between NSW and Queensland agencies, the CEWO and MDBA as they managed an environmental watering event in the Northern Basin: the Northern Fish Flow. This involved coordinated releases from the Glenlyon Dam in Queensland in late April 2019, and the Copeton Dam in NSW in early May 2019, of Commonwealth and NSW held environmental water (CEWO 2019).

Queensland also reported that it has discussed research needs and collaborative opportunities with the CEWO, MDBA, NSW Government and the University of New England, and participated in the CEWO's Event-based Management Project for the Lower Balonne (Queensland Government 2019a).

The CEWH noted that consultations are now commencing in relation to the cross-border management of environmental flows between NSW and Queensland as part of the 'toolkit measures' (CEWH 2019).

Queensland advised that all environmental watering was in accordance with all 2018–19 Basin annual watering priorities (Queensland Government 2019a).

Queensland developed a more efficient method of applying flow event management rules to the Narran Lakes which related to water availability for water bird breeding. This involved having regard to the views of local communities and persons materially affected by the management of environmental water and applying adaptive management to the planning and use of environmental water (Queensland Government 2019a). The revised rules were incorporated in the *Queensland Water Plan (Condamine and Balonne) 2019*.

A number of reviews conducted in 2017 highlighted major problems with water compliance arrangements in Queensland. In June 2018 the Commonwealth and Basin states entered into the *Murray–Darling Basin Compliance Compact* to address compliance and integrity of Basin water management issues identified in these reviews and to ensure a transparent and consistent approach to compliance arrangements across the Basin (MDBA 2018). The Compliance Compact was endorsed by the Council of Australian Governments in December 2018 and includes actions for Queensland to enhance its compliance regime.

The MDBA's 2019 assessment of Basin states' progress in implementing the Compliance Compact found that although Queensland has not met all of the due dates set out in the Compliance Compact, significant progress is being made to achieve high quality outcomes (MDBA 2019d). A remaining area of concern relates to Queensland not publishing its work plan to address any improvements deemed necessary to their hydrometric networks and hydrological models. The MDBA found that overall, Queensland is working on meeting the objectives of these commitments in 2020.

Given the MDBA's otherwise positive findings, the department acknowledges Queensland's ongoing commitment to the Compliance Compact and its progress to strengthen its compliance regime.

Consultation on the Queensland non-urban water measures policy proposals commenced in September 2019 until 29 November 2019 and will assist the Department of Natural Resources, Mines and Energy to work towards a final policy that will strengthen Queensland's water measurement framework (DNRME 2019a).

3.4.5 Consultation on environmental watering

Queensland met this commitment for 2018–19.

Queensland consulted with a wide range of community members on the draft water plans and supporting documents that set out rules for the management of both planned and held

environmental water and specific consultation was undertaken with Aboriginal groups (Queensland Government 2019a).

Queensland published the Condamine and Balonne Water Plan Consultation Report in February 2019 and Border Rivers and Moonie Water Plan Consultation Report in February 2019 (Queensland Government 2019a). Queensland also published *Water connections: Aboriginal people's water needs in the Queensland Murray–Darling Basin: a guide to the water plans in the Condamine and Balonne, Border Rivers and Moonie catchments* (DNRME 2019b).

Queensland has convened meetings with stakeholders in the Lower Balonne supporting the development of event based mechanisms for the management of environmental water (CEWH 2019).

3.4.6 Long-term environmental watering plans

Queensland met this commitment for 2018–19.

Queensland's three long-term environmental watering plans (LTWPs) have been submitted to the MDBA. The MDBA noted that although the 2016 LTWP for the Warrego–Paroo–Nebine does not align with all the requirements of Chapter 8 of the Basin Plan, it is considered appropriate given the low levels of ecological risk, development and connectivity of the catchment (MDBA 2019a).

The LTWPs for the Condamine and Balonne and Border Rivers and Moonie catchments were provided to the MDBA in February 2019 and are on the MDBA website (Queensland Government 2019a). The MDBA noted that the LTWPs for the Condamine–Balonne and the Queensland Border Rivers–Moonie need to be updated to better align with the requirements of Chapter 8 of the Basin Plan. The MDBA wrote to Queensland on 30 November 2018 stating the need for further alignment and proposing that Queensland commences work to enhance these two LTWPs supported by the MDBA once their WRPs are accredited and resources can be deployed to the task. The MDBA have requested that Queensland undertake this work within 12 months of the accreditation of the WRPs. Queensland acknowledged this further work was needed.

4 Assessment for South Australia

4.1 Summary of findings

South Australia made satisfactory progress to implement the Basin Plan in 2018–19. It has continued to support Commonwealth measures to acquire water for environmental purposes, worked collaboratively with the Murray–Darling Basin Authority (MDBA) and other Basin states towards implementing the Constraints Management Strategy and cooperated in arrangements for Basin Plan environmental watering.

South Australia progressed its Water Resource Plans (WRPs) in 2018–19. The South Australian Murray Region WRP was accredited on the 20 August 2019. South Australia was granted extensions for the Eastern Mount Lofty Ranges WRP and the South Australian River Murray WRP until 31 December 2019, and these were accredited by the Minister on 13 November 2019 (MDBA 2020). The MDBA determined that South Australia's prerequisite policy measures (PPMs) were in effect by 30 June 2019 (MDBA 2019c).

The MDBA found that South Australia has continued to engage with the requirements of the *Murray–Darling Basin Compliance Compact* but also noted that implementation of its metering improvement plan is dependent on additional funding and finalisation of its new water management system.

Findings for South Australia are summarised against the milestones in Table 4 in the order they appear in the NPA. Full findings and details of the assessment are also included in this chapter.

Table 4 Summary of findings for South Australia

National Partnership commitments	Assessment summary	Finding
6) The state has supported the Commonwealth in bridging the gap.	a) South Australia removed barriers to permanent trade out of water irrigation areas that are inconsistent with the Basin Plan water trading rules. b) South Australia did not introduce any restrictions or suspensions on the trading of water access entitlements. c) South Australia supported Commonwealth measures to acquire water for environmental purposes, including through the South Australian River Murray Sustainability program. d) Applications for water entitlement and allocation trades were processed consistent with the agreed service standards for trade processing times. e) South Australian entitlements in regulated surface water systems are consistent with the provisions of National Water Initiative clauses 28 to 32.	Milestone met.

National Partnership commitments	Assessment summary	Finding
7) Following publication of the Constraints Management Strategy by the MDBA, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the sustainable diversion limit adjustment mechanism.	South Australia supported implementation of the Constraints Management Strategy. South Australia has commenced Stage 1 activities for its constraints measure project.	Milestone met.
8) The state has cooperated in arrangements for Basin Plan environmental watering.	<ul style="list-style-type: none"> a) The characteristics of licensed entitlements held for environmental water use in South Australia have not been enhanced or diminished relative to like entitlements held and used for other purposes. b) South Australia has implemented measures to facilitate the use of environmental water. c) South Australia provided the MDBA with its annual environmental watering priorities consistent with the Basin Plan. d) South Australia managed and delivered planned and held environmental water consistent with the Basin Plan. South Australia has continued to engage with the requirements of the Compliance Compact. e) Environmental watering in regulated catchments has occurred with regard to the views of local communities and persons materially affected by the management of environmental water. f) South Australia has submitted long-term environmental watering plans for the River Murray, Eastern Mount Lofty Ranges and South Australian Murray Region. 	Milestone met.

