



Australian Government

Australian Government response to the
House of Representatives Standing Committee on the
Environment and Energy:

Report on the inquiry into the management and use of
Commonwealth environmental water

February 2020

Introduction

On 28 February 2018, the House of Representatives Standing Committee on the Environment and Energy (the Committee) resolved:

That, pursuant to standing order 215(c), the Committee examine the 2016–17 annual report of the Department of the Environment and Energy. In doing so, the Committee will inquire into and report on the management and use of Commonwealth environmental water, giving particular consideration to the role of the Commonwealth Environmental Water Holder in:

- 1. maximising the use of environmental water for the protection and restoration of environmental assets;*
- 2. considering innovative approaches for the use of environmental water;*
- 3. monitoring and evaluating outcomes of the use of environmental water; and*
- 4. options for improving community engagement and awareness of the way in which environmental water is managed; and*

any other matters of relevance that the committee wishes to consider.

On 7 December 2018, the Committee tabled its report on the *Inquiry into the management and use of Commonwealth environmental water*.

The Australian Government has considered the recommendations of the Committee's report and has provided the responses below.

Response to recommendations

Recommendation 1

The Committee recommends that the Commonwealth Environmental Water Holder continue to:

- a) apply the ‘good neighbour’ policy;
- b) coordinate with state water managers and other partners to optimise environmental water releases;
- c) provide regular updates on environmental watering activities and outcomes;
- d) make funds available for non-flow complementary measures and projects, such as pest control and weed eradication;
- e) trade water that is excess to environmental requirements; and
- f) foster partnerships with the private sector and non-government organisations.

Response:

Agreed.

The Commonwealth Environmental Water Holder will continue to undertake these actions and policies.

- a) The Commonwealth Environmental Water Holder’s (CEWH) water entitlements are managed within the same rules and regulations as other entitlements used for non-environmental purposes. To realise the full value of the public investment in the Commonwealth’s water holdings, the CEWH seeks to manage these entitlements to full effect, making use of the allocations, carryover and water supply provided through state law, which are the same as other water entitlement holders are granted. This includes seeking an equitable access to channel capacity for the delivery of water allocation so water can be made available for the environment when it’s needed.

While the CEWH has a responsibility to maximise the outcomes from the public investment, planning and delivery of water for the environment is undertaken having regard to the potential risks that may result from applying environmental water. Measures are taken to minimise the potential unintended impacts on other water users that may occur as a result of the large scale of operation, which is reflected in the intent of the Good Neighbour principle.

The CEWH will continue to consult with irrigation groups, entitlement holders and state agencies responsible for water and river management to address risks of third party impacts and ensure environmental watering needs and outcomes are met.

- b) Working with state governments enables the efficient use of environmental water by utilising existing state frameworks and operational arrangements to optimise

environmental releases. The CEWH will continue to coordinate with its delivery partners through Commonwealth and state-led forums to bring together environmental water holders, river operators and other stakeholders to manage environmental water. Coordinating environmental watering between all holders of held water and managers of planned water also maximises outcomes, ensures multiple objectives are met and allows for system-wide benefits. Formal partnerships with state government agencies will be renewed (for New South Wales and Victoria) or established (for South Australia) in the 2019–20 water year.

- c) The CEWH is committed to ensuring information on its watering activities and the outcomes of these activities are made available regularly, publicly and transparently. Information on the CEWH's environmental watering activities and outcomes are shown through monitoring and research which is available on the Commonwealth Environmental Water Office's (CEWO) website. In catchments where Long-Term Intervention Monitoring is undertaken, researchers are in the community speaking to landholders about environmental watering and the monitoring undertaken. Quarterly progress reports are also published that detail the environmental watering undertaken in the period.

A key component of the CEWO are local engagement officers that work alongside state and water management agencies providing outreach to local communities throughout the Basin. Other mechanisms used by the CEWH to provide updates on environmental watering include advice provided in state-led environmental water groups and media outreach.

The Australian Government recognises more work is needed to improve access to clear and simple information on how, where and why water for the environment is being used. Responding to the need to improve water literacy and community awareness of the environmental outcomes and other benefits of the use of water for the environment, the Commonwealth and state agencies are working closely together to improve communications and engagement. The CEWH is also reviewing its Communications and Engagement Strategy, including consideration of how regular updates on environmental watering activities can be done in future (see recommendation 7).

