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Institutional experimentation in the Murray-Darling Basin
Three institutional frameworks

- Early 20\textsuperscript{th} cent - Interstate Commission and River Murray Commission
- 1980s - MDB Initiative
In 1915 the High Court effectively destroyed the Interstate Commission.

Clark comments that without the Interstate Commission ‘the River Murray Waters Agreement was a totally inadequate vehicle to impose a management regime for the whole Basin’.
Peter Cullen

- Thought that the MDB Ministerial Council was effective in generating pressure for change and in using the skilled knowledge of each of the states to provide scrutiny of the others.

- Undermined by the Commonwealth’s desire for power and the willingness of the states to go to bilateral arrangements where they could avoid knowledgeable scrutiny by their neighbours.
Eight policies to change balance between irrigation and environment

Since the 1980s there have been EIGHT major policy attempts to restore water to the rivers of the MDB:

1. Salinity and Drainage Strategy 1989
2. Natural Resources Management Strategy 1990
3. COAG rural water reform package 1994
4. The Cap 1995/6
5. ICM Policy statement 2000
6. Living Murray First Step 2004
8. And now the Basin Plan 2010
Water Act 2007/8 (& Basin Plan)

- Water Act 2007/8 is the most recent of the three institutional frameworks.

- Basin Plan is the most recent of the eight policies that have been introduced to shift water from irrigation to the environment.

- For better or worse this is the framework/policy setting that we will have to work with for many years so we need to understand it better.
Water Act

- The argument for change has not been successfully presented to the public
- NWI was a response to a crisis but the Water Act will be introduced slowly (2014 in NSW, 2019 VIC + 5 year phase in) via 10 year plans that will be slow to react to step changes
- The implementation generation will not be the design generation
- Great potential for conflict re development of state sub-plans
- The Commonwealth has little capacity to prepare a substitute sub-plan if a state does not comply.
- Compliance provisions will be very difficult to activate successfully
- Prediction
  The CEWH will be more important than the Basin Plan
The Commonwealth Environmental Water Holder (the CEWH)

- Will manage all the water purchased by the Commonwealth.

- Water will be managed as entitlements based water not as rules based water.

- Could eventually control $\frac{1}{4}$ of the water in the MDB working to the MDBA’s Environmental Water Plan.

- The impact of the CEWH will only be limited by its budget and the MDBA’s environmental watering plan.
The MDB policy environment

- It is likely that the Basin plan will be indefinitely delayed by legal and political action.
- Has proved difficult to achieve high quality plans (NWC reports).
- In a disorganized, uncoordinated world the CEWH will still be able to deliver significant volumes of water to the environment.
- It makes strategic sense for people focusing on environmental outcomes to concentrate on building the capacity of the CEWH to deliver.
- The operation of the CEWH as described here better suits a polycentric world, unlike the command and control type arrangements that have been repeatedly attempted in the MDB.
The future?

- Will the Commonwealth control water for the environment and the states control water for irrigation?

- The advantages of coordination are great (to share conveyance water etc) but does that require an unrealistic degree of cooperation?