



Australian Government



# 2019-20 Compliance Priorities: Statement of Performance

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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.

The table below summarises the activities the MDBA undertook in 2019-20 against each of its compliance priorities.

# Performance against 2019–20 Compliance Priorities

Compliance priority area	Why it's a priority	What did the MDBA commit to doing?	What did the MDBA do/find?
<b>Unmeasured take</b>	<p>Unmeasured take refers to water extracted from the Basin that is not accounted for under current Basin state metering, licencing and works approvals, or monitoring arrangements. For example, where water can be extracted without a water access licence via overland flows (also known as floodplain harvesting).</p> <p>Inaccurate management and accounting of unmeasured water take, and the infrastructure used to extract it, has the potential to adversely affect Basin Plan outcomes. It can impact on the ability to detect water theft and ensure compliance with SDLs; and reduce the protection of water for the environment and achievement of environmental outcomes.</p>	<ul style="list-style-type: none"> <li>Review and audit floodplain harvesting infrastructure and policy implementation in the Northern Basin.</li> <li>Undertake <a href="#">Murray–Darling Basin Compliance Compact</a> reporting and assurance.</li> <li>Monitor state governments' progress in developing and implementing floodplain harvesting reforms.</li> </ul>	<p>Scoping work in 2020 into an audit of floodplain harvesting infrastructure and policy implementation identified that Basin state policies were either undeveloped or only recently in place and so it would be difficult to audit implementation. MDBA has shifted its focus to whether there are effective compliance frameworks to support rules regulating overland flows contained in accredited water resource plans.</p> <p>The MDBA published the <a href="#">Murray–Darling Basin Compliance Compact Annual Assurance Report 2019</a> (2019 Compact Assurance Report) in December 2019. This report found that Queensland has published their improvement program for the measurement of overland flow harvesting, however NSW had been delayed in publishing their improvement program for the measurement of floodplain harvesting.</p> <p>Since the 2019 Compact Assurance Report was published, the MDBA has continued to monitor NSW and Queensland's progress in implementing floodplain harvesting reforms. The NSW government's work to bring floodplain harvesting into its licensing framework is substantially complete. Interim arrangements for floodplain harvesting have been developed for draft NSW WRPs and NSW has completed consultation on the draft Floodplain Harvesting Monitoring and Auditing Strategy. In Queensland, overland flow take arrangements are outlined in their accredited WRPs. The Queensland Overland Flow Measurement Policy is still being developed, to be implemented in 2022.</p>
<b>Metering</b>	<p>Water meters provide the clearest measure of how much water is being used across the Basin. Robust metering arrangements are essential for ensuring compliance with licence conditions and SDLs. Sound water usage data informs operation of the water market, as well as annual water planning by states, environmental water holders, water users and communities. This is particularly important in times of drought.</p> <p>Various reviews and investigations into compliance in 2017 and 2018, including the NSW <i>Ken Matthews Review</i>, the Australian Government <i>Murray–Darling Basin Water Compliance Review</i> and the <i>Independent audit of Queensland's non-urban water measurement and compliance</i> identified issues with the accuracy and coverage of metered water take, which diminished community confidence in water regulation by Basin governments. Under the Basin Compliance Compact, Basin states and the Australian Government have committed to improve metered water use and compliance in the Basin.