

## **B10.10 Water Reform, Murray Darling Basin Commission**

<b>ASSESSMENT, June 1999</b>	<b>Page</b>
Table of contents	744
Table of abbreviations	745
<b>B10.10.1 EXECUTIVE SUMMARY</b>	746
<b>B10.10.2 REFORM COMMITMENT: COST REFORM AND PRICING</b>	748
<b>B10.10.3 REFORM COMMITMENT: INSTITUTIONAL SEPARATION</b>	751
<b>B10.10.4 REFORM COMMITMENT: ALLOCATION AND TRADING</b>	753
<i>10.10.4.1 Environmental Allocations</i>	753
<i>10.10.4.2 Water Trading</i>	755
<b>B10.10.5 REFORM COMMITMENT: ENVIRONMENT AND WATER QUALITY</b>	757
<i>10.10.5.1 Integrated Catchment Management</i>	757
<i>10.10.5.2 National Water Quality Management Strategy</i>	758
<b>B10.10.6 REFORM COMMITMENT: PUBLIC CONSULTATION, EDUCATION</b>	760

## Table of abbreviations

ARMCANZ	Agriculture and Resource Management Council of Australia and New Zealand
ANZECC	Australian and New Zealand Environment and Conservation Council
Commission	Murray-Darling Basin Commission
COAG	Council of Australian Governments
CSO	Community Service Obligation
GL	Gigalitre (1 000 ML)
IAG	Independent Audit Group
Ministerial Council	Murray-Darling Basin Ministerial Council
ML	Megalitre (1 000 kL)
NCC	National Competition Council
NWQMS	National Water Quality Management Strategy
RMW	River Murray Water
SCARM	Standing Committee on Agriculture and Resource Management
TER	Tax Equivalent regime
WAMP	Water Allocation Management Plan
WMP	Water Management Plan

## B10 WATER REFORM

### B10.10 MURRAY-DARLING BASIN COMMISSION

#### 10.10.1 EXECUTIVE SUMMARY

This is an assessment of the Murray-Darling Basin Commission's performance against the strategic framework for water reform. The assessment provides an overview of the reforms implemented and measurement of the reforms against specific commitments in the strategic framework.

The assessment considers both legislation and policy initiatives and the application of the initiatives in specific circumstances.

#### PROGRESS ON REFORMS

##### *Cost reform and pricing*

- The Council notes the substantial progress of the Murray-Darling Basin Commission (the Commission) and Ministerial Council in apportioning costs in a manner which reflects the services provided. The Council also notes the advice of the Commission that it is on schedule to achieve a positive rate of return on assets under its control by 2001. The Council will review this matter further prior to the third tranche assessment.

##### *Institutional reform*

- The Council notes that the creation of River Murray Water as a ringfenced water business unit within the Commission is sufficient to meet the reform commitment of separation of water service from other Commission functions. The Council notes its view that independent price regulation is important, and would look for significant further progress in respect of this matter prior to the third tranche assessment.

##### *Allocations and trading*

- The Council notes the considerable contribution of the cap on diversions to ensuring environmental flows. The work of the Commission, Ministerial Council and contracting jurisdictions in this respect is to be commended. The Council has raised concerns noted in the Independent Audit Group reports with jurisdictions in assessing individual compliance with reform commitments.
- The Council also notes the work of the Commission and Ministerial Council in progressing the pilot interstate water trade project and the recent extension of the project. The Council will look to co-operation of jurisdictions in resolving difficulties prior to the third tranche assessment.

***Environment and water quality***

- The Council has been advised of the large investment by the Commission and Ministerial Council in integrated catchment management, and has been provided with examples of management plans prepared throughout the Basin.
- The Commission has advised that it has adopted relevant National Water Quality Management Strategy guidelines.

***Public education and consultation***

- The Council notes the ongoing commitment of the Commission and Ministerial Council to consulting with relevant stakeholder groups.

**ASSESSMENT**

The Council is of the view that the Commission and Ministerial Council have met their reform commitments for the purposes of the second tranche.