4.2 Bridging the gap

4.2.1 Removal of barriers

South Australia met this commitment for 2018–19.

South Australia has previously advised that water trade within a regulated system, between regulated systems or within an unregulated system is free of any restriction on changing the location at which water can be taken, and is not subject to any volumetric limit, except for defined allowable restrictions. South Australia advised this status has not changed since 2017–18 (SA Government 2019).

4.2.2 Restrictions on trade

South Australia met this commitment for 2018–19.

South Australia advised it did not introduce any new restrictions on trade (SA Government 2019) and the MDBA's advice supports this finding.

4.2.3 Actions to impede Commonwealth water acquisitions

South Australia met this commitment for 2018–19.

South Australia has actively and cooperatively participated in water recovery programs, to bridge the gap between baseline diversions and the sustainable diversion limit (SDL) identified in the Basin Plan, such as through the South Australian River Murray Sustainability program (SA Government 2019).

South Australia continued to manage its projects under the Commonwealth On-Farm Further Irrigation Efficiency South Australia pilot program. It also cooperated with the Murray–Darling Basin Water Infrastructure Program (MDBWIP), launched in July 2018 to contribute to bridging the gap for the SDL (62 GL of efficiency measures to be secured by June 2019) and for the 450 GL of efficiency measures required under the Basin Plan with neutral or positive social and economic impacts. The Murray–Darling Basin Ministerial Council agreed to adopt additional socio-economic criteria on 14 December 2018 (MDBA 2019b), with a new water recovery program, the Water Efficiency Program (WEP), launched in July 2019. The delay resulted in the MDBWIP recovering no water in 2018–19 and the MDBA setting the SDL adjustment for 2019–20 at 544 GL.

South Australia has worked cooperatively with the Commonwealth under the WEP, with SA demonstrating its commitment to state-led infrastructure projects by signing a Project Agreement and Schedules in March 2019. The department notes that all water recovered under the program to date has been in South Australia.

4.2.4 Processing times for trades

South Australia met this commitment for 2018–19.

South Australia met the agreed processing times for each water entitlement and allocation trade to which the Commonwealth was a party during the reporting period (SA Government 2019). This finding is supported by data publicly available from South Australia's water trade reporting website (WaterConnect 2020).

4.2.5 NWI-consistent entitlements

South Australia met this commitment for 2018–19.

Entitlements in regulated surface water systems are consistent with clauses 28 to 32 of the National Water Initiative (NWI), unless where otherwise agreed (SA Government 2019).

4.3 Implementation of Constraints Management Strategy

South Australia met this commitment for 2018–19.

South Australia worked collaboratively with the MDBA and other Basin states in the Constraints Measures Working Group during 2018–19, including to develop a risk management strategy and a coordinating work plan to implement the constraints management program, which was endorsed by the Ministerial Council on 14 December 2018. Ministers also noted at this meeting that community engagement and co-design in the implementation of the coordinating work plan

is fundamental to successfully delivering the plan, and that concerns about transparency and deliverability be addressed as a priority (MDBA 2019b).

At the December 2018 Ministerial Council meeting the Commonwealth and all Basin water ministers signed the overarching *Project Agreement for Stage 1 Funding for Sustainable Diversion Limit Adjustment Supply and Constraints Measures in the Murray–Darling Basin*, which provides the framework for funding to be provided to the Basin states for stage 1 activities.

South Australia is the proponent for the River Murray in South Australia constraints measure, which has also been notified as a supply measure.

South Australia has assessed constraints measure proposals from Victoria and New South Wales within agreed time frames.

The department received a Stage 1 (pre-construction) funding proposal from South Australia in September 2018 to facilitate further work on its constraints measure, and on 4 April 2019 a funding schedule under the Project Agreement was signed with South Australia to undertake Stage 1 activities for this measure.

Constraints measures are highly complex proposals that are integral to successfully implementing the Basin Plan. The MDBA advised the August 2019 Ministerial Council meeting that progress on the Constraints Measures Program (CMP) has been slower than anticipated with efforts focused on establishing funding and delivery arrangements (MDBA 2019a). These issues do not relate to South Australia's project.

The MDBA is also concerned there remains a significant risk that the overall CMP will not be successfully implemented. This risk stems from widespread community scepticism about the benefits it will achieve (including environmental), anxiety about impacts to private property and capacity to manage flows in the manner the program proposes (MDBA 2019a).

In the 2017–18 assessment, the department raised concern that the overall delay in approving and implementing the package of supply measures (including measures to ease constraints) had increased the risk of the package not being delivered within the legislated time frames.

4.4 Cooperation in environmental watering

4.4.1 Characteristics of licensed entitlements

South Australia met this commitment for 2018–19.

South Australia confirmed that the characteristics of licensed entitlements held for environmental use were not enhanced or diminished relative to like entitlements held and used for other purposes (SA Government 2019). The MDBA advised that the characteristics of licenced entitlements held by the Commonwealth Environmental Water Holder (CEWH) were not diminished relative to like entitlements held and used for other purposes in 2018–19 (MDBA 2019a).

4.4.2 Measures implemented to facilitate use of environmental water

South Australia met this commitment for 2018–19.

South Australia advised it has arrangements in place through the River Murray Water Allocation Plan, which was adopted in February 2019, to protect environmental water in-stream from non-environmental uses, including return flows. The protections have been further enhanced through the implementation of PPMs (SA Government 2019). The MDBA has assessed that South Australia's PPMs were in effect by 30 June 2019, with this assessment supported by the Independent River Operations Review Group (MDBA 2019a).

The MDBA strongly supports adaptive management of these measures (MDBA 2019a, 2019c), and advised the Basin Officials Committee (BOC) at their 20 November 2019 meeting of the critical importance that Victoria, NSW and South Australia commit to further improving PPM implementation. At this meeting, the BOC agreed to the development of a work plan for the ongoing adaptive management of operational arrangements for environmental water, to be coordinated by the MDBA.

More broadly, the department notes that while good progress continues to be made, current arrangements do not yet adequately facilitate the effective use of environmental water to meet Basin Plan requirements. Limitations on the use of environmental water continue, such as:

- different approaches to the assessment of possible third party impacts from environmental watering
- assumed loss rates in environmental water accounting.

The CEWH advised that NSW, Victoria and South Australia agreed to a trade of 50 GL of Commonwealth-held South Australian entitlement to Victoria as a trial during August 2018, with corresponding back trades from January to April 2019, and that the trial included conservative, interim risk treatments aimed at avoiding risk to third parties (CEWH 2019). Similar proposals have been opposed by Basin states in previous years due to concerns about possible impacts on third parties. The Independent River Operations Review Group reviewed the back trade and noted that jurisdictions commented positively on the risk/mitigation approach used by the MDBA. While limiting the potential for third party impacts needs to be considered, the materiality of any such risk needs to be balanced against the need to move environmental water to best meet environmental requirements.

