
The Parliament of the Commonwealth of Australia

Getting Water Right(s) – The future of rural Australia

**Inquiry into future water supplies for Australia's rural industries
and communities**

House of Representatives
Standing Committee on Agriculture, Fisheries and Forestry

June 2004
Canberra

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Cover Photo:

The cover includes details from a painting which shows the River Murray in a low flow period at Berri SA in 1914. The natural condition of the Murray River has historically included such periods of low flow.



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Foreword

The last ten years have seen significant progress in urban water reform. However, progress with rural water reform has been much slower. The 2002-03 drought, one of the most severe in Australia's history, brought many of these issues to a head.

In many ways this Inquiry was overtaken by events with the announcement by COAG in August 2003 of the new National Water Initiative. I don't say that in a negative way. Quite the opposite. I was very pleased that the Government reacted so quickly and positively as the drought took hold and the issue of rural water supplies became the subject of intense public interest and debate.

From evidence presented to the Committee it became clear that the greatest impact on future rural water supplies would come from: water allocations to the environment; water trading; and additional water 'created' through improvements in water use efficiency. These complex issues are covered in depth in this report. The most pressing issue highlighted by the majority of submissions and public hearings, however, was the need for secure, perpetual water rights, as is highlighted in the title of the report.

In April 2004 the Committee presented an interim report to the Parliament, focussing on the Living Murray Initiative. The interim report recommended the postponement of plans to increase environmental river flows to the River Murray until significant data is collected and analysed to determine the most appropriate way forward.

The Committee is not swayed by the emotions of some commentators who portray the River Murray as dead or dying. Indeed, the steady flows in the River Murray today are in stark contrast to the trickle reported by Sturt in his journals more than a century and a half ago. The Committee understands variations in flow are quite natural and not necessarily an indicator of poor river health. The significant progress which has been achieved in other areas of river health, such as controlling salinity, should be more widely acknowledged and recognised.

Let me make it perfectly clear that the Committee is not against more water for the River Murray. However, we believe that thorough research must be done before future decisions can be made with full confidence. The River Murray has shown great resilience. It is better to take the time now, to make sure we get it right for the future. Rural water and the communities which rely on continuous supply are too important to be subjected to hurried, piece-meal decisions made on the basis of incomplete data.

Today there is widespread agreement that Australia's water resources must be utilised on a sustainable basis, so that future generations can continue to benefit from that resource. However, there is still vigorous and healthy debate about exactly how 'sustainability' should be determined.

Getting the agreement of all stakeholders on the right balance between the needs of the environment and the needs of water users for the long-term sustainability of water resources is the biggest challenge facing Australia's water managers. But I am confident that with goodwill and understanding the right decisions will be made. This report, with its 30 specific recommendations is a useful and timely contribution to the decision-making process.

I would like to recognise and thank the many people who contributed to this Inquiry, and made it such a worthwhile project. I would also like to thank my colleagues on the Committee for the interest they took in this Inquiry and the support and assistance they provided to me. I also want to extend the thanks of the entire Committee to the hard-working, diligent members of the Secretariat who have professionally supported and facilitated our work.

I am confident that through this Inquiry the Committee has been able to make a worthwhile contribution to the debate on the issue of future water supplies for rural industries and communities—an issue of vital importance to all Australians.

Kay Elson, MP

Committee Chair



Membership of the Committee

Chair Mrs Kay Elson MP

Deputy Chair Hon Dick Adams MP

Members Mr John Forrest MP

Mr Patrick Secker MP

Mrs Joanna Gash MP (to
02/12/2004)

Mr Sid Sidebottom MP

Mrs Sussan Ley MP

Hon Wilson Tuckey MP (from
02/12/2004)

Mr Harry Quick (from 13 May 2004)

Mr Tony Windsor MP

Mr Alby Schultz MP

Mr Christian Zahra MP (to 13 May
2004)

Committee Secretariat

Secretary Mr Ian Dundas

Inquiry Secretary Mr Alex Olah

Research Officer Mr Bill Pender

Administrative Officers Mrs Marlene Dundas

Ms Jeannie Brooks



Terms of reference

The House of Representatives Standing Committee on Agriculture, Fisheries and Forestry is to inquire into the provision of future water supplies for Australia's rural industries and communities, particularly:

- The role of the Commonwealth in ensuring adequate and sustainable supply of water in rural and regional Australia.
- 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 effect of Commonwealth policies and programs on current and future water use in rural Australia.
- Commonwealth policies and programs that could address and balance the competing demands on water resources.
- The adequacy of scientific research on the approaches required for adaptation to climate variability and better weather prediction, including the reliability of forecasting systems and capacity to provide specialist forecasts.