The Council has noted concerns regarding price regulation and will continue to monitor this matter prior to the third tranche assessment. The Council will look to contracting parties and the Commission to have implemented appropriate arrangements prior to the third tranche assessment.

## **B10.10.2 REFORM COMMITMENT: COST REFORM AND PRICING**

### **Rural Water Supply and Irrigation Services**

**Where charges do not currently cover the costs of supplying water to users (excluding private withdrawals of groundwater<sup>409</sup>), jurisdictions are to progressively review charges and costs so that they comply with the principle of full cost recovery with any subsidies made transparent.**

Jurisdictions should provide a brief status report, consistent with advice provided to ARMCANZ, on progress towards implementation of pricing and cost recovery principles for rural services.

The NCC will assess jurisdictions as having complied with the pricing principles applicable to rural water supply where jurisdictions:

- have achieved full cost recovery; or
- have established a price path to achieve full cost recovery beyond 2001 with transitional CSOs made transparent; or
- for the schemes where full cost recovery is unlikely to be achieved in the long term, that the CSO required to support the scheme is transparent; and
- cross-subsidies have been made transparent

In the case of the Murray-Darling Basin Commission, the Murray-Darling Basin Ministerial Council is to put in place arrangements so that, out of charges for water, funds for the future maintenance, refurbishment and/or upgrading of the headworks and other structures under the Commission's control are provided.

### **Commission Approach**

#### ***Structure of the Murray-Darling Basin Commission and Ministerial Council***

The Murray-Darling Basin Commission (the Commission) began in 1917 as the River Murray Commission to direct the management of the River Murray System. Since 1988 those functions have been performed by the Commission, which co-ordinates the efforts of Governments and various communities in the Murray Darling Basin (the Basin). *Murray Darling Basin Initiative* (undated, Murray-Darling Basin Commission) notes that the Basin is home to 1.8 million people and contributes in excess of \$3 billion of the nation's agricultural output annually. Other industries with an economic output of in excess of \$25 billion are to a lesser or greater extent dependant on water from the Basin. In addition, the Basin has 30 000 wetlands, eight

---

<sup>409</sup> Private withdrawals of groundwater include private providers and small co-operatives who extract water from bores for private use, but does not include large co-operative arrangements (including trusts) that act as wholesalers supplying water as a commercial venture and that are subject to control or directions by government or receive substantial government funding.

of which are recognised as being of international importance, and the region has important biodiversity.

The Murray-Darling Basin Ministerial Council (the Ministerial Council), the policy making body that oversees the functions of the Commission, consists of Ministers for land, water and the environment of each of the contracting Governments: the Commonwealth, New South Wales, Victoria, South Australia and Queensland.<sup>410</sup> In 1998 the Australian Capital Territory undertook formal participation in relevant affairs of the Ministerial Council and Commission, including agreement to contribute to administration, program support and project costs associated with the Basin Sustainability Program.

In addition, there is a Community Advisory Committee made up of 21 community representatives and other representatives including the National Farmers' Federation, Australian Local Government Association, Australian Conservation Foundation and Australian Council of Trade Unions.

The Commission is made up of two Commissioners from each Government, and chaired by an independent President appointed by the Ministerial Council. The Initiative notes that the Commission is a unique organisation. It is equally responsible to each of the governments represented on the Council but is not a government department or statutory body of any individual government. Functions of the Commission include: distributing Basin waters to New South Wales, Victoria and South Australia; advising the Ministerial Council on management issues throughout the Basin; and, administering the Natural Resource Management Strategy.

### **Pricing**

The *SCARM Review of progress by the Murray-Darling Basin Commission* (August 1998) (the SCARM review) noted that the Commission regards itself as a water bank (or tolling company<sup>411</sup>). The Commission neither owns the water nor the assets that regulate the water but has under its control some \$1.025 billion of assets.<sup>412</sup> In 1996-1997 the Commission spent \$42 million on the provision of water services and a further \$46.7 million on natural resource management.

