Australian Government

Inspector-General of Water Compliance

WATER'S EDGE: TRANSCRIPT

S2, Episode 2: The Steady as it flows report

Speaker: *Water's Edge* podcast acknowledges the traditional owners of country throughout the Murray-Darling basin and Australia, and recognises the continuing connection to lands, waters and community. We pay our respects to aboriginal and Torres Straits Islander cultures, and to the elders past, present and emerging.

Annabelle Hudson: Coming up, we look at why there's a perception the Murray-Darling Basin Authority hasn't been managing the River Murray properly.

KL: And the problem is that there's no prioritisation that river operators can look to, to essentially determine who the water gets to go down the river.

AH: How communities are sceptical about the role of the Commonwealth Environmental Water holder.

TG: I think there's a sentiment out there that they're the buggers that have got our water. And we want them to making good use of it because if it wasn't taken off us, we could have been using it better.

AH: And what can be done to address community concerns about water management.

JV: We found that it can be difficult for the community to get information on the reason for a specific flow event that may be passing through their area of the basin, or through their river next to where they live.

AH: I'm your host, Annabelle Hudson. Today, I'm joined by Inspector-General of Water Compliance, Troy Grant and inquiry and review assistant directors Ken Lonnie and Joe Vile.

Speaker: This is *Water's Edge*, and welcome to the conversation.

AH: Alright, welcome to today's episode of *Water's Edge*. Today we're going to be looking in-depth at the *Steady as it flows* report. Joining me on the line again is the Inspector-General of Water Compliance Troy Grant. We're going to be doing this episode in 2 parts. So, the first part is going to be looking at the Murray-Darling Basin Authority and their river operations, and then we're going to look at the Commonwealth Environmental water holder as part 2 of this podcast, so good afternoon, Troy, how are you going?

TG: Yeah, terrific, thanks Annabelle. Thanks for having us again on *Water's Edge*.

AH: And alongside Troy, we have Ken Lonnie who has, what's been your role in this report?

KL: So, I was essentially the IG project manager for the river operations section of this assessment.

AH: Perfect. So Troy, can you tell us what I guess the purpose behind the *Steady as it flows* report is, why did you want to initiate this?

TG: Yeah, sure Annabelle, and look, this all comes about responding directly to the major concerns that those throughout the Basin had when the Inspector-General of Water Compliance Office was being established. The overwhelming sentiment across the basin was a level of distrust of agencies and jurisdiction in relations to their water management and a the top of that list was the MDBA, particularly the operations of the River Murray. About their decision making, whether there was evidence of maladministration, how they were arriving at their decisions and information as a consequence of their decisions about the quality or lack of and availability of information. What I heard overwhelmingly is over the decade that the basin plan has been around, that a lot of agencies often go out and listen to the community but they don't hear what they're saying. So I decided to put together a consultative assessment to understand how they were operating, what the rules were in relations to the water act, the basin plan and what we found.

AH: How do you feel the community's going to respond to this report.

TG: Look, the honest answer is I think that there's a certain level of set opinion and viewpoints that's been wedded in there, whether that's fair or unfair over the MDBA's performance over the last decade is an opinion and people are entitled to their opinions, but our job is on the back of evidence to find the evidence and independently articulate what our findings were. So not everyone's going to be happy with this report and we acknowledge that. But it's important as we develop and we mature as an organisation that people come to trust us that we will call it out, good, bad or indifferent. And not everything's perfect and as Ken and later on Joe will explain, there's plenty of rooms for improvement as well and hopefully those improvements will also negate and minimise the issues of concerns people have going forward.

AH: Alright, we might get into the first part of the podcast which is the Murray-Darling Basin Authority's river operations, so Ken, what are river operations?

KL: Good question Annabelle. So the River Murray is what's referred to as a regulated river and what that essentially means is that the river itself contains within it a series of water infrastructure such as dams, weirs, locks and what that allows us to do is essentially control the flow of the river, hence being a regulated river. So river operations in broad term simply describes that process, so closing dam gates to allow storages to fill up in the winter months and then releasing or delivering that water to use downstream in the summer months. So that's essentially what river operations is all about. It's maximising storage of water so that then it can be delivered to irrigators, towns and the environment downstream when it's needed most during those hot months.