South Australia, NSW and Victoria worked with the MDBA to establish a three-year trial of revised environmental watering arrangements which began in July 2019. This trial facilitates the use of return flows in either NSW or Victoria with environmental water holders planning to use these trial arrangements for a watering action when conditions permit. The trial will be evaluated by the Water Liaison Working Group and the Trade Working Group after the first six months, or later if appropriate conditions are not triggered to test the trial (MDBA 2019a).

For the River Murray, the CEWH also advised that multi-site watering trials continue to progress, but do not yet provide for enduring measures (CEWH 2018). The MDBA has reviewed the trials conducted between 2010–11 and 2016–17, and reported to the River Murray Operations Committee. The outcomes of the trials will inform the implementation and ongoing improvement of PPMs, the implementation of Objectives and Outcomes by River Murray Operations, and outstanding actions are being progressed through the Environmental Water Improvement Group.

The CEWH considers that ongoing refinement of operational arrangements is needed to ensure the efficient and effective use of environmental water (CEWH 2019). The department understands that a level of service review is under active consideration for the operation of the River Murray system with an end objective to improve the delivery of environmental water. The MDBA, CEWH and Basin states need to continue working together to explore and trial arrangements to optimise the use of environmental water at multiple locations, including across state boundaries.

4.4.3 Annual environmental watering priorities

South Australia met this commitment for 2018–19.

South Australia provided the MDBA with its annual environmental watering priorities as required by 31 May 2019 (SA Government 2019) and the MDBA advised these were consistent with the Basin Plan. They are available on the Department for Environment and Water website (DEW 2020).

South Australia advised that as part of its planning process for annual environmental watering priorities, the priorities were provided to relevant water holders and water managers and used to inform cooperative watering with upstream states (SA Government 2019).

4.4.4 Management of environmental water consistent with the Basin Plan

South Australia met this commitment for 2018–19.

South Australia confirmed that it managed the delivery of planned and held environmental water consistent with the Basin Plan (SA Government 2019). For example, the South Australian Government worked with the CEWH, Community Advisory Panel, Scientific Advisory Group and other organisations in applying adaptive management to achieve outcomes for the Lower Lakes, Coorong, and Murray Mouth in 2018–19. This included providing for continuous fish passage and improved habitat in the Coorong estuary and to avoid the lakes dropping to unacceptable levels (SA Government 2019).

South Australia advised that it participated in cross-jurisdictional planning groups and advisory committees to help plan and deliver environmental water, and through the relevant Southern Connected Basin Environmental Watering Committee, has highlighted opportunities for effective use of environmental water to achieve benefits in the River Murray system (SA Government 2019).

The MDBA advised that it anticipates the *Principles to be applied to environmental watering* would have been applied appropriately and it is not aware of any environmental watering not happening in accordance with the priorities (MDBA 2019a).

In June 2018 the Commonwealth and the Basin states entered into the *Murray–Darling Basin Compliance Compact* to address compliance and integrity of Basin water management issues identified in a number of reviews and to ensure a transparent and consistent approach to compliance arrangements across the Basin (MDBA 2018). The Compliance Compact was endorsed by the Council of Australian Governments in December 2018 and, while the Murray–Darling Basin Water Compliance Review (MDBA 2017) indicated South Australia had a comprehensive compliance framework in place, the Compliance Compact includes actions for South Australia to further enhance its compliance regime.

The MDBA's 2019 assessment of Basin states' progress in implementing the Compliance Compact found that South Australia has continued to engage with the requirements of the Compliance Compact, while noting that implementation of its metering improvement plan is dependent on the provision of additional funding (MDBA 2019d).

Given the MDBA's positive findings, the department acknowledges South Australia's ongoing commitment to the Compliance Compact and progress in strengthening its compliance regime.

4.4.5 Consultation on environmental watering

South Australia met this commitment for 2018–19.

South Australia reported the planning and delivery of environmental water involves consultation with a wide range of agencies and stakeholder groups (SA Government 2019).

A workshop on 'Aboriginal voices in environmental water management' was held in Berri from 14 to 15 March 2019 with South Australian Murray Lower Darling Indigenous Nations and discussed current engagement methods used by the Department for Environment and Water for incorporating cultural values and priorities into environmental water planning. The workshop jointly developed ideas for improvements to these practices. South Australia reported that, as a result, engagement with First Nations groups on the 2019–20 South Australian environmental watering priorities was greatly improved (SA Government 2019).

Another example provided by South Australia, to demonstrate how local knowledge and solutions were identified through engagement with local communities, was in the delivery of the South East Flows Restoration Project. This project was designed to assist salinity management in the Coorong South Lagoon, enhance flows to wetlands in the Upper South East region of South Australia and reduce drainage outflow at Kingston beach. Construction commenced in March 2017 and was completed in mid-2019 (SA Government 2019).

Initially the community raised concerns about the lack of benefits to the region from the proposed flow path. The community made suggestions which resulted in the provision of additional storage capacity and benefits to the ecologically significant Tilley Swamp wetland. This approach built community rapport with the project (SA Government 2019).

The engagement of traditional owners, represented by the Ngarrindjeri Regional Authority and South East Aboriginal Focus Group, was essential to support and enhance cultural values associated with connection to healthy land and water (SA Government 2019).

4.4.6 Long-term environmental watering plans

South Australia met this commitment for 2018–19.

The long-term environmental watering plan (LTWP) for the South Australian River Murray Water Resource Plan Area was published in November 2015. The LTWP for the Eastern Mount Lofty Ranges was published in July 2017, and the South Australian Murray Region in December 2017.

The MDBA advised that the accredited South Australian River Murray and South Australian Murray Region WRPs both identify and protect planned environmental water (PEW) in accordance with Basin Plan requirements. Following discussions with the MDBA and

amendments to the South Australian water allocation plan for the River Murray, the WRP clarifies the definition of PEW that was understated in the River Murray LTWP (DEWNR 2015). In accordance with s8.22 of the Basin Plan, the River Murray LTWP is scheduled to be reviewed and updated following the accreditation of the WRPs, providing an opportunity for the definition of PEW in the LTWP to be aligned with the accredited WRPs.

The River Murray, the South Australian Murray Region and the Eastern Mount Lofty Ranges LTWPs are publicly available on the Department for Environment and Water website (DEW 2020).

The MDBA has raised with South Australia parts of its LTWPs where further alignment with the requirements in Chapter 8 of the Basin Plan is needed. While South Australia is of the view that the River Murray LTWP is fully compliant with Chapter 8, in 2019 it wrote to the MDBA proposing a review of South Australia's LTWPs by November 2020. The MDBA agreed to a review of South Australia's three LTWPs by August 2020 (within 12 months of WRP accreditation) (MDBA 2019a).