Under the terms of the Murray Darling Basin Agreement, the Commission recovers the costs of operating, maintaining and upgrading/acquiring assets. Previously, operating costs were shared equally by New South Wales, Victoria and South Australia and capital costs were evenly divided between the Commonwealth, New South Wales, South Australia and Victoria.

From 1 July 1998 a new system was adopted to more closely link payment with the services provided. The principles include:

---

<sup>410</sup> Since 1992.

<sup>411</sup> Bilateral meeting between the NCC and Commission, 15 February 1999

<sup>412</sup> Written down replacement cost.

- that prices are to meet the full cost of operations, management, administration and renewals, this meets the floor price required in the strategic framework. A decision on TERs is presently deferred. It is noted that the Commission believes it is on target to achieve a positive rate of return on assets by 2001;
- that two part tariffs are to be used wherever possible;
- that a new apportionment of total costs, the long-run effect of which is likely to be: New South Wales, 40 per cent; Victoria, 36 per cent; and, South Australia, 24 per cent; and
- that the Commonwealth will continue to retain an interest in the water business for the time being and will continue to contribute to developing the capital base in a equivalent manner to that applying under the present agreement.

The SCARM review notes that the Commission is looking to an independent regulator to undertake prices surveillance.

The Commission has noted that the revised system is based on the long run outcome of a proposed two-part tariff based pricing system. The Commission also noted that implementation of a specific tariff it is not within in the terms of the existing Agreement. Governments have given a strong commitment to adjusting previous equal cost sharing arrangements to better reflect the outcome of a price for service based on full cost recovery principles, including a renewals annuity.

The Commission has advised that the Commonwealth arrangements will continue to be reviewed in the light of development of the Commission's water business.

### **Council Comment**

The Council notes the substantial progress of the Commission in addressing the question of rural cost recovery, and commends this.

However, TERs should be in place consistent with full cost recovery and other reform commitments. The Council also believes that there should be independent price regulation of the water service provision functions of the Commission. This matter is discussed further under institutional arrangements.

The Council will assess further progress against the Commission's commitment to full cost recovery at the third tranche assessment.

### **B10.10.3 REFORM COMMITMENT: INSTITUTIONAL REFORM**

#### **Institutional Role Separation**

**As far as possible the roles of water resource management, standard setting and regulatory enforcement and service provision should be separated institutionally by 1998.**

The NCC will look for jurisdictions, at a minimum, to separate service provision from regulation, water resource management and standard setting. Jurisdictions will need to demonstrate adequate separation of roles to minimise conflicts of interest.

#### **Commission approach**

The 1997 *Murray-Darling Basin Commission Report of Implementation Progress* (the 1997 report) notes the proposed establishment of River Murray Water (RMW), a ringfenced business unit to undertake the water supply services of the Commission. The 1997 report notes the ultimate goal of this becoming a separate statutory entity, although difficulties to be resolved included the appropriate regulatory regime, ownership and transfer of water assets to the business, liability, and amendment of enabling legislation and the Murray-Darling Basin Agreement. At that time proposed legislative amendments to achieve reform were not expected before Spring 1998.

The proposed arrangements included delegation of relevant powers by the Commission to the General Manager of the RMW and the establishment of a Board to, among other functions, endorse operational arrangements and advise the General Manager. An operating authority (including matters such as pricing, financial management, dam safety etc.), issued by the Commission, would specify the requirements of RMW. It is noted that the business unit would provide a useful transition to the separation of the water business functions. The benefits of the proposed arrangements included cost sharing based on consumption, some improvement in asset management and operating performance and improved decision making.

The SCARM review noted that the Commission is looking to contract an independent price regulator to undertake prices surveillance.

At the bilateral meeting between the Council and Commission in February 1999, the Council was advised that a new institutional framework was being considered by the Commission and Ministerial Council. This new framework would set up the Commission controlled water assets and the water business as a separate and ring-fenced unit of the Commission.

