

## Introduction

### Overview

- 1.1 The Minister's reference to the Committee in mid-2002 was timely. The issue of rural water supplies was high on the public agenda at that time, with a large part of Australia in the grip of a harsh drought, which continued well into 2003 and in some areas even extended into early 2004.
- 1.2 While periods of low rainfall are recognised as a normal part of Australia's climate cycle, this drought was one of the most severe on record with some commentators describing it as a 'one-in-a-hundred-years' event. This was reflected in the level of government assistance provided to affected farmers—by August 2003 the Commonwealth Government had set aside \$1 billion for this purpose.<sup>1</sup>
- 1.3 This severe drought revived the debate on drought-proofing Australia. There were calls to turn rivers inland and to divert water from rivers in the north to the agricultural regions of the south western and south eastern parts of Australia.

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1 The Minister for Agriculture, Fisheries and Forestry, the Hon Warren Truss MP, media release '*\$1 billion commitment to help farmers in drought*', 15 August 2003

- 1.4 In response, a group of scientists put the counter arguments.<sup>2</sup> They argued that large scale diversion of northern rivers would have ecological implications which needed to be studied and understood before any such action was taken. Furthermore, they pointed out that the cost of diverted water would be many thousands of dollars per megalitre<sup>3</sup> and therefore not affordable to irrigators without huge subsidies.
- 1.5 A vigorous public debate ensued on all aspects of the complex issue of water supplies.<sup>4</sup> This time the drought impacted on urban as well as rural dwellers, with all the major cities introducing water restrictions. Estimates suggest that at least 75 percent of the nation's population has experienced some level of water restriction as a result of this drought.
- 1.6 In November 2002 the Prime Minister identified water as a top priority for his Government. He said:
- There are few issues more important to our nation than water reform ... there is still much to do on the salinity problem, but we are widening our focus to also address the broader question of the efficient and sustainable use of Australia's water resources.<sup>5</sup>
- 1.7 Some experts said that Australia has sufficient water for all its requirements, but that it was not being used efficiently. Attention focussed again on the national water reforms started in 1994 by the Council of Australian Governments (COAG).
- 1.8 The COAG water reforms addressed institutional issues required for efficient, profitable and sustainable water industries in both the urban and rural sectors. Competition in the water industry and environmental management were recognised as two key issues. The initial reforms envisaged a five to seven year implementation period. However, reforms to urban water have been limited to pricing and water restrictions.
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2 'The Wentworth Group of Concerned Scientists', so-called because their first meeting took place at The Wentworth Hotel in Sydney on 12 October 2002, comprises eleven recognised land and water experts. It is convened and supported by the World Wide Fund for Nature Australia (WWF).

3 Common terms used in relation to water are: Kilotitre (KL) =1000 litres; Megalitre (ML) = one million litres (or 1,000 cubic metres); Gigalitre(GL) = one billion litres. An Olympic-size swimming pool of 50x25x1.6 metres holds 2,000 cubic metres or 2 ML of water. The volume of Sydney Harbour is approx 500,000 ML (or 500 GL).

4 Dr Don Blackmore, Chief Executive of the Murray Darling Basin Commission described the complexity of water in Australia as '*about 3 times as complicated as rocket science*' (transcript of evidence, p. 419.)

5 The Prime Minister, the Hon John Howard MP, '*Strategic Leadership for Australia*', address to the Committee for Economic Development of Australia, Sydney, 20 November 2002

Notwithstanding substantial dividends to State Government revenues, very little has been done on stormwater harvesting or grey water recycling. Rural water reforms have a considerable way to go.

- 1.9 The rural water reforms advocated changes such as the charging of full cost-recovery for rural water and the provision of specified water allocations for rivers, to ensure their health and sustainability.
- 1.10 COAG announced the National Water Initiative (NWI) on 29 August 2003, whose prime focus is rural water. The NWI will revitalise the reform process and provide the momentum to implement necessary reforms in this sector.
- 1.11 The Australian Constitution gives the States and Territories responsibility for water. Section 100 of the Constitution reads:

The Commonwealth shall not, by any law or regulation of trade or commerce, abridge the right of a State or of the residents therein to the reasonable use of the waters of rivers for conservation or irrigation.
- 1.12 Nevertheless, recognising the essential nature of water to all social and economic activity, the Commonwealth has played an important role in the development of Australia's water resources through the facilitation and coordination of policies, the provision of financial assistance to the States/Territories, and the funding of research.
- 1.13 Apart from its involvement in COAG, the Commonwealth is directly involved in water issues through its membership of the Murray-Darling Basin Commission, the Natural Heritage Trust, the National Action Plan for Salinity and Water Quality, and research bodies such as CSIRO.
- 1.14 The Environment Protection and Biodiversity Conservation Act (1999) (EPBC Act) gives the Commonwealth jurisdiction where there are environmental issues of national environmental significance, such as Ramsar wetlands of international significance, and nationally listed threatened species and ecological communities.
- 1.15 There was overwhelming support in the submissions<sup>6</sup> received by the Inquiry for four broad principles:
  - the management of Australia's natural resources, particularly water, be placed on a sustainable basis;

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6 The inquiry received 181 submissions from around Australia. Copies are on the Committee's website: [www.apb.gov.au/house/committee/primind/waterinq/index.htm](http://www.apb.gov.au/house/committee/primind/waterinq/index.htm)

- the Commonwealth continue to work with State and Territory governments to implement the COAG water reforms to ensure long term, sustainable water resources;
  - the Commonwealth maintain funding to programs such as the Natural Heritage Trust and the National Action Plan to assist regional communities which have water quality and sustainability problems; and
  - the Commonwealth continue to fund research into areas such as the impact of rural water usage on biodiversity; farming practices; irrigation techniques; and weather forecasting and climate prediction.
- 1.16 The Committee notes that the media in Australia is taking a much greater interest in all aspects of water, both urban and rural, and the fundamental value of water is being recognised. For example, the editorial in Sydney's Daily Telegraph on 12 September 2003 supported the NSW Government's introduction of water restrictions under the title 'Obvious Solution'. The first sentence of the editorial read:
- The most precious natural resource in this arid land is not coal, nor wool, or iron ore, not even gold. It's water.<sup>7</sup>
- 1.17 No doubt this greater interest by the media is a reflection of the increasing public interest in environmental issues generally, and specifically in sustainable natural resource management.
- 1.18 2003 was declared by the United Nations as the International Year of Freshwater, and that heightened media and public attention at the time this Inquiry was taking place. For the last ten years, a 'National Water Week' has been organised around Australia in October incorporating events such as workshops and conferences related to water. All that activity has undoubtedly also helped to increase public and media interest in this subject.
- 1.19 If 'development' was the catchcry for most of the 20th century, 'sustainability' is the catchcry of the early part of the 21<sup>st</sup> century. Submissions from virtually all stakeholders, be they environmentalists or irrigators, agree that water resources must be managed on a sustainable basis to survive for the benefit of future generations. But there are marked differences in how sustainability is defined and the measures required to achieve it.
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7 The Daily Telegraph, 12 September 2003, Editorial 'Obvious Solution', p. 28.

- 1.20 One of the challenges faced by the Committee during the course of this Inquiry was to ensure that opinions from all sides of the debate were canvassed, recognising the wide range of stakeholders involved and the emotive nature of this issue both to environmentalists and irrigators.

## Previous Parliamentary Reports

- 1.21 The Committee notes two recent reports by the House of Representatives Standing Committee on Environment and Heritage on related subjects. They are:
- ‘Coordinating Catchment Management’, tabled in December 2000; and
  - ‘Public Good Conservation’, tabled in September 2001
- 1.22 In 2001-02 the Senate Environment, Communications, Information Technology and the Arts References Committee undertook an Inquiry into Australia’s urban water management. Its comprehensive report, titled ‘*The Value of Water*’, was tabled in December 2002 and made a number of useful recommendations.
- 1.23 The Senate Standing Committee on Rural and Regional Affairs and Transport commenced an Inquiry into ‘*Rural water resource usage*’ on 21 October 2002. This Inquiry has been running in parallel with our own and covers much the same ground.
- 1.24 The Committee believes that it is a matter of regret that the Senate chose to conduct an Inquiry into such a similar topic, just 4 months after the commencement of the House Inquiry.
- 1.25 At 30 June 2003 the Senate Inquiry had received 49 submissions, many from organisations which had already made submissions to the House Inquiry. In comparison, the House Inquiry had received 166 submissions by 30 June 2003.
- 1.26 From feedback received it is obvious that this kind of overlap only serves to confuse the public and make them wonder why such duplication takes place. The Committee hopes that such duplication can be avoided in future.

## **Inquiry background**

- 1.27 On 26 June 2002 the Minister for Agriculture, Fisheries and Forestry, the Hon Warren Truss MP, wrote to the Chair of the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry, Kay Elson MP, requesting that the Committee undertake an Inquiry into future water supplies for rural industries and communities.