The MDBA reported that the Basin Environmental Watering Working Group will consider the need for an Integrated Murray LTWP now that all of the LTWPs associated with the Murray are finalised.

5 Assessment for Victoria

5.1 Summary of findings

Victoria made satisfactory progress to implement the Basin Plan in 2018–19.

Victoria worked collaboratively with the Murray–Darling Basin Authority (MDBA) and other Basin states on a number of issues including the development of Water Resource Plans (WRPs), although progress is still required on some other key Basin Plan implementation issues as identified in this assessment.

Victoria supported Commonwealth measures to acquire water for environmental purposes, including delivering the final tranche of contracted water for the Goulburn–Murray Water (GMW) Connections Stage 2 Project, although it did not fully expend the initially agreed \$100 million commitment for the Victorian Farm Modernisation Project (VFMP).

Victoria worked collaboratively with the MDBA and other Basin states in the Constraints Measures Working Group including to develop a risk management strategy and coordinating work plan for implementing constraints measures. Victoria did not submit its Stage 1 constraints measures proposals until after the assessment year. This was in part because of its work on developing a co-design framework and the commissioning of a constraints modelling review, and will make completion of the constraints measures by 30 June 2024 challenging.

The (revised) surface and groundwater Wimmera–Mallee WRPs were submitted to the MDBA in February 2019 and accredited by the Minister in September 2019 (MDBA 2020). Victoria submitted Victoria's North and Murray WRP package (covering the Goulburn–Murray, Northern Victorian and Victorian Murray WRP areas) on 30 April 2019, then withdrew and resubmitted the package on 26 November 2019 following advice from the MDBA. As these WRPs were not accredited by 30 June 2019, Victoria and the MDBA agreed to ensure that 2019–20 reporting against sustainable diversion limits (SDLs) aligns with the methods outlined in the WRPs until their accreditation (Victorian Government 2019a). The MDBA determined that Victoria's prerequisite policy measures (PPMs) were in effect by 30 June 2019.

The department acknowledges Victoria's ongoing commitment to the Compliance Compact and progress in strengthening its compliance regime.

Findings in this assessment for Victoria are summarised against the milestones in Table 5 in the order they appear in the NPA. Full findings and details of the assessment are also included in this chapter.

Table 5 Summary of findings for Victoria

National Partnership commitments	Assessment summary	Finding
6) The state has supported the Commonwealth in bridging the gap.	a) Victoria has removed barriers to permanent trade out of water irrigation areas that are inconsistent with the Basin Plan water trading rules. Victoria and the MDBA are continuing discussions regarding intrastate tagging arrangements and accounting for inter-valley trades (IVT), and Victoria has announced a review of IVT rules for the Goulburn River.	Milestone met.

National Partnership commitments	Assessment summary	Finding
	<ul style="list-style-type: none"> b) Victoria did not introduce any restrictions or suspensions on the trading of water access entitlements. c) Victoria supported Commonwealth measures to acquire water for environmental purposes, including through the GMW Connections Project, although it did not fully expend the initially agreed \$100 million commitment for the VFMP. d) Applications for water entitlement and allocation trades were processed consistent with the agreed service standards for trade processing times. e) Victorian entitlements in regulated surface water systems are largely consistent with the provisions of National Water Initiative clauses 28 to 32, with the exceptions of Coliban and Wimmera. 	
7) Following publication of the Constraints Management Strategy by the MDBA, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the sustainable diversion limit adjustment mechanism.	Victoria has supported developing and implementing the Constraints Management Strategy.	Milestone partially met.
8) The state has cooperated in arrangements for Basin Plan environmental watering.	<ul style="list-style-type: none"> a) The characteristics of licensed entitlements held for environmental water use in Victoria have not been enhanced or diminished relative to like entitlements held and used for other purposes. b) Victoria has measures in place to facilitate the use of environmental water, including return flow provisions in the major regulated Basin systems, however some measures need further development. Victoria's prerequisite policy measures were in effect by 30 June 2019. c) Victoria provided the MDBA with annual environmental watering priorities consistent with the Basin Plan. d) Victoria provided detailed examples of environmental watering consistent with the Basin Plan. It worked with the MDBA on an approach intended to protect water 'types' not covered by planned environmental water rules (i.e. above cap and systems water) in Victoria's WRPs so environmental outcomes are not compromised. Victoria is working to minimise any further impacts associated with unseasonal high flows in the Goulburn River due to inter-valley transfers to the River Murray. Victoria is progressing well with improving its compliance and enforcement practices. e) Environmental watering in regulated catchments has occurred with regard to the views of local communities and persons 	Milestone met.

National Partnership commitments	Assessment summary	Finding
	materially affected by the management of environmental water.	
	f) Victoria has submitted long-term environmental watering plans for Northern Victoria, the Victorian Murray and Wimmera–Mallee.	

5.2 Bridging the gap

5.2.1 Removal of barriers

Victoria met this commitment for 2018–19.

The 2017–18 NPA assessment stated that Victoria had amended its policy for intrastate tagging arrangements and was discussing these amendments and consistency with the Basin Plan water trading rules with the MDBA, along with accounting for trade in inter-valley transfers.

For this assessment, Victoria and the MDBA have advised they are continuing discussions regarding the movement of water under the tagged trade arrangements in section 12.23 of the Basin Plan (Victorian Government 2019a, MDBA 2019a). The MDBA advised this is a complex issue with intrastate tagging also affecting inter-valley trade (IVT).

In May 2019 Victoria's Minister for Water, the Hon. Lisa Neville MP, announced a review of IVT rules for the Goulburn River (Victorian Government 2019b). Initial review findings indicated these rules are not protecting the Lower Goulburn River environment, where prolonged unseasonal flows are causing damage to river banks and loss of habitat for native fish. The volume of tagged water moving from the Goulburn to the Murray in excess of IVT rule limits has increased from less than 10 GL in 2012–13 to 233 GL over the limit in 2018–19.

In December 2019 Victoria introduced interim regulations bringing tagged water movements into line with IVT rules, and an interim operating regime to achieve variable flows at volumes well below those seen in the 2018–19 season, and is developing enduring regulations with public consultation (Victorian Water Register 2019, Victorian Government 2019c).

The MDBA noted that the broader trade arrangements from the Goulburn to the Murray should be addressed alongside any new operating regime to ensure alignment of water trade and delivery arrangements, and encouraged Victoria to continue engaging with the MDBA to enable full consideration of any potential impacts.

Victoria has continued to work with other states and the MDBA on the flexible trade adjustment project, aiming to improve water trade accounting between states by enhancing trade opportunities and minimising potential third party and environmental impacts (in line with the Basin Plan trading rules). The work has produced three new methods for managing the accounting adjustments made to states' storage water shares in response to trading across state borders, and these are being trialled for three years from 1 July 2019 (DELWP 2019a). The changes will better align trade adjustments with the location and time of delivery of interstate trade, and are expected to reduce triggering of the NSW to Victoria trade limit rule.