It was further noted<sup>413</sup> that the Commission and Ministerial Council have given careful and thorough consideration to the issue of structural separation of service provision from other Commission functions. The outcome is that while there is clear internal separation of functions *'it is strongly held that the values of an integrated*

---

<sup>413</sup> 18 June 1999.

*approach to basin resource management favour continuation of a structure that retains the co-ordinating function of the Council and Commission’.*

Both the Ministerial Council and the Commission are of the view that it is insufficient for the Ministerial Council to act as price regulator. All that has ever been proposed is that the Ministerial Council would provide the fundamental authority and forum for engaging an independent, expert and transparent price regulator to exercise this role and provide its findings to the Ministerial Council. This process is noted to be similar to the cap audit process (see B10.10.4.1). Both the Ministerial Council and the Commission are continuing to discuss the achievement of a specific pricing regime and the subsequent independent, expert and transparent evaluation of its implementation.

### **Council Comment**

The Council has previously advised<sup>414</sup> that, given the unique role of the Commission in providing water services to New South Wales, Victoria and South Australia, strong ringfencing of service provision from other functions of the Commission was just sufficient for the purposes of the framework. The Council has also noted its preference for structural separation in the long term.

The Council believes there is a strong need for independent prices oversight, and that it is insufficient for the Ministerial Council to operate as the price regulator.

While either the new or previous proposal outlined above appear to provide satisfactory ringfencing of service provision functions, there has been no substantial progress in respect of independent prices oversight.

The Council recognises the commitment of both the Ministerial Council and the Commission to implementing price regulation reform. The Council will look for significant further progress in respect of this matter from the Commission, the Ministerial Council and contracting parties prior to the third tranche assessment.

This reform meets the second tranche assessment but the Council notes that failure to provide prices oversight may have implications for the assessment of jurisdictions' compliance with reform commitments in the third tranche assessment.

---

<sup>414</sup> Letter to Murray-Darling Basin Commission, 1 April 1997.

## **B10.10.4 REFORM COMMITMENT: ALLOCATIONS AND TRADING**

### **B10.10.4.1 ALLOCATIONS**

**Jurisdictions must develop allocations for the environment in determining allocations of water and should have regard to the relevant work of ARMCANZ and ANZECC.**

**Best available scientific information should be used and regard had to the inter-temporal and inter-spatial water needs of river systems and groundwater systems. Where river systems are overallocated or deemed stressed, there must be substantial progress by 1998 towards the development of arrangements to provide a better balance in usage and allocations for the environment.**

**Jurisdictions are to consider environmental contingency allocations, with a review of allocations five years after they have been initially determined.**

Jurisdictions must demonstrate the establishment of a sustainable balance between the environment and other uses. There must be formal water provisions for surface and groundwater consistent with ARMCANZ/ANZECC “National Principles for the Provision of Water for Ecosystems”.

Rights to water must be determined and clearly specified. Dormant rights must be reviewed as part of this process. When issuing new entitlements, jurisdictions must clarify environmental provisions and ensure there is provision for environmental allocations.

#### **Commission arrangements**

In response to continuing growth on diversions and declining river health in the Basin, the Ministerial Council agreed in 1997 to a cap on diversions from the Basin. *“The Cap is the volume of water that would have been diverted under 1993/4 levels of development. In unregulated rivers this Cap maybe defined as an end-of-valley flow regime”*.<sup>415</sup>

*Setting the Cap* (November 1996, Independent Audit Group (IAG)) (the cap report) noted that the primary objectives of the cap are to maintain and where appropriate improve existing flow regimes, to protect and enhance the riverine environment and to achieve sustainable consumptive use by developing and managing Basin water resources to meet ecological, commercial and social needs.

The cap proposal included equity considerations such as climate and priority of water rights. A further allocation to South Australia (in recognition of conservative water management since 1969), Victoria (to complete the Lake Mokoan scheme) and New South Wales (for inclusion of the Pindari Dam) and a delay in setting the Queensland cap (to be determined after completion of the WAMP process) were included in the cap recommendation. The cap report noted that the existence of the cap was likely to

---

<sup>415</sup> Setting the Cap (November 1996, Independent Audit Group), pVIII.

increase the pressure for growth in water trading opportunities. Recommendations included the implementation of the pilot trade programme in the Mallee region.

