



PREMIER

21 MAR 2003

Mrs Kay Elson MP  
Committee Chair  
House of Representatives  
Standing Committee on Agriculture, Fisheries and Forestry  
Parliament House  
CANBERRA ACT 2600

Dear Mrs Elson

Thank you for your letter of 27 June 2002 inviting the Tasmanian Government to make a submission to your Inquiry into Future Water Supplies for Australia's Rural Industries and Communities.

Improving water conservation and addressing the many emerging challenges associated with adapting to climate change are important issues that require attention from all jurisdictions to ensure that there is an adequate and sustainable supply of water resources in the long-term. Resource management issues that require cooperation and coordination amongst jurisdictions need to be identified and support provided at a national level.

Due to the importance of this issue, Tasmania has prepared a detailed submission, a copy of which is attached.

Thank you for providing the Tasmanian Government with the opportunity to provide comment to this Inquiry.

Yours sincerely

Jim Bacon MHA  
Premier



Tasmania

Tasmanian Government

*Submission to the*

**Inquiry into the Future Water Supplies for  
Australia's Rural Industries and  
Communities**

**Conducted by the House of Representatives  
Standing Committee on Agriculture,  
Fisheries and Forestry**

*December 2002*

## **Tasmania as a Region**

Water is one of Tasmania's key natural resources. To maximise its value the right balance between the environmental, economic and community use of this precious resource must be achieved.

Tasmania has undergone significant reform in water management over the last few years, culminating in the introduction of the new *Water Management Act 1999*, and the recent allocation of \$4.5 million to implement the State's Water Development Plan. The implementation of the Act, and reform associated with Tasmania's commitment to the Council of Australian Governments' (COAG) *Strategic Framework for the Efficient and Sustainable Reform of the Australian Water Industry*, will impact on future water supplies for all Tasmanian industries.

Water has been identified as a constraint to growth for business in a range of Tasmanian industries, particularly in agriculture (Department of Economic Development, Industry Audits). This was confirmed during recent public consultation workshops held as part of the preparation of the State's Water Development Plan. Through the Water Development Plan the State Government has recognised the crucial role water plays in agricultural production. In particular, the Plan identified the need for further water storage development in order to meet the target for a doubling of the value of primary production by 2008. Public funding for the development of such storages was accepted as part of the Plan.

Water is also recognised as a constraint to growth and to business in a number of small towns, which are reliant on tourism. Except in particularly dry years, the majority of towns, including the East Coast towns, have sufficient water but it is the quality of the water that is the issue. These towns, particularly those on the East Coast, sometimes suffer from the imposition of "boil water" notices that require tourists residing in motels and other accommodation to boil the water before consumption.

Tasmania's low population base and small, decentralised, and sometimes isolated, communities means that water development projects are often restricted by cost and the standards of water service accepted by the majority of Australians living in big cities is not possible. Most Tasmanian councils are experiencing difficulty in maintaining their water infrastructure through depreciation funding. However, councils are addressing the National Competition Policy requirements on cost recovery for water services. Remote location and/or severe topography means that water infrastructure is very expensive for councils such as Flinders, King Island, West Coast and Central Highlands. Other councils such as Break O'Day and Glamorgan/Spring Bay have large transient populations during the summer peak tourism period, compounding their water problems while not contributing to the rate base.

Tasmania's mean annual surface water run-off is 45,582GL, of which 451GL is estimated to be diverted (*Australian Water Resources Assessment 2000*, National Land and Water Resources Audit). The volume diverted does not include Hydro Tasmania's diversions into their dams, which have a storage capacity of approximately 24,000GL. In most areas of the State, with the exception of the West and Southwest coasts, water

that is easily extractable is fully allocated. Due to unreliable and unpredictable summer flows in many areas of Tasmania, water shortages often occur during the summer season. Low flows and increased demand for water in some economic sectors during summer, for example, tourism and agriculture, contribute to this water shortage.

Table 1 details the estimated water consumption by industry sector in Tasmania. These estimates do not include diverted water that is returned to rivers and streams, for example, for hydro power generation. Mining and mineral processing, timber and paper processing, textiles and food and beverage processing are generally large water users. Scenario modelling for future water demand shows that irrigation will continue to be an important input into the Australian economy.

