

Inquiry into Water Licences and Rights

Submission by the Murray-Darling Basin Authority

Set out below is an overview of the functions and activities of the Murray-Darling Basin Authority (MDBA) relevant to the terms of reference of the Senate Environment, Communications and the Arts References Committee's inquiry into water licences and rights.

We would be happy to provide the Committee with further detail about any of these matters if required.

Functions of the Authority

To enable the water resources in the Basin to be managed in the national interest, the *Water Act 2007* (the Water Act) commenced in March 2008. A key element of the Water Act is the preparation of a proposed Basin Plan by the MDBA for adoption by the Commonwealth Minister for Climate Change and Water. Following the referral of certain powers from the Basin States to the Commonwealth, the Act was amended in December 2008. These amendments transferred the functions of the Murray-Darling Basin Commission to the MDBA and enabled the Basin Plan to provide arrangements for meeting critical human water needs.

In addition to preparing the Basin Plan, the MDBA is responsible for:

- implementing and enforcing the Basin Plan
- advising the minister on the accreditation of state water resource plans
- measuring and monitoring water resources in the Basin
- gathering information and undertaking research about water resources in the Basin
- engaging the community in the management of the Basin's water resources

The Murray-Darling Basin Agreement (Schedule 1 to the Water Act) also confers functions on the MDBA. The Agreement establishes arrangements for matters such as state water shares on the River Murray system; the construction, operation and maintenance of the River Murray assets; and natural resources management programs that are jointly funded.

The issuing and sustainability of water licences under any government draft resource plans and water resource plans;

The Water Act provides that if a state consults with the Authority in relation to a draft water resource plan prior to it being made, on adoption this plan will remain in place until it is subject to review under the relevant state legislation. On review, the water resource plan will need to be consistent with the Basin Plan.

The effect of relevant agreements and Commonwealth environmental legislation on the issuing of water licences, trading rights or further extraction of water from river systems;

The Basin Plan

As noted above a key requirement of the Water Act is the preparation of a proposed Basin Plan by the MDBA. After the plan has been adopted by the Minister for Climate Change and Water Resources, the Basin Plan will be a legally enforceable document that provides for Basin-wide management of water resources. The MDBA is working to a timetable that will produce a proposed Basin Plan by mid-2010 and the first Basin Plan in 2011.

The Basin Plan will be implemented through water resource plans that are consistent with the Basin Plan and accredited by the Commonwealth Minister. These water resource plans will be administered by the relevant state/territory. In this way, the allocation and licensing of water and granting of water rights in the Murray-Darling Basin will remain the responsibility of the relevant states but will need to be done consistently with the Basin Plan.

Key elements of the Basin Plan are:

- environmentally sustainable limits on the quantities of surface water and groundwater that may be taken from Basin water resources
- a water quality and salinity management plan that sets water quality and salinity objectives and targets for the Basin water resources
- an environmental watering plan to coordinate the management of environmental water across the Basin
- water trading rules to ensure a Basin-wide approach to the trading of water rights
- the requirements that must be met by state water resource plans in order to be accredited by the Commonwealth Minister
- a program for monitoring and evaluating the effectiveness of the plan

The enforceable limits on the quantities of surface water and groundwater that can be taken from the Basin water resources are a central element of the Basin Plan. These limits must be set at a level that the MDBA, using the best available scientific knowledge, determines to be environmentally sustainable. This is defined as the level at which water in the Basin can be taken from a water resource without compromising key environmental assets, key ecosystem functions, the productive base of the water resource or key environmental outcomes.

The water trading rules will ensure a Basin-wide approach to the trading of water and deal with a range of matters including:

- the removal of barriers to trading water rights
- the terms and processes for trading water rights
- the manner in which trades of water are conducted
- the provision of information to enable trading to take place

The water trading rules will be prepared by the MDBA on advice from the Australian Competition and Consumer Commission.

The Murray-Darling Basin Agreement

In 2008, the Commonwealth, New South Wales, Victoria, South Australia, Queensland and Australian Capital Territory Governments entered into a new Murray-Darling Basin Agreement. The Agreement sets out the management arrangements for the River Murray System, including the sharing arrangements to apply during times of drought. The Agreement provides that each government shall provide for or secure the execution and enforcement of the provisions of the Agreement in its jurisdiction.

The Agreement provides for three tiers of water sharing arrangements. Tier 1 applies in conditions of normal water availability, Tier 2 applies in times of water shortages when there is a likelihood that there will not be sufficient conveyance water to convey critical human water needs under Tier 1 arrangements, and Tier 3 arrangements apply where there are extreme or unprecedented low levels of water availability or water quality. Water trade between States and between valleys within the Murray-Darling Basin is coordinated under the principles set out in Schedule D to the Agreement.

The collection, collation and analysis and dissemination of information about Australia's water resources, and the use of such information in the granting of water rights

The proposed Basin Plan is being prepared based on the best available science. This will ensure that the diversion limits set by the Basin Plan and other requirements for management of Basin water resources are informed by the best available scientific information. Valuable information already exists that can be used in preparing the plan, such as CSIRO's Murray-Darling Basin Sustainable Yields Project, MDBA's Sustainable Rivers Audit and The Living Murray arrangements.

The Basin Plan will also include a program for monitoring and evaluating its effectiveness. The program will set out the reporting requirements for the Commonwealth and the Basin States. An integral part of the monitoring and evaluation program will be to assess the current condition of Basin water resources and to track progress towards the Basin Plan's stated objectives and outcomes. The results found through monitoring and evaluation will provide important feedback to support adaptive management through future reviews of the Basin Plan as well as guiding future research investment.

The MDBA publishes live data about Murray River storage levels and flow data on its website. It also provides regular updates about the impact of the current drought on the environment and water resources in the Basin. This information is used to inform decision-making about water sharing in the Murray system.

Both the Bureau of Meteorology (BOM) and the MDBA have functions under the Water Act with regard to water information. BOM has a national role, while MDBA focuses on more specific and detailed information for the Basin. The MDBA staff work with staff from the BOM and other relevant agencies to enable coordination of these functions.

Part 5 of the Water Act provides that the MDBA may prepare a Murray-Darling Basin Water Rights Information Service. The function of the service relative to other information management arrangements in the Basin and potential funding sources are currently being investigated.