Two reviews of cap implementation<sup>416</sup> have been completed. Both reviews noted the commitment of South Australia, Victoria and New South Wales in implementing the cap.

- South Australian diversions were within the cap for both reviews.
- Victorian diversions in 1996-1997 may have exceeded the cap although IAG noted Victoria's commitment to introduce management changes to ensure cap compliance. 1997-1998 diversions were below climate adjusted cap targets.
- New South Wales diversions for the Lachlan and Murrumbidgee Rivers exceeded the cap on both reviews. 1997-1998 diversions for the Barwon-Darling and Border regions appeared to have exceeded the cap although environmental flow policies on all but the Barwon-Darling River should ensure cap compliance.
- The 1996-1997 report for Queensland noted that the relevant Water Allocation Management Plans (WAMP) should be completed by June 1998, although there was a need to resolve “*key philosophical differences between Queensland and New South Wales about environmental objectives for the Border Rivers*”. (p14) The 1997-1998 report notes that diversions were a record 611 GL (up from 420 GL in 1996-1997) following a growth in on-farm storage and high flows. It was noted that the Condamine-Balonne WAMP was unlikely to be completed before June 1999 and the Border Rivers WAMP draft before December 1999. It was also noted that legislation to provide a statutory basis for WAMPs was expected to be introduced into the Queensland Parliament in March 1999. The IAG recommended that the legislation include management of floodplain harvesting. The IAG also recommended capping diversions at 1997-1998 levels until WAMPs and Water Management Plans (WMP) were completed.
- The *Progress Report in the Queensland WAMP and WMP process* (IAG, March 1999) noted that WAMPs and WMPs for the Queensland component of the Basin were unlikely to be finalised before 30 June 2000. Although the IAG and Ministerial Council supported the approach to use the WAMP to establish end of river flows, it was concerned that downstream impacts, rather than only the area covered by the WAMP, be considered. This concern extended to studies reviewing environmental flow, volume and reliability of water available for diversion or beneficial flooding, economic and social assessments and the draft WAMP scenarios. The IAG was also concerned as regards the number of factors used in the Multi-objective Decision Support System and recommended their rationalisation.

### Other matters

The 1997 report notes the allocation of 100 GL of water to the Barmah-Millewa forest by the Ministerial Council.

---

<sup>416</sup> *Review of Cap Implementation* (August 1997, November 1998, IAG).

The SCARM review notes the Commission's efforts in providing water to the environment, including the continuing development of the Environmental Flows Decision Support Program, in an attempt to define the most appropriate approach in the Basin. The 1997 report notes that this computer based product will help decision makers to assess the long term impact on the environment of their decisions and hence assist in making an informed decision about the management of environmental flows in their region.

The Council was advised at the bilateral meeting<sup>417</sup> that while an environmental flow plan for the River Murray was in operation, there were significant developments underway which would have implications for future environmental flow regimes for the River Murray. These included the future resolution by Governments of the operating regime of the Snowy Scheme and review by the Commission of the operations of the Hume and Dartmouth Dams. These and other aspects are being considered by the Commission in a current comprehensive review of environmental flow requirements for the whole of the River Murray System.

### **Council Comment**

The Council notes the considerable contribution of the cap to ensuring environmental flows. The work of the Commission, Ministerial Council and contracting jurisdictions in this respect is to be commended.

The Council has raised concerns noted in the IAG with jurisdictions in assessing individual compliance with reform commitments.

The Council will continue to monitor implementation of the cap prior to the third tranche assessment.

