



Australian Government



Inspector-
General of
Water
Compliance

Annual Report

2023–24



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Australian Government



2023–24 at a glance



412

stakeholder
engagements



1.7k

downloads of
Water's Edge
podcast



14

open audits
and
investigations



9

matters for
trriage



7

closed audits
and
investigations



73%

of the community
do not know they
live in the Basin



79%

of the community believe effective water rules
and regulations enforcement is important for
maintaining healthy basin waterways



**Inspector-
General of
Water
Compliance**

Foreword by the Inspector-General



It is with great pleasure that I present the **2023-24 Inspector-General of Water Compliance (Inspector-General) annual report**. This is the third annual report that I have had the honour of delivering with the office supporting me and it once again will show the extensive work done by us throughout the year across the Murray-Darling Basin (the Basin). It's been another productive and critically important year working with Basin communities, industry, state, and territory agencies responsible for the management of our most precious natural resource – water.

This annual report will show the important work of the office that has closely supported and allowed me to deliver on my role to:

- 🌊 Deliver trust and transparency around the management of Murray-Darling Basin water resources.
- 🌊 Ensure the highest standard of accountability for all involved in the use and management of Basin resources, including state and Commonwealth agencies.
- 🌊 Engage with the community on management of Basin resources.

It will also show how we delivered on our 2023-24 annual work plan priorities:

| | |
|-------------------|--|
| Priority 1 | Monitor Commonwealth and state performance. |
| Priority 2 | Foster Basin-wide regulatory cooperation. |

Our ongoing communications, field work and engagement with Basin communities throughout the year left me with the strong message that the community demands 'accountability' and the need for more of it across the Basin. Our work with Basin state and Commonwealth agencies also gave us a wider overview of water resource management and the need for an ongoing and increased focus on accountability. My submission (reported on in the 2022-23 annual report) to the Productivity Commission's Five-yearly Murray-Darling Basin Plan: Implementation Review 2023, strongly

recommended greater accountability against the backdrop of the open-source work I undertook to look at the transparency of \$13 billion Basin funding. Strong 'accountability' themes in our engagement, compliance, monitoring, and oversight work flowed from the previous year and continued to emerge across the Basin throughout the 2023-24 reporting period.

In addition to evidence of the community wanting and expecting more accountability across the sector, our second annual community sentiment survey revealed growth in confidence towards water management but a need for more community education on the Murray-Darling Basin. The survey was undertaken at the end of 2023, a time of public debate around water legislation amendments against the backdrop of a charged Basin water system not in drought. Unsurprisingly, sentiment of water licence holders towards Basin water management and the Basin Plan declined, although overall awareness of the Plan increased.

Each reporting year since being established in August 2021 has provided the Inspector-General with new opportunity, new challenges, new issues, and new priorities and objectives. This annual reporting year has provided new growth opportunities for the Inspector-General – and the following will give some further context to that.

The end of 2023 saw a significant change to the law affecting the Basin through the *Water Amendment (Restoring Our Rivers) Act 2023* (Restoring Our Rivers Act). In summary, this milestone legislative change amends the *Water Act 2007 (Cth)* (the Water Act) and the *Basin Plan 2012* (the Basin Plan) to significantly assist and boost the ability for Basin State and Commonwealth governments and their agencies, communities, industry, and water operators to deliver on the Basin Plan. Among the changes and measures of the Restoring Our Rivers Act – enabling the Inspector-General of Water Compliance to determine Sustainable Diversion Limit (SDL) compliance, and require action plans, providing powers to ensure greater accountability regarding SDL compliance.

The River Reflections Conference of 2024 in Albury, hosted by the Murray-Darling Basin Authority (MDBA), provided me with the opportunity to speak to representatives and leaders once again across the water industry. I last spoke at River Reflections in 2022 at Mildura. At the time, accountability was front and centre as I spoke about the absence of accredited and operational water resource plans

(WRPs) for the state of New South Wales (NSW). At that time – there were zero WRPs accredited or in effect for NSW for consecutive years, with no accountability. Fast forward 2 years when I spoke at the River Reflections 2024 Albury conference in June, through ongoing work by the NSW Government and MDBA, 16 of 20 NSW WRPs are accredited and operational with the remaining 4 outstanding being closely monitored and worked on. Since 2022, the NSW Government were held to account and they picked up, and improved upon, where the previous government had left WRPs.

As we entered 2024, the Inspector-General as an entity reached a level of maturity which saw us transition from 'being established' (2021) to 'established' – achieved through implementing our policies, procedures, frameworks, and most capabilities. If we compared ourselves to a sporting team, from August 2021 to the beginning of 2024 saw us become 'match fit'. This is highlighted in the outcome and observations of the Modern Regulator Improvement Tool (MRIT) – the industry standard for assessing and improving our performance as a regulator.

In May 2024, the Australian Government announced a significant funding boost to the Inspector-General via the Federal Budget, committing an additional \$28.6 million over the coming 4 years to support our work. This funding commitment ensures my office is funded to deliver on its oversight, inquiry, audit, compliance, and enforcement activities and obligations. This further enhanced our operational readiness and capabilities – moving us from 'match fit' to 'match ready'. I thank the Minister and the government for their commitment to deliver on what the Inspector-General needs to support the success of the Basin Plan.

At the same time, the findings and recommendations from the government's review of the Inspector-General of Water Compliance, which commenced in the last quarter of 2023, were delivered. The review by Mr Peter Harris AO made 11 recommendations and 8 observations. The Australian Government has agreed or agreed in principle to 8 of the 11 recommendations, with a number of these recommendations implemented as part of the 2024-25 Budget. One critical recommendation of the review was, in summary, for the Inspector-General to establish its own in-house legal counsel to advise the Inspector-General – separate from any legal advice or counsel given from the federal Department of Climate Change, Energy, the Environment and Water (DCCEEW). This is

indeed critical, particularly where there was a clear conflict in providing legal advice that may affect the department. Due to the criticality of that recommendation, and the work we do, the process to recruit additional senior executive and subject specialist staff to support my independent role has begun in earnest.

My independence as a statutory officer means that when it comes to accountability:

- If through our work I see wrong-doing, I will work with other agencies to pursue integrity, and if appropriate I will call out wrong-doers.
- If I find evidence that laws have been broken, I'll use my audit, investigation, and enforcement powers against offenders.
- If I see systemic performance or implementation failures, I can use my inquiry powers to seek the facts and improve performance and implementation.

In this annual report, you will see we undertook several audits during the reporting year as part of our commitment to Basin-wide accountability. One independent audit I commissioned was into the DCCEE, undertaken on my behalf by an independent and qualified auditor. This was in response to a matter that was formerly raised with my office – you can read more about the audit in this annual report. When it comes to accountability, the community can take comfort, as an independent statutory officer, if there's an issue or concern raised – I will seriously look at it, no matter who it is.

For further context, DCCEE is the department that supports my work as the independent Inspector-General of Water Compliance – staff supporting me are department employees. As an independent statutory officer, I will maintain that independence during any current or future arrangement where a Commonwealth agency

supports my function. It's important to note, bills need to be paid, HR matters dealt with, services procured, staff provided to assist me with my work - all of which is administrative support critical to the operations of my office. However, there should be no doubt in people's minds, that if a Commonwealth agency appears on my radar for not meeting the accountability thresholds, there will be no – zero – fear or favour from me exercising my oversight, inquiry, audit, compliance, or enforcement powers to address and remedy any issues. I am on the record for stating, people who make the rules and administer the rules by holding others to a high level of accountability must follow the rules – and expect to be publicly held to account. In fact, as the rule setters, they should be held to a higher standard.

The outcomes of our work for this reporting year are laid out in the following pages. As the 2023-24 year concluded and the 2024-25 reporting year opens, 'accountability' remains a central focus for our work – and will continue to build upon the great foundational work done by my office.



The Hon. Troy Grant

Inspector-General of Water Compliance





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01

Introduction

01 Introduction

Each year, the Inspector-General of Water Compliance reports on the activities undertaken in the previous financial year by preparing an annual report in accordance with section 215Y of the Water Act 2007 (Cth) (the Water Act). This report fulfils that legislative obligation and allows the Inspector-General to be transparent by sharing findings, reporting on commitments and communicating with the public.

The Inspector-General's financial statements and other information required by the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) are reported each year in the annual report of the federal Department of Climate Change, Energy, the Environment and Water (DCCEEW).

About the Inspector-General

The Inspector-General is an **independent statutory office holder and integrity agency** with oversight, monitoring and enforcement functions and powers in relation to the Water Act and the *Basin Plan 2012* (the Basin Plan).

The Inspector-General role was established in 2021 under the Water Act. This means:

- the functions of the Inspector-General are set out in the legislation
- the Inspector-General is appointed by the Governor-General
- the Inspector-General is appointed for a set term (4 years).

The Inspector-General is a public-facing role and reports to the Australian Parliament while engaging directly with the public across the Murray-Darling Basin (the Basin).