List of abbreviations

ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
AMC	Australian Management Consolidated Pty Ltd
ARMCANZ	Agriculture and Resource Management Council of Australia and New Zealand
AWA	Australian Water Association
BRS	Bureau of Rural Sciences
CDMO	Centre for Dynamical Meteorology and Oceanography of Monash University
COAG	Council of Australian Governments
CRC	Cooperative Research Centre
CSIRO	Commonwealth Scientific & Industrial Research Organisation
DAFF	Department of Agriculture, Fisheries and Forestry (previously Agriculture, Fisheries and Forestry – Australia or AFFA)
DEH	Department of the Environment and Heritage (previously known as Environment Australia or EA)
EM	EM (Ecology Management) Pty Ltd
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
GMWA	Goulburn Murray Water Authority

IAA	Irrigation Association of Australia
IPCC	Intergovernmental Panel on Climate Change
LWA	Land and Water Australia
MDBC	Murray-Darling Basin Commission
MDBMC	Murray-Darling Basin Ministerial Council
MFAT	Murray Flows Assessment Tool
MIL	Murray Irrigation Limited
NAP	National Action Plan for Salinity and Water Quality
NCC	National Competition Council
NCP	National Competition Policy
NFF	National Farmers' Federation
NHT	Natural Heritage Trust
NLWRA	National Land and Water Resources Audit
NSWIC	New South Wales Irrigators' Council
NWI	National Water Initiative
PIAC	Public Interest Advocacy Centre
QCC	Queensland Conservation Council
QFF	Queensland Farmers' Federation
SAFF	South Australian Farmers Federation
SERP	Socio-economic Reference Panel
SRIDC	Southern Riverina Irrigation Districts Council
SRP	Scientific Reference Panel
VFF	Victorian Farmers Federation
WWF	World Wide Fund for Nature



List of recommendations

Recommendation 1 15

The Committee recommends that the Commonwealth Government, through the Council of Australian Governments and in consultation with all key stakeholders, provides clear definitions of the fundamental concepts underlying water resource management.

Recommendation 2 19

The Committee recommends that a top priority of the National Water Initiative should be to fund the scientific research based on physical data collection necessary to determine what level of water use is sustainable in each of Australia's major working rivers and aquifers.

Recommendation 3 30

The Committee recommends that Annual Reports of the Murray-Darling Basin Commission contain updated details of the extraction of water in Basin rivers, expressed as a percentage of typical river flows.

Recommendation 4 50

The Committee recommends that the Commonwealth urges the Council of Australian Governments to:

- undertake a national public communications strategy to disseminate the policies and goals of the National Water Initiative; and
- provide formal avenues for public feedback and consultation under the National Water Initiative.

Recommendation 555

The Committee recommends that the Commonwealth, as part of the National Water Initiative, ask the Council of Australian Governments to provide:

- that requirements for receipt of National Competition Payments are transparent and clearly spelt out in each phase of the reform process and developed in consultation with water users, including farmers and should include positive initiatives that have the potential to provide more water, such as stormwater harvesting and grey water recycling;
- the tagging of National Competition Payments to specific verifiable outcomes, and supplied directly to the end-users; and
- that National Competition Payments are withheld where those outcomes are not met.

Recommendation 655

The Committee recommends that the Commonwealth, as part of the National Water Initiative, considers direct funding for natural resource management, including National Competition Payments, directly to regions according to their targeted needs.

Recommendation 761

The Committee recommends that the Commonwealth urge the Council of Australian Governments, to adopt a national water pricing framework as part of the National Water Initiative, based on the principle of full cost recovery, and that:

- Water pricing reflect operational costs and asset renewal, with externalities dealt with through water use licences;
- The implementation of full cost recovery pricing take into account different historical and regional circumstances such as monopoly markets without market discipline; and
- All pricing regimes are transparent and open to full public scrutiny.

Recommendation 863

The Committee recommends that the Commonwealth, working through the Council of Australian Governments, develop a comprehensive national vision for water in Australia, balancing the needs of the environment, irrigated agriculture and rural and urban communities.