### **B10.10.4.2 TRADING**

**Arrangements for trading in water entitlements must be in place by 1998. Water should be used to maximise its contribution to national income and welfare.**

**Where cross border trade is possible, trading arrangements must be consistent between jurisdictions and facilitate trade. Where trading across State borders could occur, relevant jurisdictions must jointly review pricing and asset valuation policies to determine whether there is any substantial distortion to interstate trade.**

**That individual jurisdictions would develop, where they do not already exist, the necessary institutional arrangements, from a natural resource management perspective, to facilitate trade in water, with the proviso that in the Murray-Darling Basin the Murray-Darling Basin Commission be satisfied as to the sustainability of proposed trading arrangements.**

Cross border trading should be as widespread as possible. Jurisdictions are to develop proposals to further extend interstate trading in water.

---

<sup>417</sup> February 1999.

### Commission arrangements

The Commission has supported the development of interstate trade through the pilot interstate water trading project (the project) in the Mallee border region of the Murray-Darling Basin.<sup>418</sup> The project was approved by the Ministerial Council in 1997 and commenced on 1 January 1998. The Council has been advised by the Commission that the first water trade under the project occurred in September 1998 and that as at 15 February 1999, 248 ML had been transferred from New South Wales to Victoria, 600 ML from Victoria to South Australia and 528 ML from New South Wales to South Australia. The present price for trades is about \$1 000 per ML.

The project is limited to permanent transfer of high security water entitlements held by private diverters.<sup>419</sup> Each trade must be approved by respective state authorities. The scheme provides for the registration of the trades and exchange rates to limit the impact of trades on the security of others' water entitlements and the environment. Environmental clearances are integral to the pilot, as is the maintenance of the Salinity and Drainage Strategy. The project is to be reviewed after two years or 10 000 ML in trade have occurred.

The Ministerial Council has agreed in May 1999 to extend the project to include high security water entitlements within the pumped irrigation districts below Nyah.

Information provided to the Council at the bilateral meeting indicated that research on the project suggested different water charges between the states involved in the project tended to reflect differences in levels of service. Water charges were unlikely to have an impact on an individual's decision about where to locate a new irrigation project.

### Council Comment

The Council notes the work of the Commission and Ministerial Council in progressing interstate trade through the pilot project. The commitment to trade is evident by the careful and thorough development, extensive education programs and extension of the project.

The Council will look to review the report on the project prior to the third tranche assessment and that, where issues are identified, all jurisdictions have co-operated to work together to resolve difficulties.

The Council is satisfied that this reform commitment has been met for the second tranche.

---

<sup>418</sup> The Pilot Interstate Water Trading Project information sheets; MDBC, 1998.

<sup>419</sup> The project area includes water rights of about 400 GL out of a potential 6 000 GL in the Basin.

## **B10.10.5 REFORM COMMITMENT: ENVIRONMENT AND WATER QUALITY**

### **B10.10.5.1 INTEGRATED CATCHMENT MANAGEMENT**

**Jurisdictions must have in place integrated resource management practices, including:**

- **demonstrated administrative arrangements and decision making processes to ensure an integrated approach to natural resource management and integrated catchment management;**
- **an integrated catchment management approach to water resource management including consultation with local government and the wider community in individual catchments; and**
- **consideration of landcare practices to protect rivers with high environmental values.**

The NCC will examine the programs established by jurisdictions to address areas of inadequacy. Programs would desirably address such areas as government agency co-ordination, community involvement, co-ordinated natural resource planning, legislation framework, information and monitoring systems, linkages to urban and development planning, support to natural resource management programs and landcare practices contributing to protection of rivers of high environmental value.

#### **Commission arrangements**

The 1997 report noted that, through Murray-Darling 2001, more than \$300 million for integrated catchment management will be made available over five years. Funds are only available for works that fit within an integrated catchment management plan, and the Basin has a comprehensive set of 19 catchment management committees, each established under state legislation to co-ordinate activities within catchments.

The aims of Murray-Darling 2001 include: improving water quality; restoring riparian land systems, wetland and floodplains; improving the health of key rivers; and encouraging economically and ecologically sustainable land use.

