



National Irrigators' Council

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13 October 2014

Committee Secretary
Senate Standing Committee on Environment
and Communications
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

Senate Inquiry – National Water Commission (Abolition) Bill 2014

The National Irrigators' Council (NIC) welcomes the opportunity to provide a submission to the Senate Inquiry into the National Water Commission (Abolition) Bill 2014.

The reasons outlined for referral/principal issues for consideration are noted, namely that the National Water Commission:

- Is the only federal independent body to track water policy
- Advises COAG and the Australian Government on water policy
- Audits the effectiveness of the implementation of the Murray-Darling Basin Plan
- Promotes water reform, and
- Many organisations have expressed concern at its axing.

Also noted are the principal issues for consideration in the inquiry, being:

- the impact of the Bill on the continuation of robust, independent and transparent monitoring and assessment of matters of national water reform and the management of Australia's water resources.

Summary

Against the background of current budget constraints the desire of the Federal Government to continue to progress national water reform in an efficient manner is supported. We have previously expressed concerns relating to the costs associated with duplicated/overlapping roles and responsibilities across the Department of Environment, the Murray Darling Basin Authority (MDBA), the Commonwealth Environmental Water Holder (CEWH), National Water Commission (NWC), Bureau of Meteorology (BOM), Australian Competition and Consumer Commission (ACCC), Australian Bureau of Statistics (ABS), Australian Bureau of Agricultural and Resource Economics and Science (ABARES), Standards Australia and state jurisdictions.

The cessation of the National Water Commission in tandem with the current review of the National Water Act 2007 provides the Federal Government with an opportunity to rationalise arrangements which are currently sub-optimal and likely to be unsustainable given the national financial outlook. In

particular, the arrangements mooted by the Federal Government provide an opportunity for it to deliver on its commitment to reduce red tape and in the process, to re-visit the need for what has become one of the most regulated industry sectors in Australia. The arrangements also present an opportunity to consolidate the placement of what is a finite number of bureaucrats who have a working knowledge of water, water regulation and the water industry, and re-examine and re-define roles and responsibilities associated with the National Water Initiative (NWI) and broader water reform. It presents an opportunity to reduce red tape and refine and improve upon the often cumbersome monitoring, auditing and reporting burdens placed on industry and state agencies.

NIC's members are obligated to generate and furnish a vast amount of data to multiple Commonwealth agencies but derive little benefit for the significant investment of time and staff that is required to do so. In times of increased export competition, low margins and a high Australian dollar, this is a cost that the irrigation industry can ill afford. Even if this were not the case, NIC asks why its members should be required to bear the cost of generating information that in many instances is being requested to inform the water market? NIC makes this point because in most markets, market participants are required to source their own market information and often, to pay specialist providers for such information – why should the water market be any different? To this end, it is pleasing to note the Parliamentary Secretary's allocation of NWC responsibilities to organisations such as the Bureau of Meteorology and ABARES who already have responsibility for monitoring and reporting on water matters.

A key issue for NIC is the continuation of monitoring and auditing of Basin Plan programs and the NWI by an independent body to ensure the Australian public can be confident that objectives are being met and water reform is being undertaken consistent with the principles of the NWI.

Reasons for referral

- The NWC is the only federal independent body to track water policy

NIC disagrees with this comment. There are multiple bodies monitoring and reporting on various areas of Federal water policy and implementation and multiple agencies collecting data in various forms.

Currently, state agencies and private Irrigation Infrastructure Operators (IIOs) are required to report to the ACCC, BOM, NWC, MDBA, and ABARES, and to the ABS on request. All these agencies report publicly; they are also charged with providing independent analysis. All of these bodies are tracking the implementation of federal water policy.

The MDBA is responsible for coordinating annual audits of compliance under the 1995 Cap on Diversions (implemented in 1997) which is conducted by the Independent Audit Group. This is reported publicly in the annual Water Audit Monitoring report. In the case of a breach of the Cap, the concerned State Government is also required to report to the Murray-Darling Basin Ministerial Council.