- d) The CEWH is able to fund environmental activities that are complementary to environmental watering using the proceeds from trading water. The CEWH is finalising its Investment Framework and preparing a 2019-20 Annual Investment Plan to inform future investment in environmental activities. Environmental activities will complement, enable or improve the efficiency and effectiveness of environmental water management and delivery, and support the CEWH to perform its statutory functions.
- e) The *Water Act 2007* (Water Act) sets out the conditions under which Commonwealth environmental water can be sold and prioritises how the proceeds from sales are to be used. The CEWH uses water directly for environmental outcomes where there is a demand. The CEWH's priorities are to firstly use water to achieve environmental outcomes, then to carry it over for use in future years to meet environmental demand, and

then to sell it where the sale would, through the use of the proceeds of the sale, lead to a better environmental outcome.

- f) A number of partnership arrangements with private and non-government organisations assist the CEWH to incorporate local community and industry views into planning for environmental watering. The CEWH has recently renewed its agreements with Banrock Station and Renmark Irrigation for five years. Renmark Irrigation Trust is the first irrigation scheme in the world to be certified for good water stewardship by the global Alliance for Water Stewardship. This certification partly depended on the Trust's partnership with the CEWH to provide environmental outcomes and rehabilitate wetlands and the landscape around its area of operations in South Australia.

The CEWH has and will continue to work closely with philanthropic organisations, First Nations people and other non-governmental organisations (NGOs) to develop partnerships which will enhance environmental outcomes across the Murray-Darling Basin.

Recommendation 2

The Committee recommends that the Commonwealth Environmental Water Holder work with the Murray-Darling Basin Authority on practical methods to shepherd environmental water in a manner consistent with the rights of other water holders.

Response:

Agreed.

The Commonwealth Environmental Water Holder will continue to work with the Murray-Darling Basin Authority and States in the implementation of the protection of environmental water.

River management practices to shepherd and protect environmental water are the responsibility of state governments, however the CEWH will work with state governments to enhance their policies and operations to realise the full benefits from environmental water as envisaged by the Water Act. The role of Water Resource Plans (WRPs), pre-requisite policy measures (PPMs), constraints relaxation and the implementation of measures that support reduced recovery of environmental water (Northern Basin Toolkit, Sustainable Diversion Limit Adjustment Mechanism supply measures) are critical to successful environmental watering.

New South Wales, Victorian and South Australian state governments have in place pre-requisite policy measures (Basin Plan, section 7.15), which include the crediting of environmental return flows and enabling the release of environmental water on top of other river flows. These measures were assessed by the MDBA and determined to be 'in effect' by 30 June 2019 as required. In its assessment, the MDBA has encouraged state governments to commit to an ongoing work program to adaptively manage PPMs as they are implemented.

State governments have committed to an ongoing program of work to ensure PPMs provide for more effective and efficient use of environmental water. The CEWH will continue work with the Murray-Darling Basin Authority and Basin States to improve environmental watering outcomes as these measures are implemented.

Recommendation 3

The Committee recommends that the Australian Government continue to fund and support an infrastructure program aimed at optimising water efficiency in the Murray-Darling Basin.

Response:

Agreed.

The Commonwealth Environmental Water Holder supports the continued improvement of water efficiency in the Murray-Darling Basin.

In June 2018, the Murray-Darling Basin Ministerial Council agreed to progress the recovery of 450 GL of efficiency measures through a Commonwealth funded Basin-wide efficiency measures program. \$1.5 billion is available from the Water for the Environment Special Account to improve water efficiency and deliver 450 GL of water savings for the environment by 2024. The efficiency measures program invests in infrastructure projects to optimise water efficiency in the five streams of urban, industrial, off-farm, on-farm and metering projects. In December 2018, the Ministerial Council agreed to adopt a set of criteria to ensure the infrastructure projects had a neutral or positive socio-economic impact. Basin States are also developing state-led water efficiency projects for consideration for funding by the Australian Government.