The SCARM review notes that in 1996-1997, the Commission allocated \$13.8 million to an integrated catchment management program to allow communities to develop regional plans and proposals for funding across the 19 regions. Assessment of plans includes representatives of State and local government. The plans were linked to jurisdictional plans.

The Council was provided with the following examples of catchment plans of the Basin:

- *The Shepparton Irrigation Region Land and Water Salinity Management Strategic Plan, the second five years* (Victorian Department of Agriculture, Energy and Minerals, July 1995);

- *Remnant Vegetation in the Central West Catchment, Issues and Options for the Future* (Central West Catchment Management Committee, July 1997);
- *Denimein Community's Land and Water Management Plan* (Denimein LWMP Working Group, December 1995);
- *Mallee Region Catchment Strategy* (Mallee Catchment and Land Protection Board, June 1997); and
- *Goulburn Broken Catchment Management Authority Catchment Strategy* (Goulburn Broken Catchment and Land Protection Board, July 1997).

The Council has been advised that the Commission's salinity plan should be released in the second half of 1999.

### **Council Comment**

There has been substantial financial commitment by the Commission and Ministerial Council to integrated catchment management. The Council notes the development of catchment plans for the Basin and has canvassed the work of jurisdictions' catchment management strategies in the Basin in their respective assessments.

The Council will review the salinity plan prior to the third tranche assessment.

### **B10.10.5.2 NMQMS**

**Support ANZECC and ARMCANZ in developing the National Water Quality Management Strategy (NWQMS), through the adoption of market-based and regulatory measures, water quality monitoring, catchment management policies, town wastewater and sewerage disposal and community consultation and awareness.**

Jurisdictions must have finalised development of the NWQMS and initiated activities and measures to give effect to the NWQMS.

### **Commission arrangements**

The 1997 report notes that the Commission has adopted the NWQMS's recommended water quality standards and procedures including the development of an algal management strategy supporting catchment, flow regime, on ground works, investigation and community education initiatives.

The Council was provided with the *Algal Management Strategy* (Ministerial Council, October 1994) (the Strategy). The Strategy notes its goal as "*to reduce the frequency and intensity of algal blooms and other water quality problems associated with nutrient pollution in the Murray Darling Basin through a framework of co-ordinated planning and management actions*". (p. 7)

The objectives of the Strategy are to: reduce nutrient concentrations in the streams and storages of the Basin; improve stream-flow regimes and flow management; increase the community's awareness of the blue-green algae problem; and obtain better information and scientific knowledge of blue-green algae. The main principles

underlying the Strategy are ecologically sustainable development and integrated catchment management.

For each objective the Strategy identifies actions, priorities and the role of respective parties, including the Commission, governments and individuals/communities. The Strategy also identifies monitoring and reporting mechanisms.

**Council Comment**

The Council notes the commitment of the Commission to NWQMS. The Strategy provides a clear example of the process adopted by the Commission and Ministerial Council to address Basin issues.

The Council notes that it will continue to review the implementation of the strategy, including monitoring and compliance prior to the third tranche assessment.

**B10.10.5 REFORM COMMITMENT: PUBLIC CONSULTATION, EDUCATION**

**Jurisdictions must have consulted on the significant COAG reforms (especially water pricing and cost recovery for urban and rural services, water allocations and trade in water entitlements). Education programs related to the benefits of reform should be developed.**

The Council will examine the extent and the methods of public consultation, with particular regard to pricing, allocations and trade. The Council will look for public information and formal education programs, including work with schools, in relation to water use and the benefits of reform.

**Commission arrangements**

The SCARM review noted that the Commission has extensive community education and consultation plans in place for natural resource management issues, including plans concerning algal blooms and salinity.

The Commission has also provided the Council with information concerning the pilot interstate trading project, and the SCARM review notes that consultation has included negotiations with relevant stakeholders and will continue throughout the trial.

**Council Comment**

The Council notes that the Commission has consulted with relevant stakeholders in respect of reforms, and that it has ongoing consultation and education concerning reforms such as interstate trade and resource management. The Council is satisfied that this reform commitment has been met.

