

Background

On 25 January 2007, the Prime Minister proposed a \$10 billion plan to improve water efficiency and address over-allocation of water in rural Australia.

The Plan includes:

1. a nationwide investment in Australia's irrigation infrastructure to line and pipe major delivery channels;
2. a nationwide program to improve on-farm irrigation technology and metering;
3. the sharing of water savings on a 50:50 basis between irrigators and the environment;
4. addressing once and for all water over-allocation in the Murray-Darling Basin;
5. a new set of governance arrangements for the Murray-Darling Basin;
6. a sustainable cap on surface and groundwater use in the Murray-Darling Basin;
7. major engineering works at key sites in the Murray-Darling Basin such as the Barmah Choke and Menindee Lakes;
8. expanding the role of the Bureau of Meteorology to provide the water data necessary for good decision making by governments and industry;
9. a Taskforce to explore future land and water development in northern Australia; and
10. completion of the restoration of the Great Artesian Basin.

Modernising Australia's Irrigation Infrastructure

The Proposal

- invest \$5.9 billion over 10 years to modernise Australian irrigation, with a primary focus on the Murray-Darling Basin (MDB).
- aims for efficiency gains of around 25% of total irrigation water use and to save of over 3,000 GL per year (>2,500 GL saved in MDB).
- Water savings will be shared 50:50 basis between irrigators and the environment.

The proposed modernisation program has four inter-related elements.

Improving delivery system efficiency

- aim to lift the delivery efficiency of distribution systems from 75% to 90%.
- \$70 million to identify the 'hot-spots' where losses occur to enable targeting of works.
- \$3 billion works program (piping, lining & automation) to save about 1,500 GL pa.
- **Irrigators to contribute \$750 million to share 50% of total water savings.**
- **requires the retirement of unviable parts of irrigation schemes.**
- **provides for structural adjustment assistance to those leaving the industry.**

Improving on-farm irrigation efficiency

- **\$1.5 b to stimulate private investment to convert up to 1m hectares of irrigated farm land to modern irrigation methods.**
- water savings of about 1,200 GL will be shared with irrigators.
- \$15m to develop information tools to help irrigators use water more precisely.

More accurate metering and monitoring

- **introduction of mandatory national metering standards for in-field accuracy of $\pm 5\%$.**
- Around 700 GL saved by improving the accuracy of meters and reducing overuse.
- \$125m to upgrade bulk off-takes, and \$225m to upgrade farm off-takes to meet national metering standards.
- **Irrigators to contribute half the cost (\$112.5m) of upgrading farm off-takes.**
- \$200m in telemetry/data systems to allow remote reading of meters & real-time data.
- **\$50m to cover half the cost of introducing metering for stock and domestic users in priority catchments.**

Improving river and storage operations

- up to \$500 million to improve the efficiency/effectiveness of river operations and storages in the MDB.

- reduce evaporation losses from Menindee Lakes and bypassing the Barmah Choke.
- viable projects will be jointly funded by the Commonwealth and States.
- investigations to identify the potential to reduce losses in other locations.
- aim to save at least 200 GL.

Stakeholder Obligations

- To participate in the program, irrigation water providers must develop a system modernisation plan for their scheme and monitor and evaluate implementation activities to ensure actual water savings are achieved.
- accelerate implementation of the NWI by meeting mandatory metering standards and information provision.
- establish transparent water delivery charges regimes that ensure the long-term operation of infrastructure and remove barriers to trade.
- Commonwealth expects that they will adopt the Australian Competition and Consumer Commission recommendations in relation to Exit Fees and waive any fees on transfers of water entitlements to the Commonwealth.
- **Irrigators must have a meter compatible with national metering standards.**
- **To participate in the on-farm water savings program, irrigators will be required to develop water efficiency plans accredited by agreed delivery partners.**
- Expenditure receipts will be required for payment.
- **State agencies will be expected to improve compliance and enforcement of licence conditions.**
- metering and monitoring data held by State agencies will be freely available to the Bureau of Meteorology (BoM).

Addressing Over-Allocation in the Murray-Darling Basin

The Proposal

- understanding of the level of over-allocation and over-use in the MDB to be achieved through the MDB Sustainable Yields Assessment.
- CSIRO will provide initial estimates for the first set of catchments in the Basin by end March 2007, and deliver final results by the end of 2007.
- **identify parts of irrigation schemes that are unviable or not cost-effective to refurbish.**
- **up to \$3b to buy back water entitlements and assist irrigators in unviable or inefficient parts of schemes to exit the industry.**
- Commonwealth will manage water savings for environmental flows and possible making water available to irrigators if not in conflict with environmental needs.
- Future adjustments beyond 2014 will be based on risk sharing principles in the NWI.

Ensuring Over-allocation Does Not Recur

- Future allocations based on realistic assessments of sustainable level of extraction.
- The same best-practice hydrological model to be used throughout the MDB.
- Implement effective metering, monitoring and compliance systems.
- **Develop water sharing plans that account for the effects of all water users including irrigation, farm dams, bores and reforestation.**
- The operation of the water market will assist with further adjustment.

