

BASIN OFFICIALS COMMITTEE ADVICE TO THE MURRAY-DARLING BASIN AUTHORITY ON THE SUSTAINABLE DIVERSION LIMIT ADJUSTMENT DETERMINATION

1. PURPOSE

The Basin Officials Committee (BOC) welcomes the Murray-Darling Basin Authority's (Authority) draft determination report on the sustainable diversion limit (SDL) adjustment mechanism.

The BOC provides the following advice to the Authority in accordance with s.7.05 of the Basin Plan. This advice was agreed by all Basin jurisdictions by consensus at its meeting on 21 September 2017.

2. INTRODUCTION

Basin governments are committed to delivering the Basin Plan on time and in full. Basin First Ministers reaffirmed this commitment on 9 June 2017 when they endorsed the Murray-Darling Basin Ministerial Council's (Ministerial Council) plan to the Council of Australian Governments (COAG) *Implementing the Basin Plan*.

The draft determination proposed by the Authority is the result of sustained collaborative effort undertaken by Basin governments over many years to develop and assess supply, constraints and efficiency measures in accordance with the *Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin 2013* (the IGA). On 16 June 2017, the Ministerial Council endorsed the final package of SDL adjustment mechanism projects, enabling the Authority to determine the SDL adjustment.

3. SUSTAINABLE DIVERSION LIMIT ADJUSTMENT MECHANISM OUTCOME

The BOC is satisfied that the Authority's proposed supply contribution of 605 gigalitres meets Basin Ministers' expectations set out in the COAG plan to offset the full remaining water recovery gap in the southern Basin. In this regard, the BOC acknowledges that all currently contracted water recoveries will need to be delivered to address this outcome. BOC members will continue to actively manage risks between now and 2024.

The BOC recognises that s.7.15 of the Basin Plan requires the Authority to ensure there are no detrimental impacts on reliability of supply of water to the holders of water access rights that are not offset or negated. If the operation of the SDL adjustment mechanism has the potential to result in reduction of reliability for entitlement holders, jurisdictions will work together to find real world solutions to address those reliability concerns, consistent with the requirements of the Basin Plan.

In the COAG Plan, Basin governments committed to working collaboratively on the best pathway for efficiency measures to recover an additional 450 gigalitres by 2024, consistent with the Basin Plan legal requirement to achieve neutral or improve socio-economic outcomes. The COAG Plan also provided a progress report on efficiency measures. The independent expert analysis being conducted by EY on how best to design, target and resource efficiency measures will deliver its report to Basin Ministers in December 2017. This analysis will inform development of a specific work plan for implementation of efficiency measures.

The BOC acknowledges that there is a need for sufficient efficiency entitlements to be recovered by 30 June 2019 to give effect to the full extent of the supply contribution within the five per cent limit on the SDL adjustment.

4. SUSTAINABLE DIVERSION LIMIT ADJUSTMENT ASSESSMENT FRAMEWORK

The BOC is satisfied that the SDL adjustment assessment framework used to determine the adjustment contribution (the assessment framework) is fit-for-purpose.

The BOC notes that the MDBA has received advice from independent experts on ecology, river operations and hydrologic modelling that the modelling process and application of the assessment framework are technically sound.

5. WAY FORWARD

The BOC acknowledges the steps remaining to give effect to the SDL offset adjustment:

- (a) the Authority will conduct a public submissions process from 2 October 2017 to 3 November 2017;
- (b) MDBA will deliver its final determination and associated Basin Plan amendments to the Commonwealth Water Minister by 15 December 2017 for decision;
- (c) Once adopted by the Commonwealth Water Minister, the Basin Plan will be amended to reflect the adjusted SDLs (noting that the amendment is a disallowable instrument).

The BOC will continue to advise Basin Ministers of the progress of the implementation of measures and the proposed new schedule to the IGA.

Proponent Basin States are leading the implementation of supply and constraints measures by 30 June 2024. Community input is critical to the detailed design and implementation of projects to ensure any third party impacts are identified and appropriately mitigated. Implementation will take an adaptive and consultative approach between now and 2024.

Proponent Basin States have committed to implement unimplemented policy measures (also referred to as pre-requisite policy measures) by 30 June 2019 in accordance with implementation plans and as agreed in the COAG Plan.