

Government Offer

1) Strengthening protection of environmental flows

- a) **Mechanisms to protect environmental flows:** The Government will continue to work with the New South Wales Government to establish enduring mechanisms to protect environmental flows, particularly in the northern Basin. On 13 March 2018 the New South Wales Government released a draft exposure bill that includes provision for temporary water restrictions and mandatory conditions on access licenses for the purpose of protecting environmental flows from diversion.
- b) **Establish a Northern Basin Commissioner**, responsible to the Minister for Agriculture and Water Resources and, in consultation with the Minister for the Environment and Energy, to oversee the implementation of the Northern Basin Review. The non-statutory position would be funded from the *toolkit* for a period of three years under terms of reference that would require:
- i. The Commissioner to report annually on progress in the roll-out of 'toolkit' works and measures and other initiatives arising from the Northern Basin Water Recovery Taskforce report and this agreement.
 - ii. The Minister to table the Commissioner's Report in Parliament and provide the report to the Murray-Darling Basin Ministerial Council (Ministerial Council).

Queensland and New South Wales to commit to full cooperation with the work of the Commissioner.

The Commissioner would have responsibility for auditing and reporting on:

- Progress on delivery of the Northern Basin Review outcomes and 'toolkit' works and measures;
- The achievement of Basin Plan environmental outcomes in the northern Basin;
- Any additional information required to strengthen our scientific understanding of the northern Basin;
- Ensuring long-term environmental watering plans that adequately reflect the environmental requirements for 'icon sites' in the northern Basin including the Narran Lakes, Macquarie Marshes and Gwydir Wetlands;
- Coordination activities with indigenous communities to enhance their ability to contribute to the management, planning and delivery of water resources; and
- Implementation of compliance measures.

2) Strengthening Compliance with Basin Water Laws

- a) **The Government will implement the key outcomes of Murray-Darling Basin Authority's (MDBA) Review of Compliance and Enforcement.**
- b) **New South Wales has committed to the implementation of its Water Reform Action Plan** including the implementation of a robust metering framework, enhanced protection of environmental water and increased transparency in water management.
 - i) New South Wales continuing its reforms of water compliance and environmental water management, including introducing legislative changes into the New South Wales Parliament this year.
- c) **Development and delivery of a Basin Compliance Compact**, in consultation with Basin States, in response to the findings of the outcomes of the MDBA Review and other reviews recommendations (e.g. Matthews Inquiry and ANAO Audit).
 - i) The process of drafting the Basin Compliance Compact is well underway and will include timeframes for the states' responses on all the MDBA Compliance Review recommendations, including metering. The process is chaired by the MDBA and includes officials from all Basin jurisdictions.
 - ii) Former Chief Executive of the Murray-Darling Basin Commission and Chair of the Climate Change Authority, Dr Wendy Craik AM, has been appointed as the independent person to bring together the findings from a number of compliance reviews across the Basin and provide advice on the development of the Compact. Once agreed by the Ministerial Council, the Compact will be provided to the Council of Australian Governments for endorsement.
 - iii) Payments to Basin States under the *National Partnership Agreement on implementing water reform in the Murray-Darling Basin* will be linked to implementation of Basin Compliance Compact commitments.
- c) **The new Northern Basin Commissioner will also monitor and advise on implementation of compliance commitments.**
- d) **The Government committing \$20 million to support improved hydrometric networks in the northern basin and the development of remote sensing and other relevant technologies to enhance monitoring, measurement and compliance in all Basin jurisdictions.**

3) Improving outcomes for indigenous people and addressing the social and economic impacts of the Murray Darling Basin

- a) **Commitment to two full time staff positions for three years to support Northern Basin Aboriginal Nations (NBAN) and Murray and Lower Darling Indigenous Nations (MLDRIN).** These positions will work with local member nations and government agencies to translate the findings of the National Cultural Flows Research Project into practical and effective ways forward. The positions

will be supported by a \$1.5 million fund for costs associated with these activities, including the continued development of Aboriginal Waterway Assessments. These commitments will be additional to the existing and long standing commitment of \$635,000 per annum to these organisations.

- b) **Announcement on 12 February 2018 of increased flexibility to allow the Indigenous Land Corporation to use their funds to access water entitlements as well as land.** A bill has been introduced into the Parliament to amend relevant legislation to enable this increased flexibility.
- c) **Funding Commitment for Indigenous investment on water involving:**
1. **Commitment of \$40 million over four years to administer through the Indigenous Land Corporation (or another suitable organisation) a program to support Basin Indigenous communities investment in cultural and economic water entitlement and associated planning activities.**

Under the program, the \$40 million would be allocated between the northern Basin and the southern Basin (i.e. \$20 million each). Arrangements for delivery will be settled in 2018.
 2. **\$20 million grant program** over four years to provide grants for economic development projects for indigenous, remote, rural and regional communities most impacted by the Basin Plan.

The program will be administered by the Department of Agriculture and Water Resources and designed in consultation with the Department of Infrastructure and Regional Development and Prime Minister and Cabinet Indigenous Affairs group.

It is envisaged that the first round of applicants will be invited to seek funds to develop their proposals for consideration under a second round.