WHAT THE INSPECTOR-GENERAL DOES

The Inspector-General provides strong and independent regulation of water compliance. This includes:



enforcing **compliance** with the Water Act and the Basin Plan, including water trading rules



overseeing the performance of Commonwealth and Basin State¹ government agencies in meeting their water management responsibilities under the Water Act, including overseeing intergovernmental agreements which implement various elements of the Basin Plan



engaging with the Australian public on the management of Basin water resources.



¹ The Basin States are New South Wales, Queensland, South Australia, Victoria and the Australian Capital Territory.

ROLES AND RESPONSIBILITIES OF OTHER AGENCIES

Basin State governments are responsible for monitoring compliance with the water laws in their jurisdictions and for determining the allocations between different types of water use.

The Inspector-General ensures Basin water managers and users act within the law in respect of the Water Act and Basin Plan. The Inspector-General has powers to enforce compliance with relevant laws where there is evidence to support a finding of non-compliance.

The Inspector-General also monitors state, territory and Australian Government decision-makers and holds them to account. In doing this, the Inspector-General may conduct inquiries to gather information and evidence to inform their findings.

Several Australian Government agencies have responsibilities relating to Basin Plan implementation that fall within the Inspector-General's remit.







They include:

- the Murray–Darling Basin Authority (MDBA)
- DCCEEW
- the Commonwealth Environmental Water Holder (CEWH).

Figure 1 shows some of the different roles of the Inspector-General, the MDBA and Basin State agencies in managing the Basin's water resources.



Figure 1: Roles and responsibilities in Basin water management

| | IGWC | MDBA | Basin State agencies |
|--|------|------|----------------------|
|  Allocate water to entitlement holders | X | X | ✓ |
|  Collect meter readings | X | X | ✓ |
|  Determine basin state and territory compliance with Sustainable Diversion Limits | ✓ | X | X |
|  Directs river operations in the River Murray system (up to the SA border) | X | ✓ | X |
|  Assess Water Resource Plans for accreditation | X | ✓ | X |
|  Audit compliance of Water Resource Plans | ✓ | X | X |

Purpose of the Inspector-General

The purpose of the Inspector-General is to ensure various government bodies, water managers and water users in the Murray–Darling Basin comply with their obligations under the Water Act and the Basin Plan, and drive governments and water managers to uphold high standards of integrity and performance.

This purpose reflects the functions described in the Water Act, which include both oversight powers and specific compliance powers relating to areas of water management.



VALUES AND APPROACH

At all times, the Inspector-General and their staff act with the same values they seek to embed into the fabric of Basin water management. The core values of the Inspector-General are **integrity**, **accountability** and **transparency** (Figure 2).

Figure 2: The Inspector-General's values

Integrity

- Upholds the role of an independent regulator and builds trust with Basin stakeholders
- Approaches all matters with impartiality and an intention to find the truth
- Is respectful and supportive of roles and responsibilities in water management
- Operates honestly, openly and constructively

Accountability

- Upholds water laws across the Basin
- Works hard and ensures they are accessible to stakeholders and the Australian public
- Makes decisions and undertakes action supported by evidence
- Pursues efficiency and effectiveness, including by avoiding duplication

Transparency

- Acts consistently and professionally
- Undertakes compliance that is proportionate to the risk being addressed
- Seeks opportunities to collaborate, consult and engage
- Provides transparency by sharing information to enable public scrutiny

VISION OF INTEGRITY FOR THE BASIN

The Inspector-General's vision is that water management and use within the Basin is lawful, transparent, and accountable, and the Australian public is confident in the integrity of Basin Plan delivery.

Strategic objectives

The Inspector-General has 4 long-term goals that will enable the agency to achieve this vision. These goals are the agency's strategic objectives (Figure 3).

Symbols throughout this report refer to the relevant strategic plan objective. For example, the shield symbol signals outcomes linked to the strategic plan objective 1, ensure it is lawful.

Figure 3: Strategic objectives of the Inspector-General 2023–2026

1: Ensure it's lawful



Ensure Basin water managers and users meet their obligations under the Water Act 2007 and the Basin Plan.

2: Ensure it's visible



Provide the Australian community with visibility over the integrity of Basin water management.

3: Do it better



Raise performance, drive improvements in standards of Basin Plan delivery.

4: Make it better




Use knowledge, evidence and insights to input into the ongoing reform of water regulation.



Work plan priorities

The 2023–24 Annual Work Plan identified 2 priorities:

| |
|---|
| 1. Monitor Commonwealth and state performance. |
|  2. Foster Basin-wide regulatory cooperation. |

Symbols throughout the report refer to the relevant work plan priorities. For example, magnifying glass symbol relates to work plan priority 1, monitor Commonwealth and state performance.

Further information is at [Publications | Inspector-General of Water Compliance \(igwc.gov.au\)](#)

INDEPENDENCE

A critical factor in the way the Inspector-General works is that the role is independent. The Inspector-General's independence comes from:

- **Self-determination:** there are very limited circumstances in which the Inspector-General can be directed by others.
- **Security of tenure:** there are statutory provisions regarding factors such as the appointment and dismissal of the Inspector-General.
- **Access to resources:** the Inspector-General has a dedicated budget and staffing.
- **Lines of accountability:** as a statutory officer, the Inspector-General's performance is overseen by the Australian Parliament not a departmental secretary.

This means that when making decisions, the Inspector-General is not driven or influenced by interests outside their purpose.

The Inspector-General's decisions on where, when and how to act are evidence and risk based.

The Inspector-General's independence means they can make quicker decisions to respond effectively to changing priorities or emerging issues.

The Inspector-General's Regulatory Policy sets out the principles for decision-making and prioritising where, when and how to use their functions and powers.

Refer to **page 8** for more about the Regulatory Policy.

With independence comes a greater need to be transparent and accountable.

The Inspector-General achieves this through:

- transparent engagement with the community
- public reporting
- accountability to the Australian Parliament.

Review of the Inspector-General



On 14 September 2023, the Australian Government announced a review of Murray–Darling water compliance (Review of the Inspector-General). This was part of its commitment to strengthen water compliance in the Basin. In practice, this was effectively a review of the Inspector-General. The terms of reference covered:

- whether the Inspector-General has the powers needed to carry out their functions
- whether the structure and governance of the Inspector-General is appropriate, given the scope of their powers in relation to Commonwealth and Basin State governments.

The Inspector-General's submission to the review raised:

- challenges relating to portfolio arrangements that could compromise the effective and independent performance of the Inspector-General's regulatory functions
- lack of clarity around the Inspector-General's functions and jurisdiction as part of broader institutional arrangements for water management in the Basin
- potential to improve transparency and accountability in water management by strengthening the Inspector-General's regulatory powers.

The Inspector-General's submission is at [Publications | Inspector-General of Water Compliance \(igwc.gov.au\)](#)

On 30 January 2024, the Australian Government received the final report of the review. The report found:

- The roles and responsibilities of the Inspector-General are generally well supported and valued by stakeholders.
- The governance structure of the Inspector-General has flaws that need to be managed to:
 - » maintain the Inspector-General's independence
 - » manage conflicts of interest
 - » ensure the Inspector-General has access to relevant and adequate expertise.
- The role of the Inspector-General compared to those of other regulators and agencies with responsibilities around water management in the Basin needs to be clarified.
- The Inspector-General needs collaborative relationships with those they regulate as their powers generally cannot deliver policy or program change to address a failure or poor behaviour they have exposed.
- The Inspector-General's powers are broadly appropriate, but some minor reforms may be useful to give them more flexibility and increase public confidence about Basin water management.

The government considered the report's recommendations and observations and sought feedback from the Inspector-General.

In its response to the final report, the government agreed or agreed in principle to 8 of the 11 recommendations. It is implementing several of these recommendations as part of the 2024–25 Budget. The government noted the 3 remaining recommendations and will consider them further through upcoming statutory reviews.



Regulatory Policy and frameworks



The Inspector-General's Regulatory Policy:

- explains the Inspector-General's roles and responsibilities
- provides guidance on how and when they will use their regulatory powers.

To support this policy, a range of regulatory frameworks set out how the Inspector-General will use their various powers.

REGULATORY POLICY DEVELOPMENT

The Inspector-General works within highly complex frameworks and has unique roles and responsibilities for a Commonwealth regulator. Therefore, the Inspector-General identified the need to:

- provide clarity around their roles and responsibilities
- articulate their broad approach to performing their roles and responsibilities
- set out the regulatory tools that they can use
- explain how they decide which tool to use and in what circumstances.

The Regulatory Policy covers these matters. It also:

- aligns with the Inspector-General's strategic outcomes (in the Strategic Plan 2023–26)
- aligns with and informs the Inspector-General's annual priorities (in the annual work plans).

The Inspector-General developed the Regulatory Policy through consultation with stakeholders. They invited submissions responding to a discussion paper and the draft policy. These submissions indicated broad support for the proposed approach. The final Regulatory Policy was published in October 2023.