Victoria improved its water register functionality, allowing automatic approval of online trades subject to the Barmah Choke trade limit (Victorian Government 2019a). This has reduced transaction costs, improved access to trade opportunities, and can be shared with other states.

Opportunities for water holders in other states are dependent on the extent which their state incorporates the new functionality into their own systems.

5.2.2 Restrictions on trade

Victoria met this commitment for 2018–19.

Victoria indicated it did not introduce any restrictions or suspensions on the trade of water access entitlements during the assessment period (Victorian Government 2019a) and the MDBA's advice supports this finding (MDBA 2019a).

5.2.3 Actions to impede Commonwealth water acquisitions

Victoria met this commitment for 2018–19.

The Commonwealth did not seek to acquire water through the purchase of entitlements in Victoria in 2018–19, with infrastructure programs being the source of all water recovery.

Victoria supported the Commonwealth's acquisition of water for environmental purposes through its State Priority Project, the GMW Connections Stage 2 Project. On 30 April 2019, Victoria issued the final tranche of 72 GL of contracted water entitlements to the Commonwealth, completing its contractual obligations for the issue of 204 GL for Stage 2 of the Project. Victoria reported that, as at 30 June 2019, the GMW Connections Project was over 80% complete, and had treated 14,108 meter outlets, decommissioned 1,294 kilometres of channels, and remediated or modernised 2,477 kilometres of channels (Victorian Government 2019a).

State Priority Projects and other state-led infrastructure programs were designed to deliver water savings to enable the Commonwealth to meet its bridging the gap commitments. Victoria did not fully expend the initially agreed \$100 million commitment under the state-led VFMP, and consequently, Minister Littleproud wrote to the Victorian Government on 9 July 2018 releasing it from further water recovery under the Project. The Australian Government's intent was to use remaining funding for the Murray–Darling Basin Water Infrastructure Program (MDBWIP) and other initiatives.

The MDBWIP was launched in July 2018 to contribute to bridging the gap for the SDL (62 GL of efficiency measures to be secured by June 2019) and for the 450 GL of efficiency measures required under the Basin Plan with neutral or positive social and economic impacts. The Murray–Darling Basin Ministerial Council agreed to adopt additional socio-economic criteria on 14 December 2018 (MDBA 2019b), with a new water recovery program, the Water Efficiency Program (WEP), launched in July 2019. The delay resulted in the MDBWIP recovering no water in 2018–19 and the MDBA setting the SDL adjustment for 2019–20 at 544 GL.

In October 2018 the Victorian Government submitted Victoria's Northern Water Infrastructure Prospectus to meet its June 2018 Ministerial Council commitment to identify up to 9 GL of water savings projects for Commonwealth investment in efficiency measures (Victorian Government 2019a). Victoria chose to fund business cases for the five feasibility studies identified in the prospectus (instead of receiving Commonwealth funding via a project agreement) and these projects are moving forward. The department is encouraged by Victoria's progress and expects to see agreements signed for these efficiency measures projects early in 2020.

5.2.4 Processing times for trades

Victoria met this commitment for 2018–19.

Victoria noted that the Commonwealth was not a party to any transfers of Victorian water entitlements that were approved or recorded in 2018–19 (Victorian Government 2019a). It also noted that Victoria exceeded the service standards for processing times for allocation trades to which the Commonwealth was a party (within Victoria and with South Australia), and that the Commonwealth was not a party to any allocation trades between Victoria and NSW. Data from the Victorian Water Register confirms this finding, and the Commonwealth Environmental Water Holder (CEWH) also confirms that trades/transfers undertaken by the CEWH were processed within the agreed service standards.

Victoria reported that as a result of its investment in developing online allocation trading and initiatives to streamline trade processing at water corporations, over 90% of all allocation trades are now processed within one business day.

5.2.5 NWI-consistent entitlements

Victoria met this commitment for 2018–19.

Victoria advised there has been no change since the 2017–18 assessment (Victorian Government 2019a). The MDBA has previously reported having no material concerns as Victorian entitlements in regulated surface water systems are largely consistent with the provisions of clauses 28 to 32 of the National Water Initiative (NWI).

As noted previously, Victoria advised that entitlements in the Coliban system are held by individuals and companies in the form of take-and-use licences under section 51 of the *Water Act 1989* (Vic), and these licences are tradable. There is no current plan to unbundle entitlements due to the small volume of existing licences, the isolated nature of the system and the possibility of further significant reconfiguration work (Victorian Government 2019a).

The Wimmera system mainly supplies small customers of Grampians Wimmera Mallee Water, which holds the primary rights on behalf of its customers (Victorian Government 2019a).

5.3 Implementation of Constraints Management Strategy

Victoria partially met this commitment for 2018–19.

Victoria worked collaboratively with the MDBA and other Basin states in the Constraints Measures Working Group during 2018–19, including to develop a risk management strategy and a coordinating work plan to implement the constraints management program, which was endorsed by the Ministerial Council on 14 December 2018.

Ministers also noted at this meeting that community engagement and co-design in the implementation of the coordinating work plan is fundamental to successfully delivering the Basin Plan, and that concerns about transparency and deliverability be addressed as a priority (MDBA 2019b). Victoria advised that it is working with NSW to incorporate community co-design into constraints projects, and reduce overall project risks.

At the December 2018 Ministerial Council meeting the Commonwealth and all Basin water ministers signed the overarching *Project Agreement for Stage 1 Funding for Sustainable Diversion Limit Adjustment Supply and Constraints Measures in the Murray–Darling Basin*, which provides the framework for funding to be provided to the Basin states for Stage 1 activities.

Victoria is a proponent for the:

- New Goulburn Constraints Measure
- Hume to Yarrawonga Constraints Measure (with NSW).

Victoria is consulted by NSW on works and measures in the Victorian Murray for the Yarrawonga to Wakool Constraints Measure, and is seeking Commonwealth funding to assist with this work. Victoria assessed Phase 2 constraints business cases from South Australia and NSW within agreed time frames.

While Victoria undertook internal work on its constraints funding proposals arising from the December 2018 Ministerial Council outcomes, in 2018–19 its constraints funding proposals were not progressed sufficiently to enable funding schedules to be executed under the signed Stage 1 project agreement. The New Goulburn Constraints Measure proposal did not proceed through the SDL adjustment mechanism phased assessment process and the Stage 1 funding proposal for the Hume to Yarrawonga Constraints Measure was not provided during the assessment period to the Commonwealth for funding consideration under the Stage 1 project agreement.

Constraints measures are highly complex proposals that are integral to successfully implementing the Basin Plan. The MDBA advised the August 2019 Ministerial Council meeting that progress on the Constraints Measures Program (CMP) has been slower than anticipated with efforts focused on establishing funding and delivery arrangements (MDBA 2019a). The MDBA is also concerned there remains a significant risk that the overall CMP will not be successfully implemented. This risk stems from widespread community scepticism about the benefits it will achieve (including environmental), anxiety about impacts to private property and capacity to manage flows in the manner the program proposes (MDBA 2019a).