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- Recommendation 966**
- The Committee recommends that, as a matter of priority, the Commonwealth Government create a ministerial portfolio for water, with clear responsibility for the formulation and management of water policy at the federal level.
- Recommendation 1078**
- The Committee recommends that the Commonwealth urge the Council of Australian Governments to give top priority to the establishment of a clearly defined and robust system of perpetual water access rights under the National Water Initiative, and that the Robust Separation model proposed by the CSIRO be evaluated as a possible system for establishing such water access rights.
- Recommendation 1184**
- The Committee recommends that the Commonwealth Government, working through the Council of Australian Governments, ensures that the system of uniform water access entitlements adopted under the National Water Initiative are fully transferable and tradable, where practical.
- Recommendation 1285**
- The Committee recommends that the Commonwealth ask the Council of Australian Governments, as part of the National Water Initiative, to develop a strategy in consultation with stakeholders, which deals with ‘sleeper’ and ‘dozer’ entitlements.
- Recommendation 1388**
- The Committee recommends that the Commonwealth, as part of the National Water Initiative, ask the Council of Australian Governments to assess the need to develop policies and measures to prevent undue concentration of ownership of water entitlements in the marketplace.
- Recommendation 1491**
- The Committee recommends that the Commonwealth ask the Council of Australian Governments, as part of the National Water Initiative, to:
- facilitate the expansion of water markets and water trading to the greatest extent possible;
 - establish appropriate trading rules and administrative systems in full consultation with market participants and rural communities; and

- establish trading in water free from constraints, other than in accordance with the prescribed trading rules.

Recommendation 15 97

The Committee recommends that the Commonwealth Government, working through the Council of Australian Governments, seek to establish a national scheme for investment in on-farm water use efficiency, utilising established on-farm planning processes, with water savings becoming the property of government in direct proportion to the level of public investment.

Recommendation 16 103

The Committee recommends that the Commonwealth Government facilitate the establishment of a Cooperative Research Centre for Groundwater Management which would:

- Map Australia's groundwater resources;
- Investigate the current and potential use of Australia's groundwater resources; and
- Research the use of aquifers for water storage purposes.

Recommendation 17 105

The Committee recommends that the Commonwealth Government, working through the Council of Australian Governments, seek to establish a national scheme for investment in water infrastructure, giving priority to the development of more efficient water storage and the piping of open channels.

Recommendation 18 106

The Committee recommends that the Commonwealth ask the Council of Australian Governments, as part of the National Water Initiative, to ensure that income accruing to governments from the sale of 'saved' water, either on-farm or off-farm, should be used to upgrade other water-related infrastructure, rather than go into consolidated revenue.

Recommendation 19 113

The Committee recommends that the Commonwealth Government investigate the introduction of a scheme of investment in National Water Bonds, with a view to implementing said scheme in 2005, as part of the National Water Initiative, and seek to encourage fund managers to invest in water infrastructure.

Recommendation 20 115

The Committee recommends that the Commonwealth Government urge the Council of Australian Governments to establish programs to investigate the development of irrigated agriculture in northern Australia as part of the National Water Initiative.

Recommendation 21 120

The Committee recommends that the National Water Initiative incorporate a national policy on the recycling and reuse of stormwater and treated effluent around Australia.

Recommendation 22 123

The Committee recommends that the proposed national scheme for water infrastructure investment includes solar desalination programs, based particularly on solar energy, but also based on wind and other energy sources. Farm-scale desalination units should also be included in such a scheme.

Recommendation 23 128

The Committee recommends that the Commonwealth Government, working through the Council of Australian Governments, encourages the adoption of rainwater tanks as a mandatory water saving measure throughout Australia, subject to appropriate health codes being in place.

Recommendation 24 129

The Committee recommends that the Commonwealth Government propose that the Council of Australian Governments, as part of the National Water Initiative, develop strategies for establishing a water literate society through:

- public awareness campaigns;
- public information services; and
- the provision of extension services throughout rural and regional Australia to promote water use efficiency techniques and technology.

Recommendation 25 131

The Committee recommends that the Commonwealth Government pursue through the Council of Australian Governments, as part of the National Water Initiative, the development of:

- a national training and education strategy for the irrigation sector; and

- a national system of accreditation for irrigators.

Recommendation 26 135

The Committee recommends that Commonwealth taxation laws be amended to provide:

- that water sold to meet specified environmental objectives, or to an environmental trust, has tax deductible status in the same manner as a charitable donation; and
- the establishment of a system of tax rebates to encourage the uptake of water use efficient technology and practices in households and businesses.

Recommendation 27 140

The Committee recommends that the Commonwealth Government, through the Council of Australian Governments, establishes a special Task Force to identify solutions to the issue of loss of prime agricultural land through ‘urban creep’.

Recommendation 28 148

The Committee recommends that the Commonwealth Government provides funding to investigate the development of, and the funding requirements for, small scale water schemes to assist Councils to provide high quality reticulated potable water to small regional communities.

Recommendation 29 180

The Committee recommends that the Commonwealth Government:

- recognises research into climate issues, including climate change and its potential impact on future water supplies, as a national research priority; and
- encourages relevant research, academic and private sector bodies to develop an application to form a Cooperative Research Centre on Climate, with a key focus on climate modification.

Recommendation 30 186

The Committee recommends that the Commonwealth Government works through the Council of Australian Governments to develop a national research strategy that prioritises and coordinates all research activities on water, as an integral part of the National Water Initiative.