Infrastructure works provide improved water efficiency while enabling at least the same level of production. Water savings generated by the efficiency measures program are transferred to the Commonwealth Environmental Water Holder and contribute to the 450 GL of additional water for the environment required under the Basin Plan.

Recommendation 4

The Committee recommends that Basin states work to ensure that environmental water flows achieve their aims. Basin States should further ensure that reporting is comprehensive, timely and evidence-based.

Response:

Noted

The Commonwealth Environmental Water Holder will continue to work with Basin States to ensure that environmental flows achieve their aims and are well reported.

The Basin States endorse the following response:

Once key aspects of the Basin Plan reforms in state-based legislative frameworks and policies are in place, river management will continue to evolve and mature to ensure the correct settings are in place for environmental water use to be maximised. The CEWO actively engages with the Basin States through consultative forums and bilaterally, to ensure that the operation of state policy settings and procedures provide for the intended environmental outcomes from the use of held environmental water.

The Murray-Darling Basin Authority also provides a key function in supporting the establishment and implementation of measures for environmental water delivery (Water Act, section 172(1)(e) and (g)). The CEWH's statutory reporting responsibilities depend on accurate, credible and reliable information reported by the relevant state agencies. Environmental water accounting information is also critical for operational decisions made by the CEWH in the management of the Commonwealth's water holdings. The CEWH is working with states and the Murray-Darling Basin Authority to foster processes for on-going improvement of environmental water accounting and public reporting.

Recommendation 5

The Committee recommends that the Commonwealth Environmental Water Holder's Knowledge Management Project and Long-Term Intervention Monitoring Project (or similar projects) be continued.

Response:

Agreed.

The Commonwealth Environmental Water Holder will continue these projects by integrating them into the Monitoring, Evaluation and Research (MER) program to 2022.

Research and monitoring are critical to the operations of the CEWH, including the capacity to demonstrate the environmental outcomes from, and adaptive management of, the water portfolio. The CEWH is extending the Long-Term Intervention Monitoring (LTIM) and Environmental Water Knowledge and Research (EWKR) projects through a \$30 million investment out to 30 June 2022.

The projects will be delivered as an integrated program called the Monitoring, Evaluation and Research (MER) program, which involves contracted arrangements with over 30 independent research and academic institutions and government agencies. The CEWH will undertake an independent review of the LTIM and EWKR projects, including Basin-wide public consultation to inform the long term design of the CEWH's monitoring and research activities into the future.

Monitoring and evaluation of environmental watering is also an important input to the CEWH's Basin Plan reporting (Basin Plan, Schedule 12) and the Murray-Darling Basin Authority's Basin-scale evaluations undertaken every five years to track progress of Basin Plan implementation.

Recommendation 6

The Committee recommends that the Commonwealth Environmental Water Holder investigate additional monitoring techniques, including:

- a) aerial or satellite imagery; and
- b) observations and reports from experienced volunteers, including land holders, State authorities and other groups such as the Southern Fishermen's Association.

Response:

Agreed in-principle.

The Commonwealth Environmental Water Holder will continue to incorporate external observations and reports, and is developing an Information Strategy to better incorporate data from new technologies.

The CEWH is developing an Information Strategy to determine the ongoing information needs of the CEWO. The Strategy will consider how improved monitoring techniques and new technology could be better-utilised to inform improvements to the management of environmental water. Remote sensing is an integral component of the CEWO's evaluation and research activity. The CEWH will work with the Bureau of Meteorology, Geoscience Australia, CSIRO and the Murray-Darling Basin Authority to develop the best approach for using satellite technologies. Under the MER program it is intended that other new technologies, including drones, will be investigated and where feasible incorporated.

The CEWO works closely with state agencies and other partners in the planning, delivery and monitoring of environmental water. Officials from state agencies form part of the selected area monitoring teams under the MER program. The CEWO incorporates the results of monitoring projects undertaken by others (for example the Murray-Darling Basin Authority's The Living Murray Project and jurisdictional monitoring programs) into its evaluation activities. In some cases observational information that has been collected by our partners, the community and academics, such as observations from recreational fishing groups, and the University of New South Wales' Eastern-Australian Aerial Waterbird Survey is incorporated into environmental water planning and monitoring. The CEWH's partners have been successful in facilitating greater community involvement in the management of water for the environment.