REGULATORY POWERS FRAMEWORKS

In line with best regulatory practice, the Inspector-General has developed a range of frameworks for how they will use specific powers. These are the:

- Audit Framework
- Compliance and Enforcement Framework
- Guidelines and Standards Framework
- Inquiry Framework.

These frameworks complement the Inspector-General's:

- Sustainable Diversion Limit (SDL) Compliance Framework
- Water Resource Plan (WRP) Compliance and Enforcement Framework.

They set out the approach to using specific regulatory powers in applying the SDL Compliance Framework and WRP Compliance and Enforcement Framework.

The Inspector-General's regulatory frameworks will be published in early 2024–25.

UPDATED REGULATORY POLICY AND FRAMEWORKS

The *Water Amendment (Restoring Our Rivers) Act 2023* (Cth) (Restoring Our Rivers Act) included reforms to the Inspector-General's functions and powers under the Water Act. The Inspector-General has updated the Regulatory Policy and frameworks to reflect these changes, which commenced on 1 July 2024.

See **page 18** for more about the Restoring Our Rivers Act.



Accountability



The Inspector-General is an integrity agency that promotes transparency and accountability, and prevents corruption, fraud and misconduct. Accountability for decision-making is provided through having key governance and transparency mechanisms in place, with appropriate oversight of institutional integrity.

The Inspector-General collaborates with other agencies across the Commonwealth in this critical area of government performance. In 2023-24, and continuing as an enduring priority, the Inspector-General focused on ensuring there are no integrity oversight gaps between the National Anti-Corruption Commission, and other Commonwealth integrity agencies, as well as the multiple Basin State integrity institutions the Inspector-General works with.

Through their work, the Inspector-General has observed the need for improved accountability as a critical incentive to ensure key commitments, such as water resource plans and metering, are delivered

by relevant governments. There are therefore opportunities to improve accountability in the management of Basin water resources through:

- Improved governance arrangements to ensure relevant parties are able to be held to account for the implementation and effectiveness of commitments in agreements that support the operation of Commonwealth water laws
- The provision of and public access to information relating to funding and outcomes of water management projects through explicit inclusion of reporting requirements in relevant agreements
- Improving the visibility of and access to information to water management outcomes as a means of proactively managing risks around public distrust of government management of water during dry conditions
- Public certainty that relevant decision-makers periodically meet to discuss emerging risks, challenges and opportunities as part of the timely and adaptive management of water resources.



Modern Regulator Improvement Tool



BACKGROUND

As a new regulator with high standards of accountability and integrity, the Inspector-General is committed to:

- building robust regulatory practices
- creating a culture of learning and continuous improvement in the agency.

Regular performance evaluation drives improvement, excellence and accountability for regulators. In the case of the Inspector-General, this may have a positive impact on community trust and confidence in Basin water management.

The Inspector-General has committed to using the Modern Regulator Improvement Tool (MRIT) to assess and improve their performance as a regulator. They have encouraged the other water compliance regulators in the Basin to do the same.

See page 40 for more information on the MRIT.

The Inspector-General conducts MRIT self-assessments as part of their Regulator Maturity Program. This provides a sound methodology and information base for performance reporting under the PGPA Act.

The PGPA Act outlines expectations for all Commonwealth regulators to report annually on their performance against 3 best practice regulatory principles:

- continuous improvement and building trust
- risk based and data driven
- collaboration and engagement.

These 3 principles align well with the 12 attributes of a modern regulator identified in the MRIT.

Key facts

The Inspector-General completed their first MRIT self-assessment in January 2024. This rated the agency's 12 regulator maturity attributes and found they are:



The Inspector-General will use the MRIT ratings to help prioritise areas for improvement in future financial years.

The Inspector-General provided their MRIT self-assessment to the Review of Some Aspects of Murray Darling Basin Water Compliance and the Role of the Inspector-General of Water Compliance. The independent reviewer noted the Inspector-General's intention to obtain an external review to provide quality assurance as to the validity and integrity of this assessment.

The Inspector-General has engaged an external expert to review their self-assessment, which was published in early 2024-25.

Next steps

The Inspector-General will use advice from the expert conducting the assurance review to:

- make future MRIT assessments more robust
- inform the Regulator Maturity Program.

02

Compliance

02 Compliance

Audit of controls to support compliance with Basin Plan requirements



Since late 2020 the Australian Government has pursued a policy of not purchasing water to implement the Basin Plan. On 22 February 2023, the government announced its intention to enter the Murray-Darling Basin water market as a purchaser of water. This is referred to as the 'Bridging the Gap announcement'. In response to the policy change, the Inspector-General initiated an audit of DCCEEW's systems to manage conflicts of interest.

WHY THE AUDIT WAS DONE

This change in policy expands DCCEEW's role in the Basin water market and heightens the risks in managing sensitive water market information.

The water divisions in DCCEEW provide advice to government and develop and implement government policy on water management and markets in the Basin. DCCEEW also has responsibility for implementing programs relating to the Basin Plan. These now include purchasing water in the market in line with Australian Government policy. DCCEEW also includes the CEWH, which holds water assets and trades in the Basin water market.

DCCEEW is therefore in a unique position where its employees have multiple functions which may give them access to sensitive information before a water announcement is made public.

Key facts

The audit examined the controls DCCEEW had in place to ensure employees who know about the upcoming Bridging the Gap announcement did not engage in certain water trading activity before the information was public. This is referenced by sections 12.51 and 12.52 of the Basin Plan.

The staff who support the Inspector-General are DCCEEW employees. To prevent any perceived or real conflict of interest, the Inspector-General engaged an external auditor, Yardstick, to conduct the audit.

Looking at the period from 1 July 2022 to the end of February 2023, the audit focused on:

- **Identifying all water announcements by DCCEEW relevant to Basin Plan Chapter 12, Part 5, Division 5.**
- **Examining documents and other evidence of the arrangements DCCEEW had in place to manage sensitive water market information, such as systems, policies, processes and procedures.**
- **Analysing the controls DCCEEW had in place to reduce the risk of non-compliance with sections 12.51 and 12.52 of the Basin Plan.**



WHAT THE AUDIT FOUND

The audit found gaps in DCCEEW's systems and processes to manage compliance with the Basin Plan. It identified improvements that DCCEEW should make as a water market participant. In summary, the findings were:

- DCCEEW's information barrier arrangements are not effective in supporting compliance with the Basin Plan requirements. Access controls were not restricted in all relevant matters and had not identified how information barrier arrangements were implemented in its records management systems.
- DCCEEW's conflicts of interest management arrangements are partly effective in supporting compliance with the Basin Plan. This is due to an absence of an exhaustive list of people who should have completed a conflict declaration before the department was aware of a pending water announcement.
- The CEWH's policy documents are largely effective in supporting compliance with the Basin Plan.
- The CEWH's information barrier arrangements are largely effective in supporting compliance with the Basin Plan.

WHAT THE AUDIT REPORT RECOMMENDED

A summary of recommendations is below. For details, the full audit report is published on the Inspector-General's website.

Recommendations made to DCCEEW:

1. The department review and update its policy and procedural framework to clearly outline how controls such as information barrier arrangements operate and include sufficient information on what constitutes compliance so that staff can clearly meet these requirements.

2. The department should ensure that staff engaged in water trading activities are trained in legislative and policy requirements and other processes and protocols before water announcements are made.
3. The department should clearly outline what its information barrier arrangements are and precisely who they apply to i.e., which systems these are established within, which staff have a 'need to know', and therefore, how staff access to relevant matters and folders is restricted, reviewed and revoked.
4. The department should also clearly outline which information systems should not be used to store information relating to water trading activities, as these systems may not have appropriate information barriers.
5. The department should periodically review and audit access logs to have assurance over the effectiveness of its information barrier arrangements.
6. The department should continue to review and enforce the completion of its interest declarations to have assurance that it has visibility of all actual, perceived, or potential conflicts that could impact its water trading activities.

Recommendations made to the CEWH:

1. The office of the CEWH should periodically review access controls and audit access logs to have assurance over the effectiveness of its information barrier arrangements.
2. The CEWO should seek independence declarations from external consultants engaged to support its water trading activities.

Management of Groundwater – Goulburn-Murray (Groundwater) Water Resource Plan Area audit



In 2023–24 the Inspector-General finalised the Management of Groundwater – Goulburn-Murray (Groundwater) Water Resource Plan Area (WRPA) audit. The audit was conducted by internal auditors and published on 23 April 2024.

The audit specifically focused on:

- the Katunga groundwater area, which forms part of the Goulburn-Murray (Groundwater) WRPA
- rules in the *Water Act 1989* (Vic) (Victorian Water Act) and Katunga Water Supply Protection Area Groundwater Management Plan (Katunga Groundwater Management Plan) that relate to Chapter 10 of the Basin Plan.

