



MURRAY–DARLING BASIN WATER INFRASTRUCURE
PROGRAM
SUBMISSION

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Executive summary

On June 8, 2018, Basin Ministers agreed that in relation to on-farm infrastructure efficiency measures they would work to develop agreed additional program criteria to ensure neutral or beneficial socio-economic outcomes.

In a letter to the Murray Darling Association dated 25th June 2018 (attached), The Hon David Littleproud MP, Minister for Agriculture and Water Resources advised that *this work will take into account wider regional impacts and the impact of cumulative implementation of programs and will be considered by the Ministerial Council meeting for decision by the end of 2018, and will be informed by consultations with Basin jurisdictions and stakeholders including the MDA.*

The Department of Water and Agriculture are now seeking community and industry views on potential additional assessment criteria for on-farm efficiency measure projects funded by the Murray–Darling Basin Water Infrastructure Program.

To meet the Ministers' stated objectives, it will be important that governments agree both

- a) additional criteria for assessing on-farm, and all water efficiency projects, and
- b) appropriate process for approval of on-farm, and all water efficiency projects.

The following paper proposes several additional assessment criteria, and further outlines a range of recommendations for the development of tools and process to ensure the assessment of projects meets the Ministers' objectives and community expectations.

We note that the DAWR Consultation Paper proposes several additional criteria and actions (process), including *demonstrating alignment with local government or regional development plans or strategies, or inviting local government to co-design region specific initiatives within the program.* We welcome these initial suggestions as a start point for our further recommendations.

Local government involvement in the program is essential to ensure positive or neutral socio-economic impacts on communities and industries. To ensure consistency and effectiveness, local government's role in the assessment process should be legislated. It must be funded.

In early October Setons, a leading rural and regional marketing communication consultancy was appointed to facilitate series of regional public meetings with the Department at 14 locations across the Basin commencing Monday, 22 October 2018 and concluding Tuesday 6th November. The MDA has actively promoted and participated in these consultations and provides this submission if consideration.

The MDA has expressed concern that the short time-frames for this engagement may compromise the quality of advice provided, particularly from local government and may undermine community confidence in Basin governments' commitment to meaningful consultation.

Those concerns notwithstanding, we welcome the opportunity to contribute to the development of additional criteria and process for assessing and approving on-farm and other efficiency projects and look forward to working with the Department to achieve our common objectives.

1. Introduction

The Murray Darling Association is the peak body for local government in the Murray-Darling Basin.

Established in 1944, our purpose is to provide effective representation of local government and communities at state and federal level in the development of policy and the management of Murray-Darling Basin resources.

There are 172 councils that sit within the Basin and whose communities rely upon water from within the catchment. The management of water is a matter that is of significant interest to local government.

The MDA is the only interjurisdictional association of local government, covering all 4 Basin states offering membership to councils providing advocacy, expertise and representation on Basin related issues

The MDA is built on strong foundations of good governance and high standards of accountability and integrity. Performance of the MDA is well regarded and compares favourably with our LGA peers across the sector, and with other levels of government.

The MDA is committed to the full and timely implementation of the Murray-Darling Basin Plan.

We work with and for member councils engaging with National and state based local government associations, Regional Organisations of Councils, Joint Organisations and other local government affiliations.

Operation of the MDA is parliamentary in nature, having the executive power vested in a board composed of members of the regions, individually and collectively responsible to the membership, and each of whom are democratically elected.

The Murray Darling Association has recently commenced discussions with the Australian Local Government Association to apply for membership to that organisation.

2. Murray-Darling Basin Water Infrastructure Program - additional criteria

The Murray Darling Association recommends the following additional program and project criteria be applied to the assessment of all water infrastructure efficiency measures, including on-farm efficiency projects.

Program criteria

1. Program design should recognise historical and cumulative effects in local and related communities.
2. Program design should avoid targeting vulnerable industries by consulting with industry peak bodies in the program design phase, before engaging with business at the project development phase.
3. Program design should include referral to local council and region for approval.
4. Project design should prevent profiteering or rorting by limiting recovery to tagged water associated with the subject licence at the time of project application.
5. Project assessment process and criteria, including rubric (scoring guide) should be clear and accessible to all project proponents.

Project criteria

1. Project applications should be made public.
2. Project applications should identify potential impacts in local and related communities
3. Project applications should identify any benefits to local and related regions.
4. Projects must not directly increase the price of water
5. Projects should demonstrate contributory benefit to current and future financial viability of irrigation districts
6. Projects should not contribute to the redundancy of, or increased cost of maintenance of existing infrastructure assets.
7. Projects should identify potential impact on irrigation jobs now and in the future and demonstrate net employment offsets.
8. Projects should not have negative third-party impacts on the irrigation system, water market or communities.
9. Projects should protect and improve cultural and recreational values.
10. Projects should be referred to local government at council and regional level for approval.