The communities most in need of such support, as identified by the MDBA in the Northern Basin Review (e.g. St George, Dirranbandi, Collarenebri and Warren) would be given highest priority.
- d) **Support for Dirranbandi, St George, Collarenebri and Warren communities with local engagement facilitators** to help identify development opportunities and funding options.
- e) **Work with both New South Wales and Queensland to identify water entitlements in the northern Basin that could be allocated to indigenous communities through state water resource plans.** These entitlements could be made available to support both cultural and economic activity for indigenous Australians. Note that in the Warrego-Paroo Water Resource Plan, the Queensland Government provided for 900ML of unallocated surface water and 10,000ML of unallocated groundwater for community or indigenous purposes.
- f) **The Government has committed to giving priority to Aboriginal and local suppliers in delivery of environmental works under agreed toolkit**

measures in the northern Basin. Delivery partners will be required to give preference to Indigenous suppliers (including small Indigenous enterprises) as part of contracting and sub-contracting arrangements, and will encourage the use of Indigenous labour, wherever possible.

- g) **The Government is supporting works for cultural gatherings and low impact water recreation including options to refurbish weirs at Wilcannia and Cunnamulla.**
- h) **Management of Environmental Water and Indigenous Cultural Use:** The Minister will direct the MDBA (under section 175 of the *Water Act 2007*) to report publicly each year on how indigenous values and water uses were considered in environmental water use and on how indigenous people were involved in that decision-making.
 - 1. In undertaking this, the Commonwealth Environmental Water Holder (CEWH) would advise the MDBA how it has met its obligation (under clause 8.35 of the Basin Plan) to have regard to indigenous values when it undertakes environmental watering.
- i) **The CEWH will enhance engagement with indigenous communities on decisions underpinning the beneficial use of environmental water to meet indigenous values.**

4) Improving confidence in the Northern Basin Review data

- a) **Supporting release of Northern Basin Review modelling** undertaken by the Authority for public scrutiny by affected communities and stakeholders.
- b) **The new Northern Basin Commissioner will also be able to provide advice to the Ministerial Council** on additional information that is needed to strengthen our understanding of the northern Basin. This includes advice on planning assumptions, floodplain harvesting and water trade.

5) Strengthening SDL Adjustment Mechanism

- a) **Announcement of an Expression of Interest (EOI)** for efficiency projects to begin the 450GL of recovery, utilising the \$1.5 billion in funding from the Water for the Environment Special Account.
- b) **New South Wales talking to stakeholders about commencing water recovery under the 450 GL of additional water**, through water efficiency projects with neutral or positive social and economic impacts.
- c) **Link payments under the National Partnership Agreement** for the delivery of sustainable diversion limit supply measures to states who are able to demonstrate their full cooperation with the delivery of efficiency measures as defined under the Basin Plan.

Under this approach, state access to supply measure funding would be conditional on the Commonwealth being able to roll-out any efficiency measures

programs as provided for in the *Water Act 2007* and the Basin Plan. These arrangements would be set out in the performance milestones under funding agreements with the States.

- i) The agreements will specify ownership of any assets created by the supply projects, responsibility for costs of ongoing maintenance and operation, and arrangements to ensure transparency for stakeholders of project development and implementation plans.
 - ii) The agreements will also clarify responsibility between Basin States and the Commonwealth for residual water recovery required as a consequence of any reconciliation adjustment by MDBA in 2024.
- d) In addition to investment in fishways being supported through environmental works under the Northern Basin toolkit, a number of SDL Adjustment Mechanism project plans involve the establishment or refurbishment of weirs which would include construction of fishways, including at Menindee Lakes main weir and at Frenchman's Creek (near Lake Victoria in NSW).
- e) **The Water for the Environment Special Account** for the recovery of efficiency measures, the *Water Act 2007* provides for two independent reviews in 2019 and 2021. Under the *Water Act 2007*:
- i) these reports must be tabled within 15 sitting days of receipt by the Minister, and
 - ii) the Government's response must be tabled at the time the Treasurer presents the 2020-21 and 2022-23 budgets to Parliament.
- f) **The MDBA would deliver annual technical workshops on the package of measures that form part of the SDL Adjustment Mechanism including delivery of constraints measures with the first meeting to be held by 30 June 2018.** These will build confidence in the scientific integrity of the projects, improve engagement with stakeholders and enhance transparency. Proceedings would be made publicly available.
- g) **Through the Council of Australian Governments Plan, Basin States have committed to develop a constraints measures work plan** that sets out a coordinated cross-jurisdictional process for addressing constraints that enables strong community involvement in development and planning to ensure a staged implementation approach. The work plan's aim is to ensure all projects can be successfully implemented between now and 2024.

Five of the six constraints measures agreed by Basin governments are notified as supply measures and will be subject to a reconciliation in 2024 by the MDBA. The reconciliation will review the package of measures to reconcile the anticipated outcomes with the achieved outcomes and make any final SDL adjustments.

WITHOUT PREJUDICE

The MDBA will report annually on progress against the targets for constraints measures established under the sustainable diversion limit adjustment mechanism. Implementation of the SDL Adjustment Mechanism, including full implementation of constraint relaxation in the Southern System by 2024, will ensure the capacity of river managers to achieve flows of 80,000 ML per day at the South Australian border.