Why the audit was done

The Inspector-General chose to audit Katunga WRPA as this area had the highest volume of groundwater traded in Victoria during 2020–21. As it requires intensive management due to the risks associated with groundwater extraction, Katunga is a declared water supply protection area (WSPA). As a WSPA, it has a statutory management plan approved by the Victorian Minister for Water. This plan gives the local community, particularly licensed groundwater users, information about the groundwater system and rules for management of the resource.

Key facts

The audit set out to assess whether Goulburn-Murray Water (GMW) and the Victorian Department of Energy, Environment and Climate Action (DEECA) have been complying with rules in the Goulburn-Murray Water (Groundwater) WRP in relation to the Katunga WSPA. It focused on:

- **compliance in relation to the trade of groundwater access rights**
- **management of risks associated with:**
 - » **structural integrity of the aquifers and hydraulic relationships**
 - » **interception activity**
 - » **water quality.**

The relevant rules are in the Victorian Water Act and the Katunga Groundwater Management Plan and linked to the Goulburn-Murray (Groundwater) WRP. They cover the following requirements in Chapter 10 of the Basin Plan:

- Part 4 – The sustainable use and management of water resources
- Part 5 – Interception activities
- Part 7 – Water quality objectives
- Part 8 – Trade of water access rights
- Part 9 – Approaches to addressing risks to water resources.



WHAT THE AUDIT FOUND

GMW and DEECA are meeting the requirements of the Goulburn-Murray (Groundwater) WRP relating to trade of groundwater access rights and management of risk.

The audit found 3 areas where there is scope to improve the extent of compliance:

1. Sufficient hydraulic connectivity between the location of the seller and buyer before approval of a water access right trade is not transparent in the Katunga Groundwater Management Plan.
2. Manual water level measurements collected for announcing allocations are not being entered into the groundwater database within 30 days of collection, as required by the Groundwater Management Plan.
3. Information used to determine allocation announcements differed between the Katunga WSPA annual report and the Victorian Water Measurement Information System.



WHAT THE AUDIT REPORT RECOMMENDED

Recommendation 1

- The Katunga Groundwater Management Plan should be amended to make demonstrating sufficient hydraulic connectivity between the location of the seller and location of the buyer a condition of approval for the trade of a water access right. This could include reference to, and publication of, the technical assessment GMW currently relies on for all groundwater resources managed under the plan.
- Victoria should identify changes made to the Katunga Groundwater Management Plan when they report to the MDBA on matters listed in Schedule 12 under section 13.14 of the Basin Plan. Matter 19 of this schedule requires Basin states to report on whether there have been any amendments to state instruments that affect the operation of a WRP or are referenced in accredited text of a WRP.

Recommendation 2

- DEECA should ensure that data collected from the state observation bore network is entered into the groundwater database within 30 days after it has been collected.

Recommendation 3

- Groundwater level monitoring processes should be reviewed to ensure that allocation announcements are based on readings that have been validated.

Water trade and trading rules – trade price reporting investigation



Water trade is an essential element of Basin Plan implementation, allowing water users to make their own decisions about how to source the water they need for production.

Water markets in the Basin reflect individual water resource areas, which may be surface water or groundwater resources. The Basin Plan water trading rules create a consistent framework to conduct water trade in and across the Basin.

The Inspector-General is the enforcement agency for the Basin Plan water trading rules.

WHY THE INVESTIGATION WAS DONE

The purpose of the investigation was to check if people disposing of a water access right (that is, water allocation) in the New South Wales Macquarie for the 2021–22 water year followed the reporting requirements in section 12.48 of the Basin Plan.

Pricing information is crucial to enable people involved in water markets to make well-informed decisions. A report by the Bureau of Meteorology (the Bureau) in 2019–20 found that 70% of individual surface water trades in the Northern Basin did not report their price.

Analysis by the Bureau highlighted that the lack of price reporting in the Northern Basin is a risk to market transparency which warrants further proactive investigation.



Key facts

- **All trades investigated were compliant with the current legislative provisions.**
- **Water access licences under common ownership, meaning the same entity owns both licences, accounted for 38% of the trades.**
- **Non-commercial trades between related parties or within irrigation schemes accounted for 58% of the trades.**
- **Environmental water use accounted for 4% of the trades.**

WHAT THE INVESTIGATION FOUND

- The scope of section 12.48 of the Basin Plan is too narrow, only requiring the accurate reporting of price, leaving the remainder of trade data vulnerable to integrity issues.
- There is a lack of access to data for the Inspector-General's investigators.
- Data that is available falls short of the minimum quality standards for successful investigation.
- The existence of a reasonable excuse provision, unverified non-commercial trades and uncapped gift amounts create a low regulatory bar.

AREAS THE INVESTIGATION IDENTIFIED FOR IMPROVEMENT

- Legislators should consider broadening section 12.48 to encompass all trade details and responsible parties.
- Trade data should be consolidated in a central database and legislators should consider amending legislation to ensure continued integrity of data throughout its life cycle from submission to arrival at the database.
- Reasonable excuse defences and requirements should be tightened to raise the regulatory bar.

Amendments to the Water Act through the Restoring Our Rivers Act seek to address some of the concerns raised through this investigation.

Restoring Our Rivers – water market reform



In 2023 the Australian Government made reforms to the Water Act through the Restoring Our Rivers Act. These reforms relate to water trading rules and the implementation of the Basin Plan.

WHY IT'S IMPORTANT

The Australian Competition and Consumer Commission (ACCC) published its Murray–Darling Basin water market inquiry final report in March 2021. On 11 October 2022, the Australian Minister for the Environment and Water released the *Water market reform: final roadmap* report, responding to the ACCC's inquiry.

The Australian Government committed to implement the roadmap report's 23 recommendations to drive water market reform. The Restoring Our Rivers Act contributes to this through reforms addressing conduct, integrity and transparency. As the Inspector-General is the regulator for the Basin Plan water trading rules, these changes have a direct effect on their role.





Key facts

- **The water market reforms commence progressively over the next 3 years. The Inspector-General's functions with respect to new water market data requirements commenced on 1 July 2024. The ACCC's regulation of market conduct will commence no later than 1 July 2026.**
- **The reforms are designed to provide water users with access to the information they need to make management decisions. The reforms include the Bureau being responsible for:**
 - » **a new water market hub – a digital platform for national water data management**
 - » **a new water markets website providing access to minute-by-minute water market updates**
 - » **new water market data standards for transparency and accessibility.**

HOW THE INSPECTOR-GENERAL CONTRIBUTED

As the enforcement agency for compliance with the Basin Plan water trading rules, the Inspector-General provided insights and advice to DCCEEW based on their experience. This contribution informed DCCEEW's work on water market reforms.

OUTCOMES AFFECTING THE INSPECTOR-GENERAL

- The Inspector-General became responsible for enforcing compliance with the new water markets information arrangements that commenced on 1 July 2024.
- The Restoring Our Rivers Act gives the Inspector-General new powers to:
 - » conduct audits into water markets information requirements
 - » issue compliance notices for water market data standards.
- The Restoring Our Rivers Act repealed the Inspector-General's power to issue standards, which removed a potential duplication of powers with those of the Bureau.