AH: So what roles does the Murray-Darling Basin Authority play in river operations?

KL: So the Murray-Darling Basin Authority essentially operates the River Murray on behalf of the southern basin states being New South Wales, Victoria and South Australia and they do that as Troy alluded to under the terms set out in the Murray-Darling Basin Agreement. So they essentially oversee the river as a whole, so whilst you may have states operating individual infrastructure such as dams, so Dartmouth in Victoria for example is operated by Goulburn-Murray water, Hume's operated by Water New South Wales. The MDBA

oversees operations of the river as a whole and it's the MBDA that determines when storages are to fill up and then the volume of releases that are to be made from those storages to meet from those storages to meet the demands of users.

AH: What was the scope of the assessment?

KL: So this assessment was conducted essentially in 2 parts. The first part was to assess the adequacy of the water measurement throughout the river, so in order for the MDBA to undertake their river operations function, they rely on measurement data from gauges right throughout the river. So their first part was looking at how adequate is that coverage of that measurement. Is it up to scratch. The second part of the assessment was whether the data analysis processes undertaken by the MDBA, once they get that data, is essentially what do they do with it? So their modelling, that underpins all their river raising decisions, is that sound, is it fit for purpose?

AH: And did you look at that data because that's what the community was kind of indicating that that was a problem area?

KL: So the community's concern probably weren't that specific. It is a, it's a complex and bit of a niche area, so much of the community may not realise that the decisions of the MDBA are underpinned by a series of gauges in the river that will tell them things like flow rate, the height of the river, the temperature of the river, things like that. So but that data is vital to informing the MDBA how to actually run the river. So, as Troy alluded to, we conducted this as a consultative assessment, so what that also meant was to undertake this review, a large part of it was a series of interviews with obviously with the MDBA river ops team as well as representatives from the Vic, New South Wales and South Australian governments who help operate the system but we also commissioned interviews with quite a large number of external stakeholders in the community, some of whom have voiced these concerns because we want to make sure their views were taken in to consideration as we did this assessment.

AH: Something we're going to be touching on in this episode is the Murray-Darling Basin plan versus the Murray-Darling Basin Agreement. Troy, can you give us an overview of what the difference is and what the Inspector-General has oversight on.

TG: Yeah sure, and look, Ken can expand on this but the Murray-Darling Basin Plan obviously encompasses the entire basin and it's a big broad document with lots of objectives unpinning, that is our WRPs which allows us to do sustainable diversion limit count on an annual basis of water take and measure how that's performing, there's intergovernmental agreements that are tied to the plan in relation to different aspects of the plan regarding metering and a whole heap of other measures, and the Murray-Darling Basin Agreement is an agreement between those parties being New South Wales, Victoria and South Australia, regarding the management and the decision making process about the River Murray, the water releases there and the management along the Murray, so the delivery of water along that system. It's an agreement that is 110 years old, so it gives our listeners an indication of how long the jurisdictions have tackled the challenging matter of delivering water throughout the River Murray, but it doesn't directly come under our purview of responsibilities.

AH: So in a nutshell, we have oversight on the Murray-Darling Basin Plan, not the Murray-Darling Basin Agreement.

TG: Well, we have some opportunity to oversight the water management as a whole in the Murray-Darling, but we don't have direct legislative or statutory powers to compel, influence or be a stakeholder in the what the outcomes are, relative to that agreement. So we can find these observations and make commentary on it and point people in the right direction, but it is not our responsibility to resolve that issue.

KL: The agreement sets out the rules for the Murray-Darling Basin Authority to operate the river and they're quite specific rules, but it doesn't actually talk about water for the environment. That's introduced as part of the basin plan. So because of that, what can happen in times of really high demand, you can have water orders from irrigators, you can have water that you need to get to towns and communities, and then you may have a big order of water from environmental water holders, such as the Commonwealth Environment Water Holder. And if they all want that down the system at the same time, sometimes it can't be done and that's what's called a delivery shortfall event. So it is rare, but it is a real risk. It has happened in the past, and the problem is, that there's no prioritisation that river operators can look to, to essentially determine whose water gets to go down the river. So it is rare like I said because environmental water is usually planned months in ahead, so it is usually managed but there have been specific instances of this in the past, and there is going to be instances again in the future, so this report called that out, identified it, and it's certainly an issue that needs attention and probably needs resolving sooner rather than later.