The NWC is responsible for monitoring the implementation of the NWI through triennial assessments reported to COAG. The NWC also conducts audits of the implementation of the Murray-Darling Basin Plan. Under the NWC (Abolition) Bill both of these responsibilities will be passed onto the Productivity Commission (PC). The NIC believes the transfer of these roles to the PC will strengthen rather than weaken the robustness of monitoring the implementation of these nationally significant programs because the PC has a proven track record in providing sound, independent advice to Government on all aspects of reform in the economy, including reform on environmental issues.

Finally, the PC examines issues as they relate to industry, industry development and productivity and will therefore provide a broader picture of the progress towards, and impact of, these key water reform initiatives than the singular water-based focus of the NWC.

- The NWC advises COAG and the Australian Government on water policy

The NWC is not the only Government agency that can provide advice to the COAG. The PC already has a responsibility to provide secretariat and research services to government bodies such as the COAG.

- The NWC audits the effectiveness of the implementation of the Murray-Darling Basin Plan

NIC rejects the proposition that NWC is best placed to audit the effectiveness of the implementation of the Basin Plan. Such auditing could be undertaken by the PC for instance, and on a more holistic basis because it is better placed to reflect on a 'matter relating to industry, industry development and productivity'.¹

Moreover, because the PC already employs a community-wide approach to its inquiries and audits and has a proven track record in providing robust performance monitoring and benchmarking services to Government through transparent processes, there is greater prospect that Government will receive advice which properly contemplates the environmental, economic and social outcomes associated with water reform and the Basin Plan.

- The NWC promotes water reform

NIC does not contest that NWC has promoted water reform but it rejects the proposition that it is alone in this endeavour; the MDBA, BOM, ACCC and State Governments would claim to do the same – indeed, one need look no further than the spawning of a domestic and international 'water industry speaking circuit' with the names of the same headline speakers from these departments invariably appearing on the associated marketing/promotional material to see that the NWC is not short of competitors for the mantle of promoting water reform. This too highlights the need for a more rational approach and less crowded space in the promotion of water reform because the related duplication is visited upon taxpayers.

- Many organisations have expressed concern at its axing.
- The continuation of robust, independent and transparent monitoring and assessment of matters of national water reform and the management

NIC questions whether the 'many' organisations who have supposedly expressed concern about the axing of the NWC have ever read NWC reports and are in a position to form a considered opinion of their value. NIC does not seek less robust or less transparent reporting but does question the value of much of the reporting currently undertaken in the name of water reform and asserts it is well placed to express such a reservation; NIC members are called upon to provide much of the data inputs and it the same members who are rightly in an informed position to question the value of the subsequent reporting outputs. Again, for the avoidance of doubt, NIC contends that much of the so-called analysis that has been delivered by the NWC amounts to coffee-table material rather than serious analysis.

In short, the revised arrangements announced by the Federal Government which see an expanded role by the PC, BOM and ABARES are likely to result in more, not less, robust and transparent reporting of the implementation of water reform in Australia.

¹ National Water Commission (Abolition) Bill 2014, S87(5)

Conclusion

The National Irrigators' Council supports the changes announced by the Federal Government because they should allow for a more cogent and more cohesive approach to the implementation and monitoring of the NWI, less duplication and less red tape in line with our previous statements and submissions. We submit however, that the transfer of roles to those designated organisations be undertaken in such a way that will not result in any increase in bureaucratic processes including reporting requirements, nor any increase in overall costs and will see efficiencies gained,

A clearer and more rational delineation of responsibilities between/across PC, Department of Environment, BOM, ABARES and the MDBA should also allow for better collaboration and consultation between water industry, environmental and community stakeholders.

Yours sincerely

Tom Chesson
Chief Executive Officer
National Irrigators' Council