Restoring Our Rivers – Basin Plan implementation reform



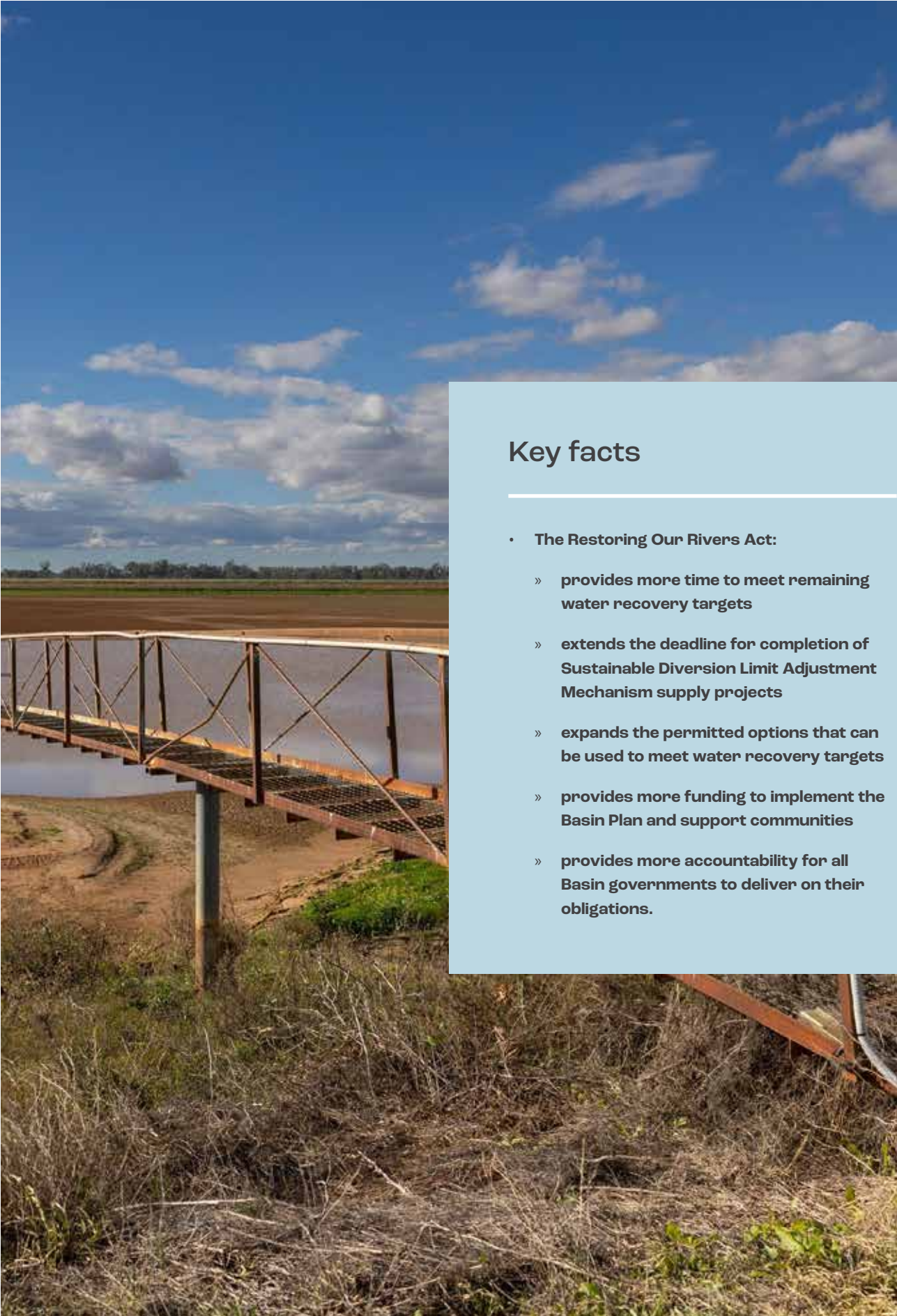
WHY IT'S IMPORTANT

The Basin Plan is the principal means through which the Australian Government ensures Basin water resources are managed in the national interest by all Basin governments. The Basin Plan sets the amount of water that can be taken from the Basin each year to leave an environmentally sustainable level for the rivers, lakes, wetlands, plants and animals.

Key elements of the Basin Plan were due to be completed by 30 June 2024, which the MDBA advised would not be possible. Legislative reforms were therefore required to minimise harm to Basin communities and water users, and to improve transparency, integrity and accountability in the management of Basin water resources.

The Basin Plan implementation reforms were of high importance to the Inspector-General as the water agency responsible for compliance with, integrity around and accountability for implementation of the Basin Plan.





Key facts

- **The Restoring Our Rivers Act:**
 - » provides more time to meet remaining water recovery targets
 - » extends the deadline for completion of Sustainable Diversion Limit Adjustment Mechanism supply projects
 - » expands the permitted options that can be used to meet water recovery targets
 - » provides more funding to implement the Basin Plan and support communities
 - » provides more accountability for all Basin governments to deliver on their obligations.

HOW THE INSPECTOR-GENERAL CONTRIBUTED

The Inspector-General provided insights to inform DCCEEW's work on Basin Plan implementation reforms, based on their experience of:

- » overseeing and enforcing compliance with the sustainable diversion limits (SDLs)
- » enforcing compliance with regulatory frameworks relating to the management of Basin water resources, including those related to SDLs
- » overseeing implementation of commitments in certain intergovernmental agreements for adjustment projects
- » overseeing agencies' performance of obligations that provide accountability through the adjustment calculation process.



OUTCOMES AFFECTING THE INSPECTOR-GENERAL

The Restoring Our Rivers Act reforms:

- clarify annual water account reporting arrangements under the Water Act, for which the Inspector-General is the enforcement agency
- add new annual Commonwealth reporting obligations, which the Inspector-General oversees
- modify the Water for the Environment Special Account, which the Inspector-General oversees
- clarify the Inspector-General's power to issue standards only in relation to the measurement of water taken from Basin water resources.

The reforms affect the Inspector-General's role in relation to SDLs by:

- clarifying their role in determining SDL compliance
- adding a new power to issue guidelines for the content of action plans relating to SDLs
- adding a new power to issue guidelines for reporting on action plans relating to SDLs
- adding a new power to conduct audits of the MDBA's SDL adjustment calculations
- amending the Basin Plan SDL adjustment requirements, for which the Inspector-General is the enforcement agency and performance monitor.

Water resource plans



Water resource plans (WRPs) are an integral part of implementing the Basin Plan. For each region of the Basin they:

- outline how the region intends to achieve community, environmental, economic and cultural outcomes
- outline how the region will ensure that state water management rules meet the Basin Plan objectives
- establish the rules on how much water can be taken from the system, ensuring that SDLs are not exceeded over time.

WATER RESOURCE PLAN COMPLIANCE AND ENFORCEMENT FRAMEWORK

The Inspector-General is the enforcement agency for WRPs. They have a suite of monitoring, risk assessment and compliance tools to use for monitoring and enforcement of WRPs. These tools include inquiries, audits and investigations.

The Water Resource Plan Compliance and Enforcement Framework (the Framework), developed in 2023–24, defines the Inspector-General's compliance powers. This framework will be published in early 2024-25.

The Framework:

- describes the Inspector-General's role and objectives to ensure compliance with WRPs
- sets out the Inspector-General's approach to exercising statutory powers and functions
- sets out the Inspector-General's expectations and requirements for how Basin state governments and Commonwealth agencies perform their functions relating to WRP compliance
- sets out processes and expectations for responses to potential WRP non-compliance noting such responses must apply best practice regulation principles and be balanced in nature and timing.

The Framework ensures a transparent and robust process to provide procedural fairness. It aims to build community confidence in WRPs and the Basin Plan.



WATER RESOURCE PLANS IN NEW SOUTH WALES

The Inspector-General's Compliance Statement for the 2021–22 water year identified WRP non-compliance risks in New South Wales interim sustainable diversion limit (SDL) accounts. However, the Inspector-General's compliance audit and other compliance powers are not legally available until WRPs are accredited.

The deadline for WRPs to be accredited was in 2019, but in mid-2022 New South Wales still had no accredited WRPs. The Inspector-General made a call to action on this at the River Reflections Conference in June 2022. Since then, New South Wales has made significant progress on WRP accreditation. As at the end of 2023–24, 16 out of 20 New South Wales WRPs have been accredited. The Inspector-General has been closely monitoring the progress of New South Wales WRP accreditation, which was a priority in the 2022–23 Annual Work Plan.

WRPs must be operational for a full 12 months before the MDBA will include water take numbers in the Register of Take. This is the register that informs the Inspector-General's compliance decisions. There is also a delay before the Inspector-General can usefully audit a new WRP. Their audit powers apply from commencement of a WRP but must allow a period of implementation of the WRP before they can conduct a meaningful audit.

Sustainable diversion limits

🛡️
🔍

The Inspector-General is responsible for monitoring Basin States governments' compliance with SDLs. An SDL is the collective limit for all forms of water taken within an SDL resource unit. Under the Basin Plan, SDLs are set for 29 areas of surface water and 80 areas of groundwater. These 109 areas are the SDL resource units.

SDLs are a key element of the Basin Plan to:

- manage the level of water taken and used for consumptive purposes
- ensure that sustainable levels of water are available for water-dependent environments.

SUSTAINABLE DIVERSION LIMIT COMPLIANCE FRAMEWORK

In October 2023 the Inspector-General published the SDL Compliance Framework. This framework sets out the expectations, requirements and approach regarding how Basin states and Commonwealth agencies perform their SDL compliance functions.

Defining how the Inspector-General will assess SDL compliance helps stakeholders to understand how Basin water resources are being used and monitored. It offers transparency and builds confidence about how this essential function is operating.

Amendments to the Water Act and Basin Plan through the Restoring Our Rivers Act in November 2023 improved the Inspector-General's SDL compliance function.

See **page 20** for more about the Restoring Our Rivers Act.

SUSTAINABLE DIVERSION LIMIT COMPLIANCE STATEMENT

Each year the Inspector-General assesses SDL compliance by Basin states and makes a public statement of compliance. The SDL compliance assessment done in 2023–24 used the information in the MDBA's 2022–23 Registers of Take report on surface water and groundwater SDL resource units.

There are 55 SDL resource units (19 surface water and 36 groundwater) on the Registers of Take for 2022–23. These units are managed through the 13 WRPs across the Australian Capital Territory, Queensland, South Australia and Victoria.

In 2022–23 none of the 55 SDL resource units exceeded the SDL compliance threshold. Therefore, the Basin states provided no reports of a reasonable excuse and no action plans.

The Inspector-General assessed no New South Wales SDL resource units for compliance, as no WRPs were operating there in 2022–23. However, the Inspector-General does monitor the water accounts provided by New South Wales as required by section 71 of the Water Act.