AH: It's a bit of a balancing act between balancing water for the environment because if you don't have water for the environment, you don't have a river system. But then you also need to take into consideration the needs of farmers and irrigators and people providing food for the nation, so how do we get that right? Is that something that's just going to be a bit of a long game, do you think?

TG: I think it's a combination of things. I think there just needs to be an updated agreement that understands that the models they use need a little bit of flexibility and application sort of framework around it because not only is it just the dry times where it's a competition for access to the waters, but it 's actually in today's world, where we're swamped with water that we have arranges where water has to be delivered but then you have over bank flows and flooding because of the management releases of water from certain infrastructure as well that you have to balance and what impinges on that is what's happening in another area of the plan is what's attention been given to the constraints in the system as well. So there needs to be not just a balanced approach about who gets what water when and dry times and wet times, but it's also trying to update the modelling and the arrangements to make sure they're contemporary with what's happening environmentally that the impacts of climate change that are coming and what's happening here and now because the fear factor, people fear they're going to get a big mass release of environmental water into a community when there's wet times so that really comes down to a need and another key finding is better communication because there's... it's a very complex space, I think there's 20 odd agencies who are involved in decision making who populate various websites and into the public domain, bits of information that can get very confusing out there.

AH: When you're looking at these things, what did you find?

KL: So I'll break this into 2 parts as well in line with the assessment on. On part one, which is around the adequacy of water measurement, so look, overall, the review found that the level of measurement points, or gauges in the river, it is adequate and it gives the MDBA enough information for them to operate the river efficiently and effectively. So that was a pleasing finding from the review. There were a couple of issues identified however, the 1st one being that the operating environment, that being the system that MDBA is operating in is becoming far more complex and less predictable and there's 2 main drivers behind that. One is climate change and so you're getting much hotter and dryer summers for example, and the second thing adding to the complexity of the environment is change in demand pattern, so things like the rise is permanent plantations in the lower Murray means that where the water needs to be delivered to is changing from how it was, say to 20 odd years ago...

AH: So there's more of a demand further downstream than there used to be?

KL: Correct. Yeah, so you have a concentration of plantings that require water at certain time of the year. And so, there's large parcels of water that now need to be delivered to a smaller area essentially, so and because of capacity constraints within the system, that makes the job of the operators a little bit more challenging.

So the operating environment as I said is becoming less predictable, more complex and what that is actually driving the need for is some more additional gauging points in the system, so they're fine for now but this review did find there will be a need for additional gauging points in the system only in the near future, particularly into on the tributaries that flow into the river itself. The second issue in this part that was identified was the absence of a data standard, so that the data that's collected from the river gauges, there's no standard that basically determines that that data will come in a consistent manner. So an example would be that an officer who goes out and reads a gauge in the river might do it at 10 o'clock in the morning one day, the next day, they may do at 2 in the afternoon. And you're going to get slightly different readings for something that should be done on a consistent basis.

AH: And why is it important that it's done on a consistent basis?

TG: So data consistency is really important because that data will inform the models that the MDBA will run to show how the river is being run, how much water they can put down the system, so essentially, they need consistent data coming in, otherwise what they have to do is essentially manually intervene, clean up that data essentially so it can then be fed into the models that they use. So, look, it's not a big issue but it was something that was identified and what it means is that it essentially makes the job of river operators a little harder when it doesn't need to be.

AH: And Troy, have you spoken to the MDBA about this *Steady as it flows* report and in particular, these findings and potential need for, you know, an agreed data standard and more adequate measurement points and data collection?

TG: Yeah, we have. I have spoken to the CEO, Andrew McConville and they were very pleased that there was an independent set of eyes that were having a look at river operations.

They expressed, I think was a very genuine desire to continually improve their business operations and anything that we found they were certainly keen to learn about and look at implementing to essentially make their own job easier because they're the ones who are in the firing line, for want of a better term, when it comes to some of the disputes over decisions that are made, so the more clarified, more accurate and more consistent evidence on what they're making their decisions on only helps them to defend their decisions that are made and takes away some of the angst that is out there.

Speaker: This is *Water's Edge*, for more information visit www.igwc.gov.au.

