



13 December 2019

The Hon David Littleproud MP,
The Hon Dr Anthony Lynham MP,
The Hon Melinda Pavey MP,
Mr Mick Gentleman MLA,
The Hon Lisa Neville MP,
The Hon David Speirs MP,
Murray-Darling Basin Ministerial Council

Dear Ministers

Re: Fundamental improvements for the Murray-Darling Basin Plan

The National Farmers' Federation (NFF) recognises the critical importance of the upcoming Ministerial Council (Minco) meeting to address ongoing concerns surrounding the implementation of the Murray-Darling Basin Plan (Plan). The timeframe to drive sensible reform to the implementation of the Plan tightens as Governments continually delay action amidst further inquiries and reports.

Farmers are suffering across the Basin. The anger from a combination of poor or delayed policy implementation, severe drought and other factors culminated in protests which led to all agreeing that the Plan needs fixing. However, this requires a fundamental commitment from all Governments to work together to improve the Plan. No one Government alone is responsible for the suffering across the Basin nor can they solve every problem, but no meaningful and enduring policy has ever been created without dogged commitment to work together and build consensus. Ongoing commitment from all governments to fix the Plan is strongly encouraged.

The NFF understands a number of reports and policy proposals will be discussed at the meeting, including:

- The Northern Basin Commissioner First Year report.
- Investigation of the impact of changing distribution of inflows in the southern Basin.
- The interim report of the Sefton review into social and economic conditions in the Basin.
- Outcomes of the joint NSW and Vic review into modelling of constraints projects.
- Providing the Interim Inspector General with appropriate powers.

These outcomes should be promptly released to inform policy direction. This includes Greg Claydon's independent review of the governance arrangements for implementing the Plan. Greater transparency is needed from Governments to bridge the gap in trust from communities and the NFF will be watching with interest the outcomes of the deliberations.

The NFF notes the following crucial priorities in the coming months for implementing the Plan:

Conferring powers to the Interim-Inspector General

The NFF has welcomed the appointment of Interim Inspector-General (IIG) Mick Keelty to ensure integrity, accountability and confidence in the management of Basin water resources, and notes the broad support he has received across the community. The NFF supports the outcomes agreed at Minco in August 2019 that allows for increased compliance across the Basin and the IIG should be able to perform his role without obstruction and with full cooperation with the states. The NFF nevertheless reserves its final position on expanded powers until we have considered the draft legislation.

Expert panel investigation

The NFF supports Minco, through a properly resourced expert panel, conducting an investigation into the impact of changing distribution of inflows in the southern Basin and the consequential impacts on state shares including how these interact with State allocation policies. The NFF encourages all jurisdictions to cooperate and participate in this process. However, the maintenance of sovereign rights of states over water distribution remains sacrosanct.

Fixing the consultation process

The NFF has received numerous complaints from diverse sources about the shambolic consultation process pursued by some State Governments. There is a view that there can be an anti-irrigation bias amongst water bureaucrats which is undermining goodwill and procedural fairness, resulting in Water Resource Plans (WRPs) and Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects that are poorly designed and unsupported by communities. The Productivity Commission reaffirms this sentiment, noting:

Consultation has been inconsistent and inadequate, and the community has often had little sense that decision makers have listened to their concerns. Governments' approach has regularly lacked transparency and candour.

Despite this clear advice and the issue being persistently raised by stakeholders, there is little evidence engagement has improved in some jurisdictions.

Poor consultation continues to corrode community trust and confidence and further jeopardise implementation of the Plan. The NFF cannot have confidence in the integrity of WRPs or projects developed without proper consultation that would likely result in poorer water management outcomes. Given the complexities of many water reform aspects of the Plan, genuine consultation is essential and cannot be rushed.

The consultation process cannot only amount to the following:

1. Placing an inordinate amount of long and dense documents on a Government website;
2. Advertising consultations online that most people do not see; and/or
3. Holding 'public information sessions' in communities to tell communities what they are going to do, usually at the end of the policy development process — where most decisions have already been made and there is little scope for communities to provide input, and where there is little appetite to make any substantial changes.

Where this is happening, this fundamentally flawed process must be fixed. Governments must recognise the role of expert local knowledge in shaping policy and other projects under the Plan, and involve them at an earlier stage. This should be broadly represented. Business-as-usual is not an option.

The NFF recommends Ministers develop clear consultation plans that outline how Basin Governments will conduct stakeholder consultations that give voice to local community concerns which should also inform communities on the overall process to address issues. Consultation records should also be made public to ensure transparency.

While the NFF recognises this might require additional resources, this is the cost of processes that have been so shambolic they have eroded community trust which is fundamental to the successful implementation of the Plan.