03

Oversight

03 Oversight

Compliance performance reporting



This year marked the completion of the first phase of the Inspector-General's compliance performance reporting project. All Basin State jurisdictions agreed on and reported against a set of common compliance activity metrics. The findings will be published in the 2024-25 financial year.

WHY IT'S IMPORTANT

There is a strong community demand for clear and open reporting on compliance activities and outcomes within the Basin, as demonstrated by:

- the 'Pumped' episode of *Four Corners* in 2017
- the Australian Government's *Murray–Darling Basin Water Compliance Review* in 2017
- the *Compliance and enforcement across the Murray–Darling Basin* review led by the Inspector-General in 2022.

In response to findings from these developments, the Inspector-General commenced a project to progressively develop and implement improved and consistent Basin-wide public reporting on water compliance performance outcomes. This project is a collaboration with all Basin State regulatory agencies through the Regulatory Leaders Forum.

Key facts

- **The reporting process has highlighted:**
 - » **the effectiveness of specific enforcement tools**
 - » **the need for greater consistency and transparency in reporting practices**
 - » **the importance of on-going collaboration among jurisdictions.**
- **The variation in compliance and enforcement approaches can be explained by the unique legislative and institutional frameworks and resources of each jurisdiction. However, there is a recognised need for greater consistency and transparency in reporting practices.**



OBSERVATIONS AND IMPLICATIONS FOR FUTURE REPORTING

The compliance performance reporting provided by Basin States is the first reporting provided in accordance with an agreement from Basin State compliance regulators to move towards consistent compliance performance reporting, with a greater focus on regulatory outcomes. This aligns with broader trends for regulators to transition from activity-based reporting to outcomes-focused reporting, which necessitates new approaches to obtaining and using data.

As noted above, the first reporting by compliance regulators sheds light on the need for greater consistency and transparency in reporting practices among jurisdictions.

Increasing consistency and transparency comes with particular challenges in water management, as the regulatory frameworks applied by regulators and institutional arrangements vary between Basin States. This compounds the challenges in shifting from activities-based reporting to providing visibility around water compliance outcomes in the Basin. The current reporting is therefore a step on that process, which will be built on through future annual compliance performance reporting processes from next financial year.

Next steps

The success of the compliance performance reporting project depends on the trust and confidence of stakeholders and the public. The Inspector-General will work to ensure reporting is accessible, easily understood and responsive to the needs and concerns of everyone involved.

The first year of compliance performance reporting has laid the groundwork for more robust and effective reporting on compliance and enforcement. Expanding the scope of reporting, focusing on outcomes and increasing transparency can drive positive change to ensure the long-term health and resilience of the Basin.



Northern Basin Toolkit



The Northern Basin Toolkit (the Toolkit) is a vital \$180 million program aimed at supporting the revised SDLs in the Northern Basin region. The Toolkit comprises a suite of measures to improve water management and deliver better environmental outcomes. These measures consider the socio-economic needs of local communities and industries that rely on Basin water resources.

The Toolkit aims to mitigate the impacts of reduced water availability due to the revised SDLs by:

- optimising water use efficiency
- enhancing environmental watering
- promoting fish movement and habitat.

WHY IT'S IMPORTANT

The Toolkit represents a significant investment in the future sustainability of the Basin. Its success will not only contribute to the environmental health of the Basin but also support the long-term resilience of the communities and industries that depend on its water resources. Therefore, the effective implementation of the Toolkit measures should remain a top priority for all stakeholders involved in managing the Northern Basin.

Implementation of the Toolkit measures has faced significant challenges. Some projects have fallen behind schedule and others lack sufficient funding. The recent Productivity Commission inquiry into Basin Plan implementation identified several factors compromising the effective rollout of the Toolkit. These include governance issues, inadequate monitoring and assurance mechanisms, and difficulties in coordinating efforts across multiple states and stakeholders.

To ensure the success of the Northern Basin Toolkit, it is essential to address these challenges. Transparency, accountability and effective collaboration among the Commonwealth, Queensland and New South Wales governments will be key factors in achieving the Toolkit's objectives by the extended deadline of December 2026.



Key facts

The Northern Basin Toolkit measures consist of:

- 1. targeted recovery of water in New South Wales (NSW) and Queensland (Qld)**
- 2. arrangements to protect environmental flows in the Northern Basin (NSW and Qld)**
- 3. improvements in the coordination and delivery of environmental water**
- 4. event-based mechanisms for environmental water delivery (Qld, NSW, Commonwealth Environmental Water Office)**
- 5. environmental works and measures to promote fish movement and habitat (6 sub-projects across NSW and Qld)**
- 6. removal of physical constraints in the Gwydir catchment (NSW).**

In 2023 the Inspector-General undertook an analysis of documentation relating to implementation of the Toolkit. This consisted of both publicly available documents and information formally requested from each government agency responsible for implementing the Toolkit.

WHAT THE ANALYSIS FOUND

In summary, the preliminary observations from this analysis were:

- Some Toolkit measures will not be implemented by the originally agreed deadline of June 2024. Basin governments agreed in August 2023 to extend the deadline to 31 December 2026, but doubts remain about successful completion of all measures within this new time frame.
- In late 2023, DCCEEW reported that business cases for 2 Queensland projects, Condamine Balonne fishways and Lower Balonne River bifurcation weirs, were rejected and would not progress further. This is likely to impact the overall environmental outcomes of the program.
- The budget currently allocated to some projects may not be sufficient for completion.
- Transparency and accountability regarding the Toolkit may not be at the level they should be and public reporting on Toolkit progress appears inadequate.

Next steps

The MDBA's June 2023 Basin Plan Report Card highlighted that 2 of the 6 Toolkit measures are notably behind schedule. These are the 'Gwydir constraints measure' and the 'Environmental works and measures.'

The Inspector-General will closely monitor the Toolkit's progress, with a specific focus on these 2 lagging measures. If necessary, the Inspector-General will use their statutory powers to fulfill the obligation to ensure adequate transparency and accountability.



Metering Report Card



Water meters are used to measure licence holder water take throughout the Basin. The quality of water metering is therefore a critical factor in the quality of Basin water management. The Inspector-General recognises this by publishing a **Murray–Darling Basin Metering Report Card** each year. In effect, the Metering Report Card assesses the qualitative aspects of metering in each state and territory.

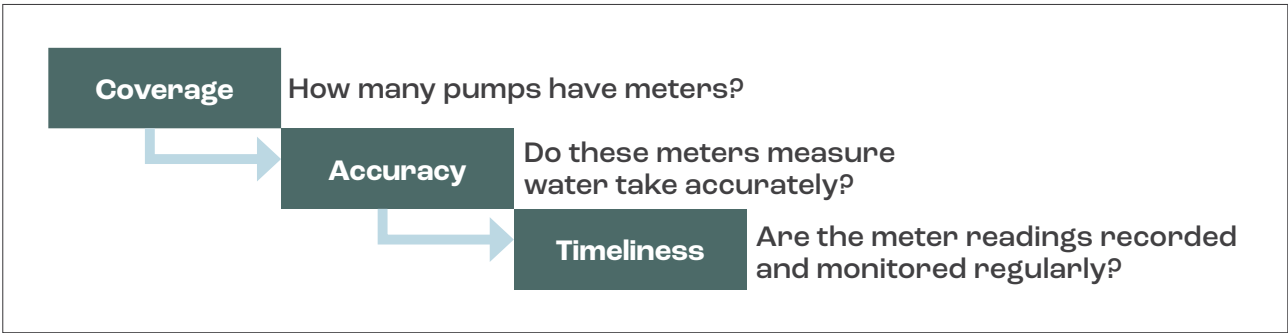
WHY IT'S IMPORTANT

Measuring how much water each licence holder takes from the river system is fundamental to water management. Without accurate, consistent measurement at this level it would be impossible to be sure that water use in the Basin remains under SDLs.