AH: Okay, so now we're going to talk about the Commonwealth Environmental Water Holder and Joe Vile has been doing a lot of work and looking at this as part of the *Steady as it flows* reports, so Joe, can you tell us what is the Commonwealth Environmental Water Holder and what are they responsible for?

JV: Thanks Annabelle, and thanks for having me on the show today. So the Commonwealth Environmental Water Holder is also known as its acronym, the CEWH, so there is a fair saturation of water management acronym, so the CEWH is one that we'll introduce today...

AH: Absolutely, yes.

JV: So we'll refer it to the CEWH, so it's an independent statutory position established under the Water Act in 2007, and it's responsible for managing the Australian Government's environmental water entitlements in the Murray-Darling Basin. And has a presence all the way across the basin not in any particular state. It is basin-wide and the water that it holds is often referred to as water for the environment or held environmental water, and it's used to keep the rivers and wetlands of the Murray-Darling Basin healthy. Importantly, the functions of the CEWH are closely tied to delivering the outcomes of the entire basin plan.

AH: So, Troy, why did you want to look at the CEWH as part of the *Steady as it flows* report?

TG: They were subject to a lot of suspicion and often maligned about the decision making processes they undertook about the use of this precious resource and they're in a competitive space, I guess, that consumptive water, so that's water that's extracted and utilised, whether by irrigators on crops for example, or by the environment into environmental assets, whether it be a wetland or critical part of the environment. They are often accused or suspected of not getting great value out of that water, was the sentiment that we were picking up and therefore, if that was the case, we asked though where the process they were using to make their decisions justified, were they operating outside the laws or the rules and it's a little known fact that the CEWH are licensed holders of water the same as an irrigator is. They have to pay the fees the same as the irrigators do, they have to abide by licensing the same as an irrigator does. Anyone that owns water is treated the same and treated fairly so they have a set amount of entitlement, but they don't always use their entitlement and often they don't use their full entitlement, which is the case over history, so they're governed by a lot of rules and people want to make sure they were acting within the rules.

AH: So why do you think that people don't trust them because there's been a number of reviews from what I understand it, over the years into the CEWH, so that kind of indicates that maybe there is this public perception that they're not trusted but this report has found otherwise.

JV: Annabelle, I think just to start off on that one and Troy, can come in with his views, the CEWH's a relatively new concept for many basin communities. And it also has a huge challenge to communicate the complex science and decision making that it's charged with. So it is operating in a... in the wider world of water management in the basin which is a busy, ever changing place. We've found that it can be difficult for the community to get information on the reason for a specific flow event that may be passing through their area of the basin, or through their river next to where they live, including what the objectives and expected benefits of that flow are, and that can flow on into misconceptions, so that was an area that we found could sort of lead to mistrust, so in this report we looked into some of these concerns and report back on them as a short response in terms of trust and transparency. We actually found that in many cases the CEWH's been able to build the trust and buy-in from people along the rivers.

AH: And obviously at the moment, you look out the window, I don't know what it's like up the window where you are, Troy, but it's pelting down rain at the moment and the ground is so, so wet that you know, there's just so much water to go around and in the community there's potentially I guess, people thinking there's so much water coming through, and Commonwealth Environmental Water Holder, they have these releases that they need to get downstream and people might be worried about flooding, so does that kinda contribute that talk in the community about the role of the Commonwealth Environmental Water Holder and how much water is being released for the environment. Does that kind of contribute to the community concern and is that something that was sort of reflected in what you heard from the community?

TG: Without doubt, it's the dry times or the wet times I guess bring 2 extremes. That in the dry times, there's an allocation of water that needs to get down the system to keep the rivers healthy, to keep them sustainable and to be doing their job, and in the wet times, it's important for people not to have be concern that just because they have an allocation there's suddenly going to release the water down a very full river and on to sodden ground which is going to cause localised impacts over bank flooding and those sorts of issues as well, so that where the strengths of their communications is critical to take away that apprehension and articulate the decisions when they do release water, how it's being released, when it's being released, why and where it's going to and then what the benefit to everyone is going to be as result of that release.

AH: Yup. And this report has found that the CEWH is operating within, I guess, their responsibilities, is that right Joe?

JV: That's right, yeah, we'll go into a little more detail about the specific areas that we looked into but we didn't find any evidence of non-compliance on the CEWH's part in this report.