In the 2017–18 assessment, the department raised concern that the overall delay in approving and implementing the package of supply measures (including measures to ease constraints) had increased the risk of the package not being delivered within the legislated time frames. Victoria did not submit its constraints measures proposals until after the 2018–19 assessment year. Victoria has been developing a co-design framework following the December 2018 Ministerial Council meeting. The department considers the delayed lodgement of funding proposals will make completion of the constraints measures by June 2024 challenging.

5.4 Cooperation in environmental watering

5.4.1 Characteristics of licensed entitlements

Victoria met this commitment for 2018–19.

Victoria indicated that the characteristics of licensed entitlements held for environmental use were not enhanced or diminished relative to like entitlements held and used for other purposes (Victorian Government 2019a). The MDBA confirmed this in its assessment of some proposed WRPs during 2018–19 (MDBA 2019a).

Victoria has confirmed the 2018 findings of a parliamentary inquiry (Parliament of Victoria 2018) that charges for environmental water services vary between the different types of entitlements held by environmental water holders and between water corporations. The MDBA

reported that in 2018–19, Victoria did not make changes to environmental water fees and charges and continued to develop its policy framework. Victoria produced an updated scoping paper in 2018–19 and distributed it to environmental water stakeholders (MDBA 2019a).

Victoria completed its Delivery Share Review of northern Victorian irrigation communities, with a *Preliminary Findings Report* released in July 2018 (DELWP 2018). The report recommended that Victoria's state-wide Review of Environmental Water Charges investigate the possibility of increasing infrastructure use charges associated with environmental water deliveries in the Grampians, Wimmera Mallee and Lower Murray Water irrigation districts. The department expects any pricing adjustments (including those made in response to such investigations) will be in accordance with the *Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin*, under which Basin states agreed that the licenced entitlements held for environmental use 'will be subject to no less favourable conditions, including with respect to fees and charges ... than like entitlements held for other purposes'.

5.4.2 Measures implemented to facilitate use of environmental water

Victoria met this commitment in the 2018–19 assessment year.

Victoria stated that all environmental water delivery during 2018–19 was consistent with the Victorian water entitlement framework, and no interim measures were adopted (Victorian Government 2019a). It has in place return flow provisions in major regulated Basin systems (allowing shepherding of environmental water to meet downstream environmental demands). However, there are ongoing limitations to using Victorian and NSW return flows interchangeably on environmental assets.

Victoria advised that its PPMs were implemented by completing the following in 2018–19:

- amendment to the Victorian Environmental Water Holder (VEWH)'s Loddon bulk entitlement in May 2019 to introduce return flow provisions
- amendment to the Living Murray Initiative environmental entitlements in the Campaspe and Goulburn systems to streamline and align return flow credit arrangements with other bulk entitlements in those systems
- developing mechanisms for enabling re-use of Victorian return flows in NSW and vice versa, through the Bulk Water Trade Adjustment Trials
- finalising operating arrangements for the Loddon and Campaspe basins.

The MDBA determined that Victoria's PPM measures were in effect by 30 June 2019, and this assessment was supported by the Independent River Operations Review Group (MDBA 2019a).

Victoria advised that its water entitlement framework facilitates continuous improvement of operating arrangements as described in the *Overview of pre-requisite policy measures in Victoria* (DELWP 2019b). The MDBA strongly supports adaptive management of these measures (MDBA 2019a, 2019c), and advised the Basin Officials Committee (BOC) at their 20 November 2019 meeting that their determination of PPMs being in effect was made noting the critical importance of Victoria, NSW and South Australia committing to further work to refine and improve PPM implementation over time. At that meeting, the BOC agreed to the development of a work plan for the ongoing adaptive management of operational arrangements for environmental water, to be coordinated by the MDBA.

More broadly, the department notes that while good progress continues to be made, current arrangements do not yet adequately facilitate the effective use of environmental water to meet Basin Plan requirements. Limitations on the use of environmental water continue, such as:

- detailed procedures are yet to be agreed regarding the use of Victorian environmental water entitlements on NSW environmental assets (and likewise, the use of NSW entitlements on Victorian assets)
- different approaches to assessing possible third party impacts from environmental watering
- assumed loss rates in environmental water accounting.

The CEWH advised that, due to operational constraints, restrictions were placed on the delivery of held environmental water (HEW) through the River Murray to South Australia in spring 2018 but that no such restrictions were placed on the delivery of retail water orders placed by other licence holders (CEWH 2019). The department understands this situation arose due to unusually hot and dry conditions necessitating an increase in bulk water transfers to Lake Victoria to ensure a sufficient reserve downstream of the Barmah Choke. The MDBA reported that order lead times, issues with integrating operational and environmental water planning, and uncertainty around the delivery rights associated with directed releases contributed to this inability to deliver the CEWH's water, and that relevant jurisdictions and the MDBA are developing options to address this issue.

Large-scale environmental water delivery is significantly changing operation of the river system and there have been extensive interjurisdictional discussions and a report to BOC about the delivery challenges experienced in the River Murray in spring 2018.

The CEWH also advised that Victoria, NSW and South Australia agreed to a trade of 50 GL of Commonwealth-held South Australian entitlement to Victoria as a trial during August 2018, with corresponding back trades from January to April 2019, and that the trial included conservative, interim risk treatments aimed at avoiding risk to third parties (CEWH 2019). Similar proposals have been opposed by Basin states in previous years due to concerns about possible impacts on third parties. The Independent River Operations Review Group reviewed the back trade and noted that jurisdictions commented positively on the risk/mitigation approach used by the MDBA. While limiting the potential for third party impacts needs to be considered, the materiality of any such risk needs to be balanced against the need to move environmental water to best meet environmental requirements.

For the River Murray, the CEWH also advised that multi-site watering trials continue to progress, but do not yet provide for enduring measures (CEWH 2018). The MDBA has reviewed the trials conducted between 2010–11 and 2016–17, and reported to the River Murray Operations Committee. The outcomes of the trials will inform the implementation and ongoing improvement of PPMs, the implementation of Objectives and Outcomes by River Murray Operations, and the outstanding actions, which are being progressed through the Environmental Water Improvement Group.

The CEWH considers that ongoing refinement of operational arrangements is needed to ensure the efficient and effective use of environmental water (CEWH 2019). The department understands that a level of service review is under active consideration for the operation of the River Murray system with an end objective to improve the delivery of environmental water. The MDBA, CEWH and Basin states need to continue working together to explore and trial

arrangements to optimise the use of environmental water at multiple locations, including across state boundaries.

5.4.3 Annual environmental watering priorities

Victoria met this commitment for 2018–19.

The VEWH provided the MDBA with its annual environmental watering priorities as required by 31 May 2019, and the MDBA advised these were consistent with the Basin Plan (MDBA 2019a). Victoria noted the process for compiling these annual watering priorities through initial proposals from waterway managers with input from local stakeholders, collation by the VEWH and then submission to the MDBA.