3. Murray–Darling Basin Water Infrastructure Investment – process

The Murray Darling Association recommends the following considerations as to process in the assessment of all water infrastructure efficiency measures, including on-farm efficiency projects.

1. The implementation of the Basin Plan is a joint responsibility of all Basin governments.
2. Local government has a direct relationship with communities and governments across the Basin.
3. Changing water availability impacts different communities in different ways.
4. Different programs for water recovery impact different industries and sectors within communities in different ways.

5. Both on-farm and off-farm efficiency programs must be designed to consider community, locality, and region-specific factors and determinants in assessing socio-economic impact.
6. On-farm water efficiency and infrastructure investment programs must be assessed against an agreed criteria and process.
7. The Basin Plan requires that *the efficiency contributions ... achieve neutral or improved socio-economic outcomes*¹. As such, agreed additional assessment criteria and approval processes should apply to all water efficiency programs.
8. Local government has the local knowledge required to understand, balance, plan for, and serve the various and often competing needs and interests that exist within and across our local communities, and identify non-partisan, non-state-based areas of common interest.
9. The omission of local government from a role in the institutional and governance arrangements of the Plan is a fundamental risk to MDBWIP and to the effective implementation of the Basin Plan.
10. Local government operates according to legislated bureaucratic standards of discipline and governance.
11. Local government has the skill and institutional capacity to inform policy development, offering a valuable interface and an effective resource for state and federal policy makers.
12. Local government has detailed knowledge and experience in identifying structural adjustment requirements and regional economic development opportunities.
13. Local government **as a sector** should have an advisory role in MDBWIP development, and in the broader Basin Plan implementation.
14. Local government **at council and regional level** should be a referral agency for approval of efficiency projects.
15. Local government must be funded to deliver on purpose as an advisory participant, and as a referral agency.
16. The success and progress of the Basin Plan, including recovery of water for the environment under the efficiency measures depends on the support and understanding of local Basin communities.
17. Local government has existing planning, referral, assessment and approval responsibilities under state-based legislation. This capacity already exists and properly resourced can be extended to include efficiency project approvals.
18. The Murray Darling Association, in collaboration with the CSIRO and the University of Canberra have prepared a [project proposal](#), including a cost benefit analysis for the development of a socio-economic impact assessment (SIA) framework.
19. The benefits of an SIA framework and consultation guidelines for application in the context of assessing MDBWIP is exponential. The cost of not applying consistent and agreed consultation and assessment standards places the MDBWIP and the implementation of the Basin Plan at risk.

¹ Water Act 2007 – Basin Plan 2012 (Cth) s7.17

Recommendation 1

Local government should be empowered and funded to assess projects for alignment with local and regional economic development and service delivery plans and strategies.

Recommendation 2

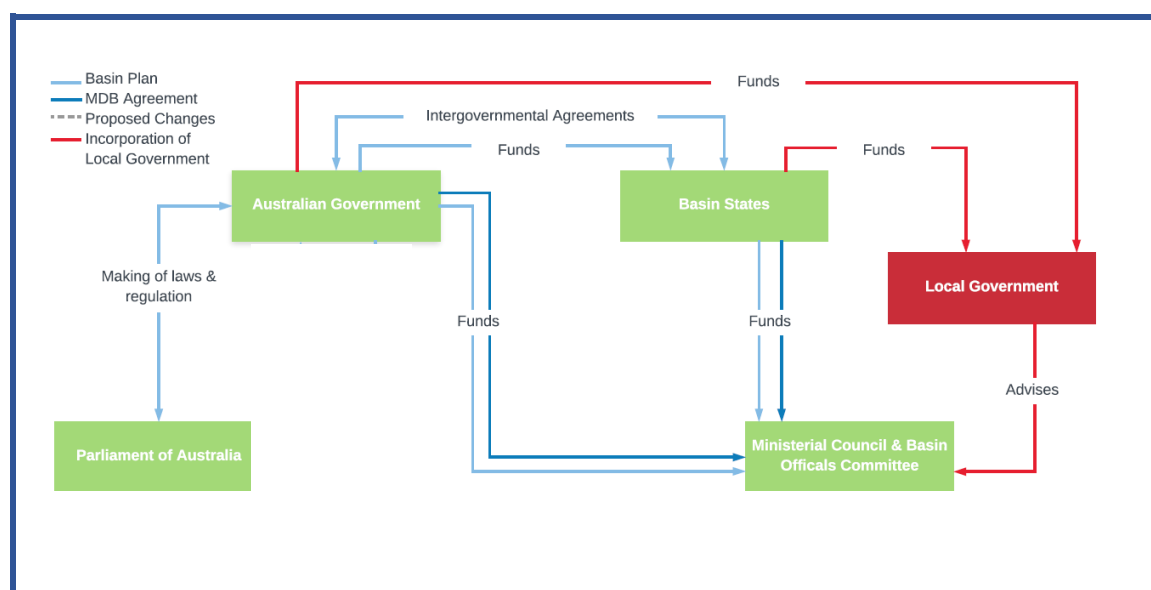
The Department of Agriculture and Water Resources should consult with the Australian Local Government Association and the Murray Darling Association to establish and authorise the role of local government in the implementation of the Murray Darling Basin Plan, consistent with the ANAO and OECD accepted principles for effective institutional arrangements and good governance.²