AH: So, let's look at some of the findings, I guess. What did you find about water planning processes and planning for the future?

JV: Yeah, so 1st of all, with the project, we looked at water planning and management. We actually found this as an area of strength for the CEWH. Their water planning processes are consistent with the basin plan. They follow the environmental watering principles of coordinating with other water managers, working with local communities and maximising environmental benefits. However we did find that providing more accessible information on the core issues of water planning might help the community understand how they're using their water.

AH: We talked about something called volumetric measurements, so what is a volumetric measurement and what did this report find about it?

JV: So water use is measured in different ways and for different purposes in the river systems. A fundamental purpose is for water accounting to make sure a water user is taking the right amount of water and the right time and is operating in accordance with their license conditions. As Troy pointed out, the CEWH's water is accounted for in the same way as other users such as irrigators. The CEWH's water is released from storages or delivered to offtake points in the river where it can flow or be pumped into sites such as wetlands. So when the CEWH does order its water, it's debited from their water allocation accounts which are maintained by state water management agencies. It's probably an interesting area to pinpoint in the volumetric measurement is that the, over time, the river... regulator river systems in the basin have largely been developed, built up for irrigated agriculture and you know, human consumption in towns, so when we talk about the introduction and establishment of the Commonwealth Environment Water Holder through the water act in 2007, they've actually got a new set of objectives that don't necessarily match the delivery of water for irrigation.

TG: It demonstrates how complex water management is, but they're an agency I guess that have been hampered by a policy area called water recovery, so they've got off to a start where you know the federal government had a policy to recover water, which is buy water off land owners to give to the CEWH, so I think there's a sentiment out there that they're the buggers that have got our water and we want them to making good use of it because if it wasn't taken off us...

AH: We could be using for...

TG: We could be using it better...

AH: Yeah.

TG: And that's just fundamental process but the reality about water recovery is that whilst it's a policy area and said that recovered water from different valleys to different quantums, it was always the decision of the individual irrigators as to whether they sold that water allocation to form part of a catchment zone water recovery and you know, it adds to the debate and the contention out there that some valleys believe they've done their fair share of heavy lifting in contributing consumptive water into the environmental water holders account and they don't have any more to give, that they want to you know, maintain their volumes so they can continue to produce food and fibre in their area, keep the economy strong and service their towns and communities and that's not an area we deal with in the policy space, but we deal in the compliance space to make sure that they are doing their role within the rules. They are acting properly and that there is value

there. So we measure the outcome while we're not at the front end of the debate about whether they should recover water or how much and that sort of stuff. So, but that's certainly, I think, underpins where a lot of that trust and suspicion originated from and it's incumbent on the CEWH to continually feedback, as we've said a couple of times now that strong communication of what, where and how the water's being used and where's it's benefitting the broader basin as well as individual areas.

AH: Do you think the CEWH's improved over time?

JV: Absolutely Annabelle. There's... for a relatively new organisation, managing a new asset in the water management framework, we thought they're doing quite a solid job. As Troy's pointed out, they've received a high level of public scrutiny with multiple reviews since 2013, and they've got a strong track record of reading those reviews and heeding the recommendations and improving.

AH: Where to from here Troy, what's next after the *Steady as it flows* report?

TG: So, the observations in our report which everyone can read, we'll be continued to be followed up on and we'll continue to have that engagement with the both agencies to see how they're tracking in implementing those observations and we encourage everyone, despite the potential of not being happy with our findings, that if they have any suspicions or concerns about potential maladministration or poor decision making, please let us know. Because the days of marking your own homework are over and in relations to the basin plan management, we are now the independent body that will go in deep dive, do the assessment, find the evidence and report back with the honest independent truth about where things sit in any concerns about water management.

AH: Great, well, thank you so much Ken, Joe and Troy for joining us on today's episode of *Water's Edge*. As always you can find all of the Inspector-General's reports, reviews and audits on the website. That's igwc.gov.au. Thank you so much, Ken, Joe and Troy for joining us.

KL: Thanks Annabelle.

JV: Thank you, Annabelle.

TG: Thank you.

Speaker: *Water's Edge* is produced by the Inspector-General of Water Compliance, Australian Government Canberra. For more information, visit www.igwc.gov.au.