Also on 4 April 2019, the Victorian Government presented the MDBA with proposed environmental watering actions for Victorian Living Murray Icon sites (including Hattah Lakes, the Lindsay, Mulcra and Wallpolla Islands, Barmah–Millewah Forest and Gunbower Forest) through the Southern Connected Basin Environmental Watering Committee (SCBEWC).

5.4.4 Management of environmental water consistent with the Basin Plan

Victoria met this commitment in the 2018–19 assessment year.

Victoria indicated that the VEWH has aligned all environmental watering undertaken in 2018–19 with the MDBA's Basin annual environmental watering priorities, except for one delivery of water for the environment at Hattah Lakes. In its statement of reasons to the MDBA, Victoria explained that 281.1 ML of environmental water was used for pump maintenance at Hattah Lakes in July 2018 and June 2019. The water used was authorised by the VEWH in line with its Seasonal Watering Plan 2018–19 and with the authority of the SCBEWC using *The Living Murray* holdings. As the pump maintenance was entirely for operational maintenance it did not accord with Basin Plan annual watering priorities. Victoria indicated that, apart from the above instance, its management and delivery of planned and held environmental water was consistent with the Basin Plan (Victorian Government 2019a).

Held environmental water is managed by the VEWH in collaboration with Commonwealth agencies such as the CEWH. Victoria provided a detailed example of environmental watering in the Gunbower Forest to demonstrate management and delivery of HEW consistent with the Basin Plan's *Principles to be applied to environmental watering*.

Victoria worked with NSW to effectively manage environmental watering of the Lindsay, Mulcra and Wallpolla (LMW) icon site and the River Murray weir pools. This collaboration led to the development of agreed watering plans to ensure critical watering actions are delivered to each system over a three to five year cycle.

Victoria noted there is little planned environmental water (PEW) in the state, which it defines as water committed or preserved for achieving an environmental outcome that cannot be taken for any other use. However, there is 'shared benefit water' which contributes to environmental outcomes but may be taken for other uses (such as stock and domestic). This includes passing flows not specified as having an environmental purpose, unregulated river diversion rules, or water remaining in the system after allocation use ('above cap' water). Victoria reported that there is no PEW in the Wimmera–Mallee WRP area, and that the three types of PEW in the

Northern Victorian, Goulburn–Murray and Victorian Murray WRP areas were provided consistent with the Basin Plan.

Victoria advised it has identified risks relating to the continuing availability of PEW in its WRPs, has included strategies to mitigate those risks, and there will not be a circumstance where HEW will be required to substitute for PEW. The MDBA has also worked with Victoria to agree an approach which enables WRPs to acknowledge above cap water as providing an important flow base that water managers build on to deliver environmental outcomes. This is intended to ensure that these different 'types' of water are sufficiently protected so that environmental outcomes are not compromised.

The CEWH noted that a Bill introduced to the Victorian Parliament in August 2018 and passed in August 2019 appears to broaden the definition of the environmental water reserve (HEW/PEW managed by the VEWH and other waterway managers) in the *Water Act 1989* to include consideration of social/recreational uses. Victoria advised that the ability to meet the requirements of section 10.28 of the Basin Plan (re protection of PEW) is not affected by these amendments.

While noting concerns raised by the CEWH regarding the negative impacts on instream vegetation of unseasonal high flows in the Goulburn River (to meet the demands for IVT to the River Murray), the department notes that Victoria is actively working to avoid irreparable damage and minimise any further impacts associated with this issue (see milestone 6(a) for details). Victoria states that it has (in consultation with the CEWH and the MDBA) ensured that the IVT risk is supported in Victoria's North and Murray WRP package areas, and that further monitoring has been carried out and scientific advice sought in 2019 to better understand this risk and management options.

In June 2018 the Commonwealth and the Basin states entered into the *Murray–Darling Basin Compliance Compact* to address the compliance and integrity of Basin water management issues identified in a number of reviews, and to ensure a transparent and consistent approach to compliance arrangements across the Basin (MDBA 2018). While the Murray–Darling Basin Water Compliance Review (MDBA 2017) indicated Victoria already had a comprehensive compliance framework in place, the Compliance Compact included a number of actions for Victoria to enhance its compliance regime. The Compliance Compact was endorsed by the Council of Australian Governments in December 2018.

The MDBA's 2019 assessment of Basin states' progress in implementing the Compliance Compact found that Victoria is making significant progress towards improving its compliance and enforcement practices as well as improving public confidence in how water use is being managed (MDBA 2019d). All of its commitments under the Compliance Compact were assessed as either complete or progressing against extended requirements. The department acknowledges Victoria's ongoing commitment to the Compliance Compact and progress in strengthening its compliance regime.

5.4.5 Consultation on environmental watering

Victoria met this commitment for 2018–19.

Victoria advised that its catchment management authorities (CMAs) used input and feedback from stakeholders and the community to inform development of their annual environmental

watering priorities and seasonal watering proposals (Victorian Government 2019a). These proposals formed the basis of the VEWH's seasonal watering plan, which set the scope for potential environmental watering across Victoria for the 2018–19 water year.

The CMAs' seasonal watering proposals are lodged with the VEWH and the MDBA and are published documents. They provide tables of formal consultation with stakeholders such as established advisory groups, councils, community and environmental groups, Traditional Owners, recreational users, landholders/irrigators and others materially affected by the management of environmental water. In addition to these regional engagement activities, the VEWH engages regularly with state-wide peak bodies and stakeholders such as Environment Victoria, Victorian Farmers Federation, Federation of Victorian Traditional Owners Corporation and fishing and game authorities.

As one example of community engagement, the North Central CMA consulted with Barapa Barapa and Wamba Wamba Traditional Owners, who recommended the use of culturally important plants to measure the success of environmental watering actions in Guttrum Forest, and future priming of the wetlands with an autumn or winter partial-fill to increase soil moisture and stimulate aquatic vegetation growth prior to a larger watering in springtime. They also identified the importance of maintaining water in the soil profile to sustain large old trees around the wetland fringe. (Victorian Government 2019a).

5.4.6 Long-term environmental watering plans

Victoria met this commitment for 2018–19.

Victoria's long-term environmental watering plans (LTWPs) for Northern Victoria, the Victorian Murray and the Wimmera–Mallee were completed and published in December 2015 (DELWP 2019c). The MDBA has advised Victoria that its LTWPs are to be reviewed and updated within 12 months of WRP accreditation (MDBA 2019a). Victoria has developed a comprehensive work plan for LTWP updates in 2020 and 2022, which was agreed by the MDBA in August 2019.