</p>	<ul style="list-style-type: none"> <li>Undertake site inspections, reviews and audits of metering requirements, meter coverage, data collection and regulation in each Basin state.</li> <li>Work with states to develop and implement the Metrological Assurance Framework (MAF) Modernisation Program.</li> <li>Review state progress in implementing their Basin Compliance Compact commitments.</li> </ul>	<p>In 2019–2020, the MDBA published reports of metering reviews it had completed in early 2019 in <a href="#">NSW</a> and <a href="#">Queensland</a>, and undertook metering reviews in Victoria (Sunraysia area) and South Australia (Riverland region). The <a href="#">Victorian metering review report</a> was published in March 2020. No adverse findings resulted from the review, with the report noting the high coverage of telemetry as a key control in ensuring accurate water take data is provided to the MDBA. The <a href="#">SA metering review report</a> was published in May 2020. The review concluded that in this region while the SA Department of Environment and Water's systems for recording and reporting metered surface-water extraction are adequate, they could be improved by ensuring that water meter reports are supported by photographic evidence.</p> <p>The MDBA coordinated a workshop in December 2019 and ongoing consultation with all eight jurisdictions to develop concept draft of the MAF. Key solutions have been proposed around risk management for metering compliance, and a process developed for accuracy checking of in-service meters.</p> <p>The MDBA continues to monitor and conduct assurance of Basin state progress in implementing their Compliance Compact metering commitments. NSW has a risk-based policy requiring pattern approved meters and telemetry. All meters in NSW are expected to be pattern approved by 2023. South Australia requires new and replacement meters be pattern approved meters from 2019, however telemetry is not mandated. Victoria published its new metering policy in March 2020, and all meters are expected to be pattern approved with data telemetry by 2025. The ACT's 2015 Meter Guideline requires all new and replacement meters be pattern approved. Queensland has completed its consultation on meters and is considering its non-urban water metering policy.</p>
<b>SDL accounting and the SDLAM</b>	<p>Due to the delay of water resource plan completion and accreditation, interim arrangements have been established to implement SDLs across the Basin from July 2019.</p> <p>Critical to implementing and enforcing the SDLs is a strong system of accounts that keep track of how much water is taken each year from the Basin water resources. The Water Act and Basin Plan therefore require Basin states to provide accurate and timely water accounts to the MDBA annually, and for the MDBA to maintain a public SDL register.</p>	<ul style="list-style-type: none"> <li>Complete and publish an SDL Health Check, to determine if the SDL accounting frameworks trialled by MDBA are conceptually sound and use best practice water accounting methods.</li> <li>Report and implement recommendations in the SDL Health Check.</li> </ul>	<p>The MDBA commissioned a review of its SDL Water Accounting Framework through an independent panel. Their review report, the <a href="#">Independent Panel's Review of the SDL Water Accounting Framework</a>, was published on the MDBA website in August 2019. In response, the MDBA published the <a href="#">SDL Accounting Improvement Strategy 2020–2025</a> in June 2020, which sets out the MDBA's work plan to address the issues raised by the panel.</p> <p>The review of SDL Accounting Arrangements for Interstate Trade in the Northern Basin is underway. Fieldwork examining processes in Queensland and NSW is expected to be completed in June 2020.</p>

