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Contact details

Janine Hebiton
(03) 8684 0450 (direct line)
janine.hebiton@vgso.vic.gov.au

Maya Narayan
(03) 8684 0277 (direct line)
maya.narayan@vgso.vic.gov.au

Joanne Masters
Senior Instructing Solicitor
Murray-Darling Basin Royal Commission
Level 9 East, 50 Grenfell Street
Adelaide SA 5000

Dear Ms Masters

Murray-Darling Basin Royal Commission - invitation to attend hearings

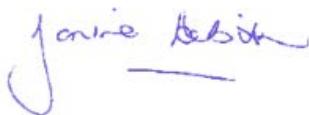
We refer to the submission of the State of Victoria to the Murray-Darling Basin Royal Commission dated 31 July 2018, to the letter of the Commissioner in response to the State's submission dated 7 September 2018 and to our initial response to the Commissioner's letter dated 14 September 2018.

We note that the Commissioner's letter dated 7 September 2018 extended to the State of Victoria an invitation to appear before and provide evidence to the Murray-Darling Basin Royal Commission, whether through counsel or by provision of a witness to be questioned under oath.

The State of Victoria has considered the Commission's invitation and does not intend to avail itself of that offer. Instead, please find enclosed material, which is intended to supplement the State's submission dated 31 July 2018.

Should you have any questions in relation to this correspondence, please contact Maya Narayan on 03 8684 0277.

Yours faithfully
Victorian Government Solicitor's Office



Janine Hebiton
Special Counsel

Material in response to letter of 7 September 2018 from Murray-Darling Basin Royal Commission

The submission dated 31 July 2018 (**Victorian Submission**) outlines Victoria's approach to delivery of the Basin Plan (the **Plan**) and this further material supplements the Victorian submission.

The Plan

The Plan came out of lengthy negotiations between jurisdictions and a desire for a healthy, working river. This has meant balancing environmental, social and economic outcomes, and using an adaptive management approach as contemplated in the Plan.

The Plan that was signed and agreed to by all Basin Governments is what we are implementing. The Plan supports a balanced approach – a water recovery target of 2,750 GL, with provision for offsets up to 650 GL, and an additional 450 GL so long as there are neutral or beneficial socioeconomic outcomes.

Given the importance of the Basin Plan to ongoing water resource management and planning, Victoria would have concerns if the Royal Commission sought to re prosecute the Plan. Such an outcome would not be productive of good outcomes for the environment or Basin communities.

As noted in the Victorian Submission, Victoria is making good progress toward our share of the agreed water recovery target under the Plan.

Victoria's 2017 study into the socioeconomic impacts of the Basin Plan sets out evidence that impacts of Basin Plan implementation to date are real and being felt by our communities. A copy of our study was attached to the Victorian Submission, and can also be accessed at <https://www.water.vic.gov.au/mdb/mdbp/social-and-economic-impacts-of-the-basin-plan-in-victoria>. The State's approach and concerns about additional water recovery above the 2,750 GL environmental water recovery target are set out in the Victorian Submission. It is vital that any additional water is recovered in a way that brings communities along, and ensures neutral or positive socio-economic outcomes, as agreed when the Basin Plan was established.

Sustainable Diversion Limits

The Sustainable Diversion Limit adjustment mechanism (**SDLAM**) is a vital part of the Plan, that was agreed to from the outset, because the use of offsets enables governments to protect communities from the impacts of water recovery, while still achieving the agreed environmental benefits. We know from The Living Murray projects that these types of projects deliver real environmental benefits as set out in Victoria's Environmental Report Card, provided with the Victorian Submission.

The majority of Victoria's SDLAM supply measure projects are now in the pre-construction stage. Like all capital projects, this work will include detailed design, approvals and governance arrangements. The SDLAM is also designed to cater for possible variations in project scope over time, which will then be taken into account in the 2024 reconciliation process set out in the Basin Plan. We are currently seeking funding for the next phase of Victoria's environmental works projects, as well as working with other governments.

Victoria's nine environmental works support investment in the community and will support environmental outcomes which could not be delivered without higher flows.

Water resource planning

Victoria's Wimmera-Mallee Water Resource Plan (**Wimmera-Mallee WRP**) addresses requirements for two of Victoria's five water resource plan areas.

The Wimmera-Mallee WRP was submitted to the Murray-Darling Basin Authority on 30 June 2018 for formal assessment and accreditation. The State is continuing to liaise with the MDBA around its assessment of that plan.

Victoria proposes to address the remaining water resource plan areas for the State in a single plan, to support a coordinated approach to water resource management. To that end, the Northern Victorian Water Resource Plan (**Northern Victorian WRP**) will cover the Northern Victoria water resource plan area, the Victorian Murray water resource plan area and the Goulburn-Murray water resource plan area.

Development of the Northern Victorian WRP is well underway and on schedule.

Victoria is continuing to engage with Traditional Owners and the Murray and Lower Darling Rivers Indigenous Nations in the development of our Water Resource Plans. The participation of Aboriginal people in water resource planning is important to Victoria, and we are continuing to improve the effectiveness of our engagement processes.

Ongoing implementation of the Plan

Victoria is focussed on continuing to support the effective delivery of the Plan.

Mid-2019 is a key milestone for the Plan, and Victoria is working towards that date and reconciliation to 2024. The State is continuing to work closely with the other Basin jurisdictions on implementation, including effective and transparent monitoring and evaluation. The State supports efforts to improve compliance and to ensure that rules on the appropriate use of water are in place.