Victoria advised that, although not required by the Basin Plan, a draft update of the Wimmera River System Environmental Water Management Plan – a key piece of work underpinning the Wimmera–Mallee LTWP – was undertaken in 2018–19 to improve the way it implements environmental management. The draft was prepared in consultation with local communities, including Traditional Owners, to incorporate their local knowledge. Victoria also drafted a monitoring, evaluation and reporting (MER) plan to ensure that state-wide monitoring programs for rivers (VEFMAP) and wetlands (WetMAP) adequately cover LTWP targets (Victorian Government 2019a). The MER approach shows that these programs (along with *The Living Murray* program) provide broad coverage across WRP areas, and can be used to evaluate progress against Basin Plan environmental objectives. Victoria noted that WetMAP data informed the timing and duration of environmental water delivery to Neds Corner Wetland (Mallee) to retain 15 vulnerable, rare or threatened species. (Victorian Government 2019a)

The MDBA reported that the Basin Environmental Watering Working Group will consider the need for an Integrated Murray LTWP now that all of the LTWPs associated with the Murray are finalised.

Appendix A: Schedule A of National Partnership Agreement on Implementing Water Reform in the Murray–Darling Basin

The parties agree to meet the performance milestones set out in Schedule A – Table A.

Schedule A – Table A: Performance Milestones

Date due	Milestones	Proportion of annual payment
By 28 February 2014 (or first working day thereafter)	1. For New South Wales, Victoria and South Australia only, the State has provided a brief description of supply measure projects for which feasibility and business cases are being developed for consideration under the SDL adjustment mechanism.	100% of Payment 1 for 2013–14
By 28 February 2014 (or first working day thereafter)	2. The State has supported the Commonwealth in bridging the gap, as measured by: <ol style="list-style-type: none"> confirmation that no restrictions were introduced on the trade of water access entitlement, except where consistent with the Basin Plan water trading rules; and confirmation that no action has been taken to impede Commonwealth measures to acquire water for environmental purposes; and confirmation that applications for water entitlement and allocation trades, to which the Commonwealth is a party, were processed consistent with the agreed service standards relating to trade processing times for State approval agencies; and specification of entitlements in regulated surface water systems, consistent with clauses 28 to 32 of the National Water Initiative in the timeframe agreed in the IGA, unless where otherwise agreed; and 	100% of Payment 2 for 2013–14
	3. Following publication of the Constraints Management Strategy by the [Murray–Darling Basin] Authority, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the SDL adjustment mechanism; and	
	4. The State has cooperated in arrangements for Basin Plan environmental watering, as measured by: <ol style="list-style-type: none"> Except as otherwise agreed between the Commonwealth and the relevant State(s) to facilitate improved environmental watering, confirmation that the characteristics of licensed entitlements held for environmental use have not been enhanced or diminished relative to like entitlements held and used for other purposes; and Where feasible and agreed by the relevant Basin State, and where associated third party impacts have been considered, confirmation that measures have been implemented to facilitate the use of environmental water by protecting environmental water in-stream and on land through: 	

Date due	Milestones	Proportion of annual payment
	<ul style="list-style-type: none"> i) the delivery of held environmental water in-stream through arrangements such as water shepherding to facilitate environmental flows; and ii) further use of environmental water at multiple locations along the river, such as through return flow provisions; and c) confirmation that the Authority has been provided with annual environmental watering priorities, consistent with the Basin Plan; and d) confirmation that the management and delivery of planned and held environmental water is consistent with the Basin Plan; including: <ul style="list-style-type: none"> i) the environmental watering plan's <i>Principles to be applied to environmental watering</i>; and ii) that a statement of reasons has been provided to the Authority for any environmental watering undertaken that was not in accordance with the Basin annual environmental watering priorities; and e) confirmation that environmental watering in regulated catchments has occurred having regard to the views of local communities and persons materially affected by the management of environmental water; and f) 12 months after the Authority has made the Basin-wide Environmental Watering Strategy, or within another timeframe agreed between the Authority and Basin State, confirmation that long-term environmental watering plans for surface water resource plan areas have been developed consistent with the requirements of the Basin Plan; and <p>5. For New South Wales, Victoria and South Australia only, the State has provided a brief description of supply measure projects for which feasibility and business cases are being developed for consideration under the SDL adjustment mechanism.</p>	
By 31 August 2014, 2015, 2016, 2017, 2018 and 2019 (or first working day thereafter)	<ul style="list-style-type: none"> 6. The State has supported the Commonwealth in Bridging the Gap, as measured by: <ul style="list-style-type: none"> a) after the Basin Plan Trade Rules come into effect, confirmation of the removal of volumetric or other barriers to permanent trade out of water irrigation areas that are inconsistent with the Basin Plan water trading rules; and b) confirmation that no restrictions were introduced on the trade of water access entitlements, except where consistent with the Basin Plan water trading rules; and c) confirmation that no action has been taken to impede Commonwealth measures to acquire water for environmental purposes, except where consistent with the Basin Plan water trading rules; and d) confirmation that applications for water entitlement and allocation trades, to which the Commonwealth is a party, were processed consistent with the agreed service standards relating to trade processing times for State approval agencies; and e) specification of entitlements in regulated surface water systems, consistent with clauses 28 to 32 of the National Water Initiative in the timeframe agreed in the IGA, unless where otherwise agreed; and 7. Following publication of the Constraints Management Strategy by the Authority, confirmation that any actions taken by the state to remove or address constraints are consistent with the measures agreed through the inter-jurisdictional governance procedure for the SDL adjustment mechanism. 	100%

Date due	Milestones	Proportion of annual payment
	<p>8. The State has cooperated in arrangements for Basin Plan environmental watering, as measured by:</p> <ul style="list-style-type: none"> a) Except as otherwise agreed between the Commonwealth and the relevant State(s) to facilitate improved environmental watering, confirmation that the characteristics of licensed entitlements held for environmental use have not been enhanced or diminished relative to like entitlements held and used for other purposes b) Where feasible and agreed by the relevant Basin State, and where associated third party impacts have been considered, confirmation that measures have been implemented to facilitate the use of environmental water by protecting environmental water in-stream and on land through: <ul style="list-style-type: none"> i) the delivery of held environmental water in-stream through arrangements such as water shepherding to facilitate environmental flows; and ii) further use of environmental water at multiple locations along the river, such as through return flow provisions; and c) confirmation that the Authority has been provided with annual environmental watering priorities, consistent with the Basin Plan; and d) confirmation that the management and delivery of planned and held environmental water is consistent with the Basin Plan; including: <ul style="list-style-type: none"> i) the environmental watering plan's <i>Principles to be applied to environmental watering</i>; and ii) that a statement of reasons has been provided to the Authority for any environmental watering undertaken that was not in accordance with the Basin annual environmental watering priorities; and e) confirmation that environmental watering in regulated catchments has occurred having regard to the views of local communities and persons materially affected by the management of environmental water; and f) 12 months after the Authority has made the Basin-wide Environmental Watering Strategy, or within another timeframe agreed between the Authority and Basin State, confirmation that long-term environmental watering plans for surface water resource plan areas have been developed consistent with the requirements of the Basin Plan. <p>9. For New South Wales, Victoria and South Australia only, and for 2014–15 and 2015–16 only, the State has provided a brief description of supply measure projects for which feasibility and business cases are being developed for consideration under the SDL adjustment mechanism.</p>	

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