**Table 1: Estimated net water consumption in Tasmania**

Sector	Mega litres
Agriculture and forestry	284,000
Mining	33,200
Manufacturing	98,300
Services	35,500
<b>Total</b>	<b>451,000</b>

Urban and industrial use of water in Tasmania in 1996-97 was approximately 179,000 ML, excluding groundwater use. The availability of surface water for potential diversion, once the needs of the environment have been accounted for, is estimated to be 17,500,000 ML. However, this is based on limited data and does not take into account quality and suitable land for development. The Water Development Plan is assessing the current needs and likely future demands for water in the State, to ensure a balance between economic development and environmental sustainability in a more strategic approach.

### **The role of the Commonwealth in Ensuring Adequate and Sustainable Supply of Water in Rural and Regional Australia**

The Commonwealth has a key role in assisting States and Territories to continue to implement reform in water management practices.

While individual jurisdictions are responsible for implementing water reform, collaborative activity is essential to deal with issues that are of concern to all jurisdictions, and that would benefit from national coordination. At the national level, every effort must be made to promote best practice collaboration amongst States and Territories while recognising their diverse administrative, legislative and biogeographic environments.

Partnership programs with the Commonwealth, such as the Clean Quality Water Program (CQWP), have been the major promoters and facilitators of improved domestic water services to rural communities in Tasmania in recent years. The CQWP has helped to progress the COAG agenda for water reform in Tasmania, by requiring the adoption

of relevant aspects of that agenda, such as user pays pricing by the participating water service providers.

There remain quite a number of small communities that have not benefited from these programs, and which have great difficulty in funding the necessary technology needed to provide potable water supplies that meet modern accepted health and reliability standards. It is important therefore that the Commonwealth continues its role in assisting the States and Territories to redress the inequity affecting small rural communities. Nevertheless, some communities such as Central Highlands, are reported to not want town water and are happy with their current water quality. It is important that communities have a right to determine policies on water quality for their areas.

In relation to water supplies for irrigated agriculture, the Commonwealth should continue its present role in assisting to fund new community water storage developments in Tasmania, such as the Meander Dam and the Waterhouse Irrigation Development. In the past the Commonwealth had a number of formal water resources development programs, such as the Federal Water Resources Assistance Program, which provided funding for improved irrigation water supplies across rural Australia. This provision of formal programs was largely discontinued in the 1980's, and replaced by more ad hoc approaches, but such programs and funding are of continuing national importance.

The provision of Commonwealth funding is crucial in assisting infrastructure development, and to encourage research and innovation. The cost of infrastructure is beyond the capacity of many local communities. Therefore, it is important that adequate investment in infrastructure is made, and that there is facility against which local authorities can borrow the capital required for the development of water infrastructure. Substantial investment in farm irrigation infrastructure by the Commonwealth will provide an immediate boost for irrigation supply companies and farming consultants, as farmers take advantage of the new opportunities. More extensive research is required and should be nationally coordinated to avoid duplication.

Another vital role for the Commonwealth is the provision of support for the education of users to understand issues of irrigation and the introduction of technical skills to support new developments in these industries. Commercialisation of products and services developed as a result of research must be encouraged and supported. To ensure future progress, assistance needs to be provided by an improved scientific information base and effective processes for community involvement.

A key aspect of implementation of water reform is the continuing introduction of institutional and legislative changes that lay the crucial groundwork. Resource management issues that require cooperation and coordination amongst jurisdictions need to be identified and support provided at a national level.

## **Commonwealth Policies and Programs in Rural and Regional Australia that Could Underpin Stability of Storage and Supply of Water for Domestic Consumption and Other Purposes**

The principal Commonwealth policies that guide strategic thinking on water include the Council of Australian Governments' *Strategic Framework for the Efficient and Sustainable Reform of the Australian Water Industry* (Strategic Framework), the National Water Quality Management Strategy and the National Action Plan for Salinity and Water Quality.

The Strategic Framework, part of National Competition Policy, was designed to promote more economically efficient allocation and use of water, with greater emphasis on user pays and cost recovery. The water reforms cover natural resource management, water pricing, more rigorous approaches to future investment, trading in water entitlements, institutional reform and improved public consultation and education.

In November 2000, COAG endorsed a National Action Plan for Salinity and Water Quality. The strategic objective of the Action Plan is to motivate and enable regional communities to use coordinated and targeted action to:

- Improve water quality and secure reliable allocations for human uses, industry and the environment; and
- Prevent, stabilise and reverse trends in salinity, particularly dryland salinity, affecting sustainable production, the conservation of biological diversity and the viability of infrastructure.