Additional funding of up to 10 per cent is being provided through the CEWH's MER program for enhanced communication and engagement activities. This investment is focused on engaging communities in adaptive management of Commonwealth environmental water

by better utilising local knowledge and expertise through a number of activities and forums. These may include: citizen science; indigenous engagement in environmental water management; and events and activities that bring stakeholders, community and scientists together to foster relationships and sharing of local knowledge and expertise.

Recommendation 7

The Committee recommends that the Commonwealth Environmental Water Holder develop an updated communication and engagement strategy.

Response:

Agreed

The Commonwealth Environmental Water Holder is developing an updated Communication and Engagement Strategy.

The CEWH recognises further work is needed to establish more effective methods to share information with the community about the value, use and environmental outcomes from the delivery of water for the environment. The CEWO is currently developing an updated Communication and Engagement Strategy. In the interim, the CEWO will implement short-term enhancements in communications to improve access to relevant information for government agencies, industry and the community.

One example is the trial of a new stakeholder forum in the northern Basin that will enable the CEWH to hear directly from community representatives about the benefits to the environment and river communities from water for the environment. This will enable the CEWO to work more closely with the community to better manage the small amount of water available in the North. The success of new forums rely on a collaborative effort and input from various state agencies and interested stakeholders.

There is also work underway with other environmental water holders (NSW Department of Planning, Industry and Environment, Victorian Environmental Water Holder and Murray-Darling Basin Authority) to better-coordinate communications and engagement about water for the environment and build knowledge within the broader community.

Recommendation 8

The Committee recommends that the Commonwealth Environmental Water Holder continue to work and consult with Indigenous communities to further understand and inform sympathetic water use policies.

Response:

Agreed.

The Commonwealth Environmental Water Holder will continue working with Indigenous communities and is co-developing an Indigenous Engagement Strategy to involve Indigenous peoples earlier and more often.

The CEWH is committed to enhancing its engagement with the First Nations people of the Murray-Darling Basin. This includes involving First Nations peoples in the planning, delivery and monitoring of Commonwealth environmental water. This commitment is reflected in the Australian Government's commitments package of 2018.

The CEWH is in the initial stages of the co-development of an Indigenous Engagement Strategy, which will build on local and state government initiatives and other relevant Commonwealth programs.

The CEWH and Murray-Darling Basin Authority are funding the Murray-Lower Darling Rivers Indigenous Nations and Northern Basin Aboriginal Nations to develop First Nations Environmental Water Guidance. This project will identify First Nations environmental objectives and outcomes to inform Basin-wide priorities and planning for environmental watering.

The CEWH partners with First Nations to plan and deliver Commonwealth environmental water to culturally significant sites. For example, the CEWH has a partnership agreement with the Ngarrindjeri Regional Authority (NRA), which provides a pathway for them to submit proposals to water culturally and environmentally significant sites. The NRA has recently started watering at Teringie wetland, which was chosen by the NRA for its cultural and environmental values, including supporting native vegetation and improving habitat for waterbirds and frogs.

Recommendation 9

The Committee recommends that the Commonwealth Environmental Water Holder review the adequacy of its existing mechanisms for consultation with the community. This review should consider if there is any benefit in establishing a formal advisory or consultative group to inform water use decisions.

Response:

Agreed in-principle.

The Commonwealth Environmental Water Holder will expand engagement with communities and will incorporate this into its updated Communication and Engagement Strategy.

The CEWH is a member of a number of Basin-scale, regional and catchment-focused consultation forums that provide effective mechanisms for consulting with the community on environmental watering.

The CEWH will consider the adequacy of its existing mechanisms for community consultation and the merits of establishing a formal consultative group in the context of the broader review of the Communication and Engagement Strategy (see recommendation 7).

The CEWH recognises there is a particular need to expand its engagement with the community in the northern Basin and is working to trial a northern Basin stakeholder forum to facilitate broader community engagement across the northern Basin.

Through the CEWH's MER program a portion of additional funds is being allocated for communication and engagement activities in the Basin (see recommendation 7). This investment is a further example of building on engagement with communities and better utilising local knowledge and expertise through a number of activities and forums.