



Australian Government



# Compliance Priorities 2020–21

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### Acknowledgement of the Traditional Owners of the Murray–Darling Basin

The Murray–Darling Basin Authority pays respect to the Traditional Owners and their Nations of the Murray–Darling Basin. We acknowledge their deep cultural, social, environmental, spiritual and economic connection to their lands and waters.

The guidance and support received from the Murray Lower Darling Rivers Indigenous Nations, the Northern Basin Aboriginal Nations and our many Traditional Owner friends and colleagues is very much valued and appreciated.

Aboriginal people should be aware that this publication may contain images, names or quotations of deceased persons.

# Background

The Murray–Darling Basin Authority (MDBA) uses a risk-based approach to set its compliance priorities for each water year (July -June). The MDBA assesses existing and emerging risks and issues to identify priority compliance areas and activities.

The MDBA takes a range of factors into account in determining priorities, including: the potential to impact on achieving the objectives of the *Water Act 2007 (Cth)* (Water Act) and the *Basin Plan 2012* (Basin Plan); the magnitude of the impact across the Murray-Darling Basin (Basin); and the likely prevalence of an issue.

The [Compliance and Enforcement Policy 2018-2021](#) sets out the MDBA’s regulatory approach and regulatory tools in more detail.

## Risk Assessment

The risk assessment undertaken as a part of the compliance prioritisation process identified the following important issues that could impact on compliance with the Basin Plan and Water Act:

- Parts of the Northern Basin are starting to emerge from extended drought. Other areas of the Basin continue to experience drought. In the southern Basin, water resources are still under pressure and water availability is yet to significantly increase. Dry conditions affect water use behaviours, water markets, industries and communities, and place additional pressure on groundwater resources and the water dependent ecosystems.
- The impact of COVID-19 on the economy and society is significant. Government priorities and resources are shifting to respond to the pandemic.
- Delays in the submission of New South Wales (NSW) Water Resource Plans (WRPs) to the MDBA, and the subsequent commencement of interim arrangements for implementing the Sustainable Diversion Limit (SDL) could impact confidence and clarity around regulatory requirements.
- The complexity of water management legislation, river operations and compliance arrangements across the Basin contributes to a lack of community confidence in how well water rules are being complied with.
- Views around the operation of the Basin water trading market and specifically that the market lacks transparency.

### **Commitment to ongoing prioritisation, adaptation and responsiveness**

The Australian Government, Basin communities, and Basin state water regulators and managers are dealing with the impacts of COVID-19. The MDBA will continually monitor and adapt the priorities and activities taking into consideration any changes or improvement in the operating environment. This adaptation may also include the MDBA’s response to the ACCC inquiry into water markets in the Murray-Darling Basin and other reviews and recommendations as appropriate.

# Compliance Priorities 2020–21

Priority	Why it's a priority	What will the MDBA do?
<b>1. Water Resource Plan compliance</b>	Under the Water Act, the MDBA is the enforcement agency for the rules and obligations contained in WRPs. Compliance with WRPs is critical to ensuring that key Basin Plan outcomes are achieved – including ensuring a sustainable level of water take. The MDBA needs to build confidence in the community that the Basin Plan and WRPs are being complied with, which includes managing the regulatory and reporting requirements on Basin states.	<ul style="list-style-type: none"> <li>Commence its WRP Compliance Program to ensure WRPs are complied with. This includes a rolling program of WRP compliance audits; and setting annual WRP compliance reporting for the Basin states.</li> </ul>
<b>2. Unauthorised water take</b>	<p>All Basin states committed to actions under the Murray-Darling Basin Compliance Compact (2018) around improving water metering to increase the coverage and accuracy of water take data, and to increase confidence in the regulation of metering non-compliance. This included reviewing their metering policies, particularly around large meters. Where Basin states have revised their metering policies, assurance on how the new policies are being implemented is needed to ensure the Basin Compliance Compact outcomes are achieved.</p> <p>Effective compliance and enforcement frameworks for overland and floodplain harvesting in the northern Basin is core to community confidence in the water management arrangements.</p> <p>Groundwater compliance has also been identified as an emerging issue. The MDBA's meter audits indicate that compliance and enforcement frameworks for groundwater take may be weaker compared to surface water take. Additionally, in some areas, cumulative actual take from groundwater is close to the area's SDL. Effective water take monitoring and compliance is required to manage this critical resource.</p>	<ul style="list-style-type: none"> <li>Assurance review of the implementation of revised Basin state metering policies, with a focus on compliance of large meters in the northern Basin.</li> <li>Audit and assurance activities into meter coverage and accuracy.</li> <li>Targeted compliance reporting on compliance and enforcement efforts around floodplain harvesting take.</li> <li>Targeted review of groundwater compliance arrangements.</li> </ul>
<b>3. Protection of environmental water and first flush flows</b>	<p>There has been some community concern during the recent Northern Basin flow events in January and February 2020 that critical first flush and overland flows were not being sufficiently protected to allow the water to reach downstream communities in the Barwon-Darling.</p> <p>NSW has since committed to a public review of its arrangements to implement water embargos during this period. Queensland has also indicated it will be undertaking a review of its management of the event. The MDBA has a role in taking a Basin scale perspective.</p> <p>In the southern Basin, prerequisite policy measures (PPMs) are state based legislative and operational rule changes directed at improving the use, management and accounting of environmental water.</p>	<ul style="list-style-type: none"> <li>Audits and compliance reporting on first flush flow protections and protection rules in the northern Basin.</li> <li>Support for Basin state compliance agencies to use remote imagery to complement their water compliance monitoring and enforcement activities.</li> <li>Reporting and audits of the implementation of PPMs.</li> </ul>
<b>4. Sustainable Diversion Limit accounting</b>	<p>In 2020-21, the MDBA will release the first report on SDL accounting and commence SDL compliance after a long transition period from the making of the Basin Plan.</p> <p>Ensuring compliance with the SDLs is critical for a healthy working Basin.</p>	<ul style="list-style-type: none"> <li>Commence a six-year program to ensure that the MDBA is continuously improving how annual water accounts are compiled. This will incorporate methods for addressing growth in use, interstate trade accounting arrangements and updated climate change research.</li> </ul>
<b>5. Water Trade</b>	<p>Water trading in the Basin is responsible for an estimated 95% (by volume) of Australia's water market activity, with annual transactions in Basin water markets totalling over \$1.5 billion. A fair, open and effective water market, informed by accurate information is crucial for water users, particularly in periods of water scarcity, as it provides a mechanism to manage variable seasonal conditions and allows water to move to its most productive use.</p> <p>Basin States and Irrigation Infrastructure Operators (IIOs) are responsible for setting trading rules for their water resources and day to day trade operations. To ensure that they do not unfairly or unnecessarily restrict trade, Basin State and IIO trading rules must be consistent with the Basin Plan.</p>	<ul style="list-style-type: none"> <li>Increase resourcing and expand its water trade program.</li> <li>Dedicate resources to ensuring compliance with the Basin Plan by IIOs, and compliance with market integrity rules such as insider trading.</li> <li>Review the Priorities by the end of 2020 to include our response to the findings of the ACCC inquiry into water markets in the Murray-Darling Basin.</li> </ul>

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