The traditional approach underpinning water infrastructure development in Australia regards water as being a driver of social and economic development, particularly in the agricultural sector. However, in many other industry sectors water is seen as an input into the economy rather than a driver of it. Water is an essential infrastructure service for all economic activities and the maintenance of living standards. In a competitive global market low cost and efficient infrastructure is important in attracting investment and new industries to the State.

Nationally there is a trend to ecological economics and environmental accounting. This aims to link natural resource information with economic data in order to trace the cycle of water throughout the economy and determine the value of water in all its forms. It is argued that this enables an assessment to be made of the sustainability of economic growth through a realisation of the asset value of resources.

Unfortunately in some Commonwealth programs (for example the reuse of effluent) there has not been a strategic approach. This has meant that strategically limiting options have been funded and the full benefits of the programs have not been achieved. Another result of this approach is that a simplistic objective becomes the sole driver in a very complex environmental, social and economic interaction.

Where the Commonwealth becomes involved in state and/or local government policy, it is important that any agreements clearly define the responsibilities of each level of

government. In particular, funding agreements should provide predictability and stability, to enable appropriate forward planning. It is also suggested that forward planning must be an inclusive process and that communities must be given choice.

Any policies and programs of the Commonwealth arising out of this Inquiry should be delivered to maximise the coverage of related policy areas, rather than establish multiple separate policies and programs.

### **The effect of Commonwealth policies and programs on current and future water use in rural Australia**

The major effect of Commonwealth policies and programs on current and future water use in rural Australia, has been achieved through the COAG water reform agenda. National integrated catchment management and natural resource management initiatives, that have been very actively supported by the Commonwealth over the last ten to fifteen years, have also had an effect on water use in rural areas.

All sections of the Australian community are now increasingly placing a true value on the water resource. The community is prepared to pay a fair price for reliable and quality supplies, and support the protection and sustainable management of water for its many essential purposes. There is now widespread recognition that the environment has a legitimate right to an effective allocation to maintain water quality and sustain natural ecosystems.

The Commonwealth policies and programs have clearly been major drivers in achieving these outcomes and in facilitating a consistent, best-practice approach to the provision of regional water services across the country.

The need for provision of environmental flows for rivers and streams is a component of the COAG Water Agenda.

Commonwealth policies must have the capacity to consider the economic impact of changed water access on agricultural communities. This does not mean that economic considerations must take precedence over environmental issues but simply that appropriate strategies and support must be available to enable structural adjustment to occur in an ordered and timely manner.

### **Commonwealth policies and programs that could address and balance the competing demands on water resources**

Given the key role of Local Government in the implementation of integrated approaches to catchment management and regional natural resource management, particularly rural water services, a continuation of Commonwealth water programs will make an essential contribution towards addressing the competing demands on water resources.

Regional and local communities now see the allocation of water and the provision of acceptable standards of local water supplies as a natural and integral part of sustainable NRM programs. The continuation of a water services component within existing

relevant programs, or as a separate program similar to the Regional Flood Mitigation Program, will help to progress integrated approaches to catchment management and sustainable natural resource management.

Again the strategic vision is often lacking in the implementation of these programs. The drive to spend the dollars during the financial cycle, and the lack of strategic analysis at anything less than the program level, means that funds are often provided to less than optimum projects.

### **The adequacy of scientific research on the approaches required for adaptation to climate variability and better weather prediction**

Provision of specialist forecasts and adequacy of scientific research in this field has been and should remain a matter of Commonwealth responsibility. National agencies such as the Commonwealth Scientific and Industrial Research Organisation and the Bureau of Meteorology have specialists in this area that are best placed to assess this situation. It is important to keep this body of expertise together to ensure that climate research is progressed, tools developed and information disseminated to rural communities to assist them in planning and managing their use of water.

An issue for Tasmania in addressing the elements of climate change is the ability to run various climate scenarios through our (future) hydrological models and input these results into the planning process. The major problem with current national information is that the scale of the grids used for climate modelling is far too large for the size of our State with one or at most two cells covering the island. The simplicity of the Tasmanian topographic model (a pyramid) used in the modelling is also a concern.

A finer scale modelling of climate could be achieved but this is outside the resources available in the State and is considered something for the national research agenda rather than for Tasmania.

Finer scale modelling is required as input into a range of studies of climate change across government and would be of considerable use in assessing the potential for new industries, the possible changes in flood regimes, and the potential increase in variability of flow regimes and hence reliability of water allocations. The variability in flow regimes is a key issue for water allocations and water trading markets in Tasmania.