Compliance priority area	Why it's a priority	What did the MDBA commit to doing?	What did the MDBA do/find?
	<p>The Basin Plan also includes a mechanism to adjust SDLs (SDLAM). Under this mechanism, the Basin states have agreed to implement supply and efficiency measures in the form of projects which allow Basin Plan environmental outcomes to be achieved with less water and the SDL has been adjusted accordingly. If these projects are not implemented as committed the SDL may need to be readjusted in 2024 and the Australian Government may be required to buy back more water for the environment.</p>	<ul style="list-style-type: none"> <li>• Check and audit the integrity of SDL data, including MDBA's processes, and methods for addressing growth in use and interstate trade accounting arrangements.</li> <li>• Monitor and review the progress of SDLAM projects.</li> </ul>	<p>The MDBA continues to monitor progress of the SDLAM projects and is finalising an assurance framework to support its regulatory role for the SDLAM. The MDBA published an <a href="#">annual report</a> of progress of SDLAM projects in June 2020.</p>
<b>Improving Water Trade markets</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 \$2 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. Basin States and Irrigation Infrastructure Operators (IIOs) are responsible for setting trading rules for their water resources and day to day trade operations.</p> <p>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> <p>The MDBA has identified over 1500 surface water trade restrictions that may need to be reviewed to ensure they meet Basin Plan requirements and support the equitable and robust operation of the water market.</p>	<ul style="list-style-type: none"> <li>• Use the Water Trade Restriction Assessment Framework to review and assess Trade restrictions.</li> <li>• Review findings and management responses to the 2018/19 Trade Price Audit.</li> <li>• Educate water market users about the water trading rules, including the need to provide information around accurate trade price reporting.</li> <li>• Provide input to the ACCC led review of water markets in the southern basin.</li> </ul>	<p>The MDBA is conducting a limited pilot of the Water Trade Restriction Assessment Framework.</p> <p>The MDBA has published its <a href="#">management response</a> to the Trade Price Audit. The MDBA is currently reviewing the Basin states responses to the audit findings.</p> <p>The MDBA continues to publish information on the water market. In May 2020 the MDBA published the <a href="#">Murray–Darling Basin Water Market Products Scoping Study</a> on secondary water market products (e.g. leases, forward contracts). The MDBA is also revising its guidance on compliance with the Basin Plan's price reporting rules.</p> <p>The MDBA is cooperating with the ACCC review. The MDBA provided a formal <a href="#">submission</a> to the review in December 2019. All information formally requested by the ACCC has been provided. The information provided to the ACCC has included a running account of the Barmah Choke trade balance, conveyance and evaporation losses for the River Murray system, trade-related working group documents and an estimated budget for the MDBA's trade functions.</p>
<b>Water for the Environment</b>	<p>Delivering and protecting water for the environment is the primary Basin Plan mechanism for improving river health and restoring water dependant ecosystems. Healthy rivers are crucial for communities and businesses, as well as for spiritual and cultural wellbeing (the Basin is home to more than 40 of Australia's Aboriginal nations).</p> <p>The Basin states are responsible for developing and implementing rules, regulations and other measures to protect water for the environment and ensure it is delivered according to plan. Some of these measures are being implemented under the SDLAM projects, Northern Basin Toolkit, or under Prerequisite Policy Measures in the southern Basin. These measures are being incorporated into water resource plans where possible.</p> <p>It is important to ensure that the substantial amount water recovered by the Australian government for the environment is being used in accordance with the Basin Plan.</p>	<ul style="list-style-type: none"> <li>• Conduct on-ground and satellite monitoring to review or audit compliance with state arrangements for protecting recovered water, delivering water for the environment, and regulating water take during environmental watering events.</li> </ul>	<p>In 2019-2020 the MDBA received requests from the Commonwealth Environmental Water Holder, the NSW Natural Resources Access Regulator, and the Queensland government to undertake satellite monitoring to inform water compliance activities.</p>
<b>State Compliance and enforcement arrangements</b>	<p>Consistent, effective and transparent compliance and enforcement arrangements are fundamental to public confidence in the management of the Murray–Darling Basin.</p> <p>In 2017, the <i>Murray–Darling Basin Water Compliance Review</i> and the NSW <i>Ken Matthews Review</i> found that the Basin states had significant variations, and deficiencies in their compliance cultures, resourcing levels, transparency, and policy frameworks.</p> <p>Through the Basin Compliance Compact, Basin states and the Australian Government have committed to reviewing their arrangements, identifying and addressing gaps or areas for improvement, and increasing transparency to improve the effectiveness of water regulation in the Basin.</p>	<ul style="list-style-type: none"> <li>• Publicly report on Basin state and Australian government progress in implementing the Basin Compliance Compact commitments to improving compliance.</li> <li>• Monitor and review Basin state compliance arrangements, including the transparency and effectiveness of their systems for responding to allegations of illegal conduct.</li> </ul>	<p>The MDBA reported on Basin state compliance arrangements via the <a href="#">2019 Compact Assurance Report</a> which was published in December 2019. The report found that most jurisdictions had good quality reporting of compliance actions taken, and that these systems were being continually improved.</p>

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