Key facts

- **Fit-for-purpose metering reform has 3 important elements, and the Metering Report Card covers all 3: coverage, accuracy and timeliness.**

Figure 4: Elements of fit-for-purpose water metering



Source: Inspector-General of Water Compliance, Murray–Darling Basin Metering and Measurement Report Card 2021–22

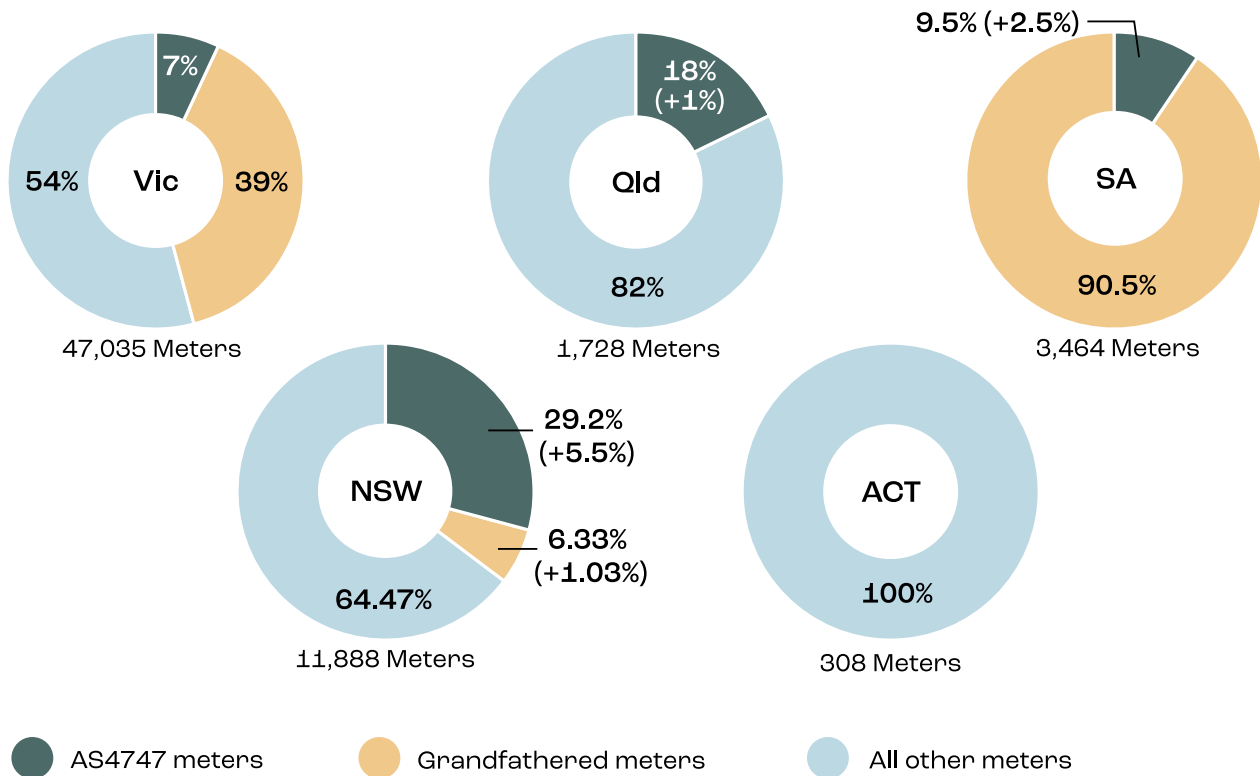
- The Inspector-General published 2 Metering Report Cards during the reporting year:
 - » 2021–22 Metering Report Card (July 2023)
 - » 2022–23 Metering Report Card (April 2024)

WHAT THE REPORTS FOUND

Figure 5 shows the different levels of meter accuracy across the Basin states. These numbers are based on the 2022–23 water year. Table 1 shows the changes in meter accuracy in each Basin state between years.

Figure 5: Meter accuracy in each Basin state

Metering accuracy by state



Source: Murray–Darling Basin Metering Report Card 2022–23



Table 1: Changes between years in Basin state meter accuracy

| Meter accuracy as reported by Basin state governments in Metering Report Cards | | | |
|--|------------------|----------------|----------------|
| | | 2021–22 | 2022–23 |
| ACT | All other meters | 100% | 100% |
| NSW | AS4747 | 23.7% | 29.2% |
| | Grandfathered | 5.3% | 6.33% |
| | All other meters | 71% | 64.47% |
| Qld | AS4747 | 17% | 18% |
| | All other meters | 83% | 82% |
| SA | AS4747 | 7% | 9.5% |
| | Grandfathered | 93% | 90.5% |
| Vic | AS4747 | 6% | 7% |
| | Grandfathered | 40% | 39% |
| | All other meters | 54% | 54% |

NOTES

1. These figures are based on licensed water take from the 2022–23 water year. The Inspector-General has published Metering Report Cards for the 2020–21, 2021–22 and 2022–23 water years.
2. This data has been provided directly by the Basin state governments. The Inspector-General has not done an assurance check to attest to the validity of these figures.
3. 'All other meters' represents non-urban meters that are not AS4747 compliant or grandfathered. It includes meters that require upgrading, meters that are exempt from metering standards (such as a meters for domestic and stock use), and meters with other exemptions as defined in the relevant Basin state policy.

Source: Murray–Darling Basin Metering Report Card 2022–23

Submission to the Productivity Commission



The Productivity Commission is required under the Water Act to review the effectiveness of the Basin Plan every 5 years. In 2023, it undertook its second assessment of the effectiveness of the implementation of the Basin Plan and WRPs.

The Productivity Commission's final report on its 2023 review provides insights around trends since 2018 in:

- matters the Inspector-General oversees
- matters on which the Inspector-General performs a compliance role.

The Inspector-General uses these insights to:

- inform how they prioritise their regulatory efforts
- complement evidence around the effectiveness of water management arrangements generated through practical experience.

WHY IT'S IMPORTANT

The Inspector-General has various regulatory roles and responsibilities with respect to the Basin Plan and WRPs. It is responsible for:

- enforcing compliance with the Basin Plan and WRPs
- overseeing government agencies' performance of duties and obligations under the Basin Plan and WRPs
- overseeing governments' implementation of commitments in intergovernmental agreements that support the Basin Plan and WRPs.



Key facts

- **The Inspector-General's submission to the Productivity Commission highlighted concerns that elements of Basin Plan implementation are falling behind or lack accountability.**
- **The submission also referred to programs that demonstrate mechanisms to uphold the integrity of large-scale and long-term reform programs such as the Water for the Environment Special Account.**

HOW THE INSPECTOR-GENERAL CONTRIBUTED

The Productivity Commission invited the Inspector-General (and other stakeholders) to answer specific questions on institutional arrangements and challenges associated with implementing the Basin Plan.

The Inspector-General made public submissions in response to:

- the Productivity Commission's issues paper for the review
- draft findings and recommendations from the review that related to the Inspector-General's functions.

Next steps

The Inspector-General understands the government is considering the Productivity Commission's final report. Once the Australian Government publishes its response to the report, the Inspector-General will consider the implications for their roles and responsibilities.



Budget 2024–25 announcement

As part of the 2024–25 Budget, the Australian Government is investing an additional \$28.6 million over 4 years in the Inspector-General to continue to build confidence and integrity in Basin water management.

WHY IT'S IMPORTANT

Under the Water Act, the Inspector-General has compliance, oversight and engagement functions supported by statutory powers. The increase in funding will allow the Inspector-General to deliver on all their legislated functions to:

- ensure the various government bodies, water managers and users in the Basin comply with their obligations under the Water Act and the Basin Plan
- drive high standards of integrity and performance in government agencies and water managers responsible for achieving Basin outcomes.

Key facts

- **The Inspector-General will use the funding to establish a dedicated oversight team to ensure the agency has the in-house capacity and legal support to undertake an inquiry when necessary.**
- **The funding will also allow the Inspector-General to maintain the independence required to perform the role effectively.**
- **The Inspector-General will continue to undertake compliance and engagement activities throughout the Basin.**



Next steps

In the next few years, the Inspector-General will build a fit-for-purpose oversight team which will allow the agency to effectively oversee how governments:

- perform their duties and obligations under the Water Act and WRPs
- implement their commitments in supporting intergovernmental agreements.

This team will include a dedicated inquiry and in-house legal capability, and a leadership structure that can support the broad functions of the Inspector-General.





04

Engagement

04 Engagement

Community sentiment



The Inspector-General conducts an Annual Community Sentiment Survey. For research, data gathering and analysis reasons, the surveys are broken into 2 alternating formats:

- a larger, more research-intensive format, used in 2022
- a more targeted, smaller sample scope format, used in 2023.

WHY IT'S IMPORTANT

The research is designed to give the Inspector-General an understanding of what is driving trust and confidence in water management across the Basin. This data is then used to shape the Inspector-General's work to address community needs each year as part of the annual work plan.

Key facts

- The primary objective of the research is to understand community perceptions across the Basin to inform ongoing tracking of trust and confidence in water compliance and management.
- Both qualitative and quantitative methodologies are used to gather data.
- In 2023, 1,081 people participated in the survey, including both Basin community members and water licence holders.
- Key areas of the survey include:
 - » knowledge of the Murray–Darling Basin
 - » sentiment towards the Basin Plan
 - » understanding of compliance and enforcement practices.



WHAT THE SURVEY FOUND

Key findings from the survey are:

- Community and water licence holder knowledge and awareness of the Inspector-General and their role has increased marginally.
- Overall performance ratings of the Inspector-General on measures such as transparency, accountability and integrity were higher in 2023 than in 2022.
- Overall support for the Basin Plan was lower in 2023 than in 2022 among both community respondents and water licence holders.
- Perceptions of water management among community respondents have improved slightly from 2022; however, the overall feeling towards water management among water licence holders was down compared to 2022.