## **Conduct of the Inquiry**

- 1.28 In July 2002 details of the Inquiry were advertised in national newspapers and newspapers with a rural and regional focus. The Inquiry generated considerable interest with a total of 181 submissions from across Australia.
- 1.29 The Committee held inspections and public hearings in Canberra, Tasmania, Queensland, Victoria, New South Wales, and South Australia. The Committee also visited the River Murray, with inspections in Renmark, Mildura and Wentworth and inspections and a public hearing in Deniliquin. A public hearing by video conference was held with witnesses in Western Australia.
- 1.30 At public hearings which took place between February and November 2003, the Committee heard from representatives from all levels of government, as well as irrigator, research, environmental and community groups involved with water.
- 1.31 During inspections, the Committee met with a range of interested persons including farmers and bulk water supply agencies to discuss on-ground issues such as best practice in on-farm irrigation practice and bulk water delivery systems.

## **Interim report**

- 1.32 On 5 April 2004 the Committee presented an interim report to the Parliament, focussing on the Living Murray Initiative. The interim report addresses urgent issues that the Committee believed could not await the publication of its full report.

- 1.33 During the course of its inquiry, the Committee received a considerable amount of evidence questioning the science underpinning the Living Murray Initiative. Concern was expressed, both within the scientific community and the general community, that the scientific evidence presented to justify increased river flows was not sufficiently robust. In the Committee's view, at this stage the science is not adequate on which to base far-reaching decisions, possibly including the reallocation of water from irrigation to the environment.
- 1.34 Any decision to allocate water to increased river flows will have a long term impact on rural industries and communities. Without proper research it could even have detrimental effects upon the river itself. The Committee believes that we owe it to the people of the Murray–Darling Basin, the vital industries they undertake, and the nation as a whole, to make the best possible choice about the allocation of water resources in the River Murray. That means collecting comprehensive data before making any commitment to increase river flows.
- 1.35 The interim report recommends that the Australian Government urge the Murray–Darling Basin Ministerial Council to postpone plans to commit an additional 500 gegalitres in increased river flows to the River Murray until:
- A comprehensive program of data collection and monitoring by independent scientists is completed;
  - Non-flow alternatives for environmental management are considered and reported upon more thoroughly; and
  - A full and comprehensive audit focussed specifically on the Murray–Darling Basin's water resources, including all new data, is conducted.
- 1.36 The interim report also recommends that the Australian Government ask the Murray–Darling Basin Ministerial Council to allocate sufficient funds out of the \$500 million allocated to the River Murray by COAG to the abovementioned tasks, prior to proceeding with the proposal to obtain increased river flows.
- 1.37 The Committee believes that adequate research must be done to enable future decisions to be made with confidence. It is better to take more time now, to get things right for the future. Rural water and the communities which rely on it are too important to be subjected to hurried, piece-meal decisions made on the basis of incomplete data.

## Structure of the report

- 1.38 The Inquiry found that agriculture represents 80 percent of water usage in Australia, with the other 20 percent used by urban and industrial users.<sup>8</sup> Of the water used for agriculture, 93 percent is used in irrigation—so water for irrigation is the focus of much of this report.
- 1.39 From evidence presented to the Committee it became obvious that the greatest impact on future rural water supplies would come from:
- water allocations to the environment,
  - water trading,
  - water ‘created’ through improvements in water use efficiency, and
  - cloud seeding as a potential generator of additional water.
- 1.40 The report is structured around these potential key impacts on future supplies of rural water.
- 1.41 Chapter 2 looks at environmental issues, including proposals for environmental allocations.
- 1.42 Chapter 3 examines the policy framework surrounding water, the Commonwealth’s role, and the COAG water reform agenda.
- 1.43 Chapter 4 looks in detail at two key issues, namely water rights and water trading.
- 1.44 Chapter 5 examines the important issue of ‘creating’ additional water by improving the efficiency of water use in Australia. Also discussed in this chapter are the options for water recycling and reuse and the prospects for desalination.
- 1.45 Chapter 6 reviews the impact of ‘urban creep’ on agricultural land, the issue of potable water supplies for rural communities, and the issue of competing demands on water storage facilities.
- 1.46 Chapter 7 looks at cloud seeding prospects, and future research requirements related to climate and other water-related issues.

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8 National Land and Water Resources Audit, *Australian Water Resources Assessment 2000*, Table 14, p. 56.