Developing proper Water Resource Plans

WRPs must be properly developed through comprehensive consultation with communities. The NFF has seen mounting evidence that the consultation process to date in NSW has been poor and disingenuous without properly considering feedback received. Some WRPs are complex and should not be rushed to meet deadlines at the expense of genuine consultation. A separate letter outlining these concerns will also be provided to the Minco.

Implementation of the Productivity Commission recommendations

The NFF has made abundantly clear the importance of implementing the recommendations of the Productivity Commission report and previously expressed our disappointment with the delays and underwhelming response by the joint Government response. The NFF notes that there is little point of a five-yearly review if it takes more than two years to commence implementation, by which time it would be relatively obsolete. We need to see real progress on implementation agreed at Minco.

Improving flexibility of SDLAM projects

The development of some SDLAM projects has been poor, particularly the consultation process for contentious projects including the Menindee Lakes, Yanco Creek and constraints measures.

While the NFF supports implementation of well-designed projects to achieve the 605 GL, the continued inflexibility of the projects and poor community consultation means that beneficial and other adaptive measures that could improve projects have effectively been locked out. The NFF understands modelling of the constraints measures has been reviewed by the Victorian and NSW Governments, and expects these results to form part of the implementation strategy. However, the lack of information here is concerning.

Projects must have community support. If they do not, they must be adjusted to earn support, or failing that, find another pathway to meet the objective. The NFF is concerned the lack of flexibility and transparency will stall progress, particularly if project(s) are overwhelmingly unsupported by community, and risk further water buybacks in regional communities to meet water recovery targets. As outlined above, the first step is to fix the poor consultation process in these areas.

The NFF requires the Government explore pathways, including specific legislative pathways, to allow new or alternative SDLAM projects be developed and ensure greater participation from communities. The NFF has previously suggested Governments conduct a series of workshops to: (a) inform communities of the proposed project details to enhance community understanding and transparency; and, (b) workshop improvements or new projects by enabling flexibility and adaptability. The Productivity Commission's stakeholder consultation process proved effective in their inquiry and should be considered.

Urgently addressing deliverability issues and third party effects

Deliverability issues and third party effects associated with changing patterns of water use and subsequent demand downstream of the Barmah Choke remains a priority concern for the NFF. This includes a declining river channel capacity and impacts on the environment including bank erosion. We understand options are being examined under multiple inquiries including the:

- ACCC inquiry into water markets in the Murray-Darling Basin
- Sefton review into social and economic conditions in the basin
- Minco review of the Murray River capacity risks due to be reported at the upcoming meeting.

The NFF expects greater transparency surrounding this process and urges prompt release of the reports as they become available to allow industry and other stakeholders to develop informed policy and allow public discussion to occur. Governments must make quick and considered responses to the above inquiries when the interim findings are released.

Improving governance and oversight of the Plan

The NFF continues to advocate for recommendations of 'Chapter 14 – Institutions and Governance' of the Productivity Commission report to be implemented, and notes the underwhelming response provided in the 'Joint Basin government response to the Productivity Commission inquiry report' where none of the recommendations were wholly agreed to.

The NFF seeks action from Governments to reform the institutions and governance of the MDBA and separate its service delivery and regulatory functions, consistent with good public administration. As identified in the report, postponing separation carries serious short-term risks for the credibility of Governments within the community, and the long-term success of the Plan, and the institutional incentives outweigh the cost of transition. The NFF notes, however, that this must be carefully managed to minimise bureaucratic inertia and avoid any undue disruption to the MDBA's ability to implement the Plan.

Northern Basin Commissioner Report First Year report

The NFF is disappointed with the Northern Basin Commissioner's report, noting it did not adequately reflect the Terms of Reference. The report did not:

- Conduct an audit of water resources.
- Comment on water theft.
- Clearly articulate progress against environmental water recovery and metering.

The NFF believes these areas still need to be explored.

Nevertheless, the NFF notes the report excoriates the overly bureaucratic nature of the Department of Agriculture and other state agencies which is effectively risking timely delivery of projects and delaying implementation.

The Department's bureaucracy must be fixed by developing an 'enabling' culture that can guide implementation. Government risk aversion in implementing the Plan should be tempered by the risk posed by the Plan not being sensibly delivered.

The NFF believes there is also a strong case for having the Commonwealth Environment Water Holder as a member of the Basin Officials Committee to improve governance.

This is a critical moment for Basin communities and the farm sector. Please ensure clear progress is made across these issues, and other issues of importance. Should you seek further advice or information please contact the undersigned or Warwick Ragg, NFF's General Manager NRM on wragg@nff.org.au or 0262695666.

Yours sincerely



TONY MAHAR
Chief Executive Officer

NFF Member Organisations

