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**Government
of South Australia**

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Commissioner Jane Doolan
Productivity Commission
GPO Box 1428
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Dear Commissioner

Thank you for the opportunity to provide feedback on the Productivity Commission's *Murray-Darling Basin Plan: Five-year assessment* draft report. I welcome the Productivity Commission's draft report and note that considerable progress has been made, including evidence of improved ecological outcomes.

On the advice of the Department for Environment and Water (DEW) I support, in principle, many of the draft report findings and recommendations, noting that the Productivity Commission has acknowledged to DEW officials the need to improve the specificity and nuancing of several findings and recommendations.

Comments are provided on the strategically important aspects of the draft report.

Water Resource Plans

South Australia is on track to deliver its water resource plans by June 2019. Introducing the new sustainable diversion limit (SDL) in July 2019 is a fundamental part of the Basin Plan and critical to achieving the Basin-wide, long-term environmental benefits.

Given the significance of the water resource plans to environmental outcomes, I do not support an immediate extension of the deadline for all jurisdictions. I am aware that New South Wales has indicated that it may not meet the deadline for accreditation for some of its water resource plans. However calls to extend the deadline at this point in time will distract from and delay implementation. Any compromise on the already agreed timeframes is not in keeping with the decisions of the Murray-Darling Basin Ministerial Council and would present issues with SDL implementation at 30 June 2019 and reconciliation in 2024.

To preserve the integrity of the Basin Plan, at a minimum, the SDLs must be able to be fully enforced by 30 June 2019.

Supply Measures

Although the timeframe for implementing some key supply measures projects is acknowledged as ambitious, the recommendation to extend the 30 June 2024 deadline is not supported. Work to be conducted over the next two years is critical for defining the remaining scope of works and early, no regrets works in the constraints packages will go some way towards making up time.

Basin States have an incentive to undertake the supply measures projects within the timeframe as, under the reconciliation process, if they are not completed by 2024 there will need to be additional water recovery.

It is vital that an equitable strategy for the reconciliation of supply measures is established soon. Jurisdictions must be provided with the assessment criteria that the Murray Darling Basin Authority (MDBA) will use to determine successful implementation of each supply project within credible timeframes.

Efficiency Measures and the 450 GL

With respect to benefits from the 450 gigalitres to be recovered via efficiency measures, DEW has advised me that it holds strong concerns with the statements made around Basin Plan modelling. Of particular concern is the suggestion that the final 450 gigalitres would have few additional benefits if constraints were not eased or removed to allow river operators to meet increased demands from environmental water holders. While this may have been correct for the modelling undertaken when the Basin Plan was being negotiated, it is no longer accurate.

The final 450 gigalitres will deliver real environmental benefits, independent of constraints being addressed, including the delivery of baseflows and freshes to the lower floodplains and the delivery of Coorong salinity indicators, as well as the enhanced environmental outcomes listed in Schedule 5 of the Basin Plan.

I do not agree that a new strategy is required to recover the final 450 gigalitres. However, more proactive communication and engagement from the Commonwealth would improve transparency of the current strategy and forward plan and increase awareness of how efficiency measures will deliver the enhanced environmental outcomes in Schedule 5 of the Basin Plan. Similarly, pursuing the enhanced environmental outcomes in Schedule 5 through alternative approaches to efficiency measures, which do not involve the recovery of real water, should not be considered.

Institutions and Governance

While the conceptual argument presented in the draft report to separate the service delivery from the regulatory functions is accepted, it should be acknowledged that the regulatory oversight required in the Murray-Darling Basin is different to that undertaken by traditional regulators. Greater consideration needs to be given to the importance of the unique specialist capability that would span both the service delivery and regulatory functions and how these should be structured. The MDBA is taking steps to increase its regulatory focus and separating this specialist capability too far from service delivery may compromise outcomes. Of more significance is the need for greater clarity and definition within the MDBA, including the role of the MDBA Board.

I encourage you to contact Mr Ben Bruce, Group Executive Director, Water, DEW
, should you wish to discuss these matters
further.

I thank you for the opportunity to provide this feedback and I look forward to reviewing the
final report in due course.

Yours sincerely

DAVID SPEIRS MP
Minister for Environment and Water

Date: 23/10/2018.