Recommendation 3

Basin governments should develop a [socio-economic impact assessment \(SIA\) framework and guidelines](#), applicable in the context of the Murray-Darling Basin Plan.

Recommendation 4

Local government should be recognised and included in the definition of and reference to Basin Governments consistent with the institutional and governance arrangements as per the diagram below.



² See Box 1

Box 1. Principles for effective institutional arrangements and good governance

Clear roles and responsibilities

Role clarity supports clear expectations and accountabilities among collaborating institutions, by ensuring that each understands its own role as well as the roles and responsibilities of its partner institutions

Effective processes for collaboration

Coordination among government institutions helps streamline decision making and avoids overlaps and duplication.

Capability

All institutions should have appropriate resources and capabilities to comply with legislative obligations, discharge their functions, and achieve policy objectives.

Effective engagement of stakeholders

Constructively engaging stakeholders in government decision making supports the identification of new opportunities or potential problems (and possible solutions). Done well, it is a key mechanism to manage risks, both through better program design and smoother implementation. Engagement also facilitates openness and transparency, which promotes accountability.

Meaningful stakeholder engagement enables governments to prioritise their activities to take into account stakeholder and community views; offers valuable feedback on how their activities are viewed by the community; and builds public confidence in decision making. It is characterised by:

- fair consideration of the diverse interests and expectations of all affected stakeholders
- consultation methods that are fit-for-purpose and that offer stakeholders genuine opportunities to influence decisions
- a culture of engagement, where stakeholders' views are valued.

Meaningful engagement with stakeholders involves identifying key stakeholders that may be materially affected and those that may be interested in the outcomes of a decision or program of work. Stakeholders should be involved in the design of the processes for engagement.

Sources: ANAO (2014, 2018b); OECD (2014); PC (2016, 2017a) in Productivity Commission 2018, Murray-Darling Basin Plan: Five-year assessment, Draft report, Canberra p291



The Hon. David Littleproud MP

Minister for Agriculture and Water Resources
Federal Member for Maranoa

Ref: MS18-000695

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25 JUN 2018

Dear Ms Bradbury

Thank you for your letter correspondence of 15 March 2018 about the development of a socio-economic impacts assessment and response framework for the Basin Plan. I apologise for the lateness of my reply.

Firstly let me thank you for your continued support and commitment to implementing the Basin Plan. The Australian Government and the Murray Darling Association (MDA) share the same vision for a healthy Murray- Darling Basin, and I recognise the significant contribution the MDA brings by its representation of local government and communities on Basin Plan issues.

I understand that the MDA's proposal, developed in partnership with CSIRO and the University of Canberra, would initially involve the development of an assessment framework. This framework would be applied to assess the socio-economic impacts of the Basin Plan to date as well enable future assessment of this nature. As part of your proposal, the development of a framework for assessing establishing the socio-economic neutrality is also envisaged to optimise the design of programs for the recovery of 450 gigalitres through efficiency measures.

As you may be aware that on 8 June 2018, Basin Ministers agreed that in relation to on-farm infrastructure efficiency measures they would work to develop agreed additional program criteria to ensure neutral or beneficial socio-economic outcomes. This work will take into account wider regional impacts and the impact of cumulative implementation of programs and will be considered by the Ministerial Council meeting for decision by the end of 2018 .

I expect that the work commissioned by the Ministerial Council will be informed by consultations with Basin jurisdictions and stakeholders including the MDA. In view of the MDA's longstanding interest in this issue I have asked my Department to look at how this process can better engage local government and your organisation in particular.

I look forward to working with you and the MDA on Basin Plan implementation into the future.

Yours sincerely

DAVID LITTLEPROUD MP