The top 3 concerns of community members are:

-
- distribution/allocation of water across different states
-
- sustainability of water take, water supply and water levels
-
- pollution and poor water quality.
-

Agency collaboration



REGULATORY LEADERS FORUM

The Regulatory Leaders Forum (RLF) was established in 2021 by the Inspector-General to provide a mechanism through which Basin state regulators and the Inspector-General can:

- share knowledge, insights and lessons
- work collaboratively to build community confidence in water management
- actively cooperate to:
 - » increase transparency in the application of water rules across the Basin
 - » achieve the outcomes they are working towards.

Key achievements of the RLF in 2023–24 are summarised below.

Compliance performance reporting

The RLF and working group refined, reviewed and agreed on the framework and performance metrics for phase one of the Compliance Performance Reporting Framework. This enabled the Inspector-General to collect a first year of data to be used for public reporting under the framework. The framework intends to provide activity-based reporting in each jurisdiction to improve transparency for the Australian public about what is being achieved at the Basin scale. The framework will move to more outcomes-focused performance reporting over time.

See [page 27](#) for more on compliance performance reporting.

Modern Regulator Improvement Tool

The MRIT allows regulatory agencies to assess and report on their regulatory maturity and know where to focus effort and action to improve.

In 2023-24, the Inspector-General worked on a project to customise the MRIT for water sector regulatory agencies. This was a collaborative effort with:

- the Australasian Environmental Law Enforcement and Regulators Network (AELERT), which developed the MRIT
- the Water Compliance Community of Practice, which the Inspector-General co-chairs
- the RLF.

Metering Report Card

- The Metering Report Card working group formed through the RLF collaborated on developing the 2 report cards published in 2023–24.
- The report card is published annually and allows the public to see how Basin state governments are progressing with meter coverage, accuracy and timeliness.
- See [page 30](#) for more about the Metering Report Card.

Murray–Darling Basin memorandum of understanding

A single, multilateral memorandum of understanding (MoU) between the Inspector-General and the Basin states has been in place and published on the Inspector-General's website since August 2022.

In 2023–24, schedules to the MoU were developed and agreed with the Basin States and published on the Inspector-General's website. They describe the working arrangements that give effect to the MoU. The matters they cover include working together, sharing compliance information, referring allegations to Basin states, handling contraventions of laws, unauthorised disclosure of compliance information and forums for collaboration. Parties to the MoU may develop further schedules if a need arises.

Stakeholder engagement



In 2023–24 the Inspector-General attended over 412 stakeholder and media engagements. These included:

- speaking directly with farmers, peak industry bodies, community groups and local councils
- meeting with state and Commonwealth agencies and ministers with responsibilities for Basin water management.



FIELD OFFICERS

The Inspector-General has a network of field officers on the ground across Basin communities. Field officers live and work in the Basin. Part of their job is to listen to and hear from community members about their concerns and what is important to them at a local level. The Inspector-General then uses this feedback to inform the agency's work priorities and track emerging trends.

Attending field days across the Basin is an essential engagement activity for the Inspector-General. These events are opportunities to meet informally with people of all ages and from a diverse cross-section of Basin communities.

In 2023–24, representatives of the Inspector-General attended:



Mallee Machinery Field Days (Vic)



AgQuip Field Days (NSW)



Riverlands Field Days (SA)



Henty Machinery Field Days (NSW)



FarmFest Field Days (Qld)

The Inspector-General was invited to address the official opening of the 50th anniversary of the AgQuip Field Days. This raised awareness of the Inspector-General through various partnerships across all events.

The Inspector-General invited community members to participate in anonymous surveys at the field days to gauge Basin sentiment and awareness. Staff were able to gather information on the Basin issues that resonate most with community members and identify gaps in awareness.

The top 3 areas of concern were:



environmental damage



water allocations



river operations

At AgQuip 2023 the Water's Edge podcast recorded an episode of honest conversations between community members and the Inspector-General. The episode captured some of the issues affecting Basin communities and industries. Listen to the episode at <https://pod.fo/e/20af80>

SOCIAL MEDIA

The Inspector-General's communication activities are ever-evolving and designed to be engaging, accessible, relevant, informative and timely. The Inspector-General is using YouTube, LinkedIn, podcast platforms and our website, www.igwc.gov.au, to:



improve knowledge about the Basin



raise awareness about water compliance



build confidence in the work the Inspector-General is doing

Social media engagement drives users to find out more about the Inspector-General. Engagement on our website increased between 1 July 2023 and 30 July 2024 to **24,169 views (up 99.9%)**, including **4,866 new users (up 66.1%)**. Home, About, Reviews and Reports, and Publications were the most popular pages. The organisation chart, strategic plan and Metering Report Card received the most downloads.



99.9% growth in views
66.1% new users

LinkedIn

The Inspector-General posts content to:

- showcase their work such as reports
- promote YouTube videos and podcasts
- explain their roles and responsibilities.

Follow the Inspector-General at [linkedin.com/company/IGWC](https://www.linkedin.com/company/IGWC)

Statistics are available from 1 July 2023 to 30 June 2024 and show the page earned **44,739 impressions** with an **engagement rate of 10.85**.



The page **gained 334 followers** in this time.

Water's Edge

The Inspector-General's podcast, Water's Edge, has continued to grow since its launch in July 2022 and is now in its third season. Its content includes:

- myth-busting episodes
- in-house conversations with subject matter experts
- feature episodes in the field with the Inspector-General.

The Australian Podcast Awards reports that the medium is booming and helps shape the national conversation. Listen to Water's Edge at podfollow.com/1640584659

From July 2023 to June 2024, Water's Edge received **1.7 thousand downloads**, an **increase of 35.8%**. In Australia, New South Wales is home to the most listeners (**44.19%**), followed by the Australian Capital Territory (**16.54%**) and Victoria (**14.68%**). The most popular episode is 'How the community feels about water management in the Basin'.



35.8% increase in downloads.

YouTube

Building on the success of Water's Edge and to reach a more diverse audience, the Inspector-General launched a YouTube channel in early 2024. Current videos include:

- introductory videos about our field officers so that their local communities can get to know them
- team profile videos to educate the public on the type of work done by the Inspector-General
- myth-busting videos to address commonly misunderstood issues around Basin management and water use.

To view the channel, go to youtube.com/@IGWCau



288% growth in views from Jan – July. (274 to 790)





05

Work Plan 2023–24

05 Work Plan 2023–24

The Water Act requires the Inspector-General of Water Compliance to:

- prepare an annual work plan (s215E)
- review the work plan at least once during the financial year (s215F)
- publish any variations to the work plan as soon as practicable (s215G).

The Inspector-General reviewed the work plan in November 2023 and made no variations.

Why it's important

The work plan is designed to work towards strategic outcomes. It sets out how the Inspector-General will respond to risks and challenges in water management and compliance in the Basin. Publishing an annual work plan gives the community oversight of the Inspector-General's work. This promotes transparency and accountability between regulators and Basin community members.

Reviewing progress against the annual work plan enables the Inspector-General to:

- reflect on achievements throughout the year
- get a better understanding of continuing priorities and progress towards strategic outcomes.

Key facts

The Inspector-General had 2 priorities for 2023–24, shown in Table 2.

Outcomes

Priority 1



Achieved: 3 of 3 commitments

Priority 2



Achieved: 2 of 3 commitments



Ongoing: 1 of 3 commitments

Table 2: Work plan priorities and strategic plan outcomes, 2023–24

| Work plan priority | | Strategic plan outcome | |
|--|---|------------------------|---|
| 1 Monitor Commonwealth and state performance |  | 3 Do it better |  |
| 2 Foster Basin-wide regulatory cooperation |  | 4 Make it better |  |





06

Looking forward

06

Looking forward

As the implementation of the Basin Plan nears its conclusion in coming years, public attention will shift towards evaluating its effectiveness in achieving environmental outcomes. The Inspector-General observes that this shift is already evident in its very early stages.

The Inspector-General has identified 1 key priority for 2024–25.

Priority 1: Environmental outcomes

The Inspector-General is responsible for overseeing Commonwealth and Basin State water management agencies' performance in relation to the Basin Plan under section 215C of the Water Act.


During the Restoring Our Rivers Act amendment process in late 2023, the Inspector-General heard concerns from stakeholders about environmental water outcomes throughout the Basin.

The Review of the Inspector-General noted:

... there will be a need for an auditor of the environmental outcomes ... this should be the IGWC. But it must be allowed to grow into the role.

By prioritising environmental outcomes, the Inspector-General aims to begin the agency's transition from a narrow focus on compliance to more comprehensive oversight.

This priority helps deliver on the following objectives of the Inspector-General's strategic plan:

2: Ensure it's visible 

Provide the Australian community with visibility over the integrity of Basin water management.

3: Do it better 

Raise performance, drive improvements in standards of Basin Plan delivery.

To read the Inspector-General's 2024–25 Annual Work Plan, go to [Publications | Inspector-General of Water Compliance \(igwc.gov.au\)](https://www.igwc.gov.au/publications/inspector-general-of-water-compliance).