Reforming Management of the Murray-Darling Basin

The Proposal

- Sustainable use of the Basin's water will be achieved through:
 1. significant investments in water saving infrastructure;
 2. new investments in monitoring and metering;
 3. addressing over-allocation via entitlement purchases and structural adjustment;
 4. reforming the decision making processes in the Basin.
- **entire national plan is contingent on NSW, VIC, QLD, SA and ACT governments transferring their powers in relation to the MDBC to the Commonwealth to take total control water management in MDB.**

- Commonwealth will also request that NSW and VIC transfer powers to manage the Murrumbidgee and Goulburn valleys to achieve system efficiencies and improved environmental outcomes.
- Commonwealth will operate an integrated water allocation system for these interconnected valleys.
- establish an environmental manager function for the southern Basin to maximise the benefits of environmental water allocations to iconic river and wetlands.
- establish the MDBC as a Commonwealth agency reporting to one minister.
- **set a new strategic plan for the Basin, incorporating a revised cap on diversions**, taking into account groundwater use and other factors that will reduce river inflows in the Basin in the future.
- **Water sharing plans for each valley in the Basin will have to be revised to satisfy new planning specifications, to be enacted through new Commonwealth legislation.**
- **Each plan will need to conform with the revised Basin cap and make provision for the impacts of future climate change and flow interception activities such as farm dams and plantation development.**
- Commonwealth assistance available to help water users adjust to the revised cap.

New Investments in Water Information

The Proposal

- Commonwealth will allocate \$400m over 10 years to extend the role of BoM to:
 1. hold and manage all of Australia's water data;
 2. report on the status of Australia's water resources, patterns of water use and forecasts of future water availability;
 3. maintain a comprehensive set of water accounts for the nation;
 4. set national standards for water use metering and hydrologic measurements;
 5. influence and support state-based investments in water monitoring and water use metering program; and
 6. commission strategic investigations and procure special data sets to enhance our understanding of Australia's water resources.
- Over the next 5 years, an additional \$80 million to enable State water data collecting agencies to modernise and extend their water resource monitoring systems.

Stakeholder Obligations

The Commonwealth will require all water data collecting agencies (public and private) to:

- maintain a specified standard/level of monitoring and metering, negotiated with BoM;
- share all existing water data assets, and transfer new data to BoM as it is collected;
- commit to the principle of a single national water information system (incorporating a national water account), to be managed by BoM;
- contribute some of the cost of modernising and extending their measurement networks, to be negotiated with BoM; and
- meet the full cost of maintaining their measurement systems, including periodic calibration costs, and system modernisation costs beyond 2012.

Northern Australia

The Proposal

The Commonwealth has established a Taskforce chaired by Senator the Hon Bill Heffernan to examine the potential for further land and water development in Northern Australia, with particular emphasis on the identification of the capacity of the north to play a role in agricultural development. This will be informed by a Northern Australia Land and Water Futures Assessment. Submissions will be sought from industry and community groups. Commencing in 2007, reports will be regularly provided to governments and key stakeholders, with a final report no later than June 2012. Funding will be \$20 million over five years from the Australian Government Water Fund.

Great Artesian Basin

The Proposal

The Commonwealth will fund \$85m for phase 3 of the Great Artesian Basin (GAB) Sustainability Initiative to cap/pipe bores and drains. Agreed minimum pressure surface targets and a deadline for all capping/piping will be established. Priority will be given to capping and piping the remaining higher-flowing bores and those that affect public values (such as mound springs), with **legal remedy for bores that are not capped**.

Stakeholder Obligations

As part of phase 3, the Commonwealth will require the **establishment of proper entitlements, pricing regimes, water use metering and reporting for all GAB bores**.

The Commonwealth will seek improved land and water management practices on the part of individual landholders. Delivery arrangements will be set through Commonwealth Guidelines and Intergovernmental Agreements, **with matching investment required from state and territory governments and pastoral bore owners**.

Progress on Delivery of the National Plan

Following the Commonwealth's failure to reach agreement with Victoria over the referral of its powers for a comprehensive Water Bill to govern the National Plan for Water Security, the Commonwealth unilaterally enacted the Water Act. This will increase the complexity of institutional arrangements in the Murray Darling basin, with the creation of the new Murray Darling Basin Authority, and continuation of existing arrangements through the Murray Darling Basin Commission. The new Authority, among other things, will develop a Murray Darling Basin Plan.

State administration of NSW water legislation will not be significantly affected until the Basin Plan is finalised, most likely some time after July 2009. At this time decision making will need to be consistent with the Basin Plan. However the water sharing rules contained in the NSW water sharing plans that commenced before 25 January 2007 will continue until expiry of those plans.

The Commonwealth Water Act provides the Commonwealth to accept liability only after 1 January 2015, which affectively means that a State could be left liable for compensation as a result of a decision imposed by the Commonwealth. All the states are in agreement, however, that the Commonwealth should accept liability for both the States and the Commonwealth, and that this should occur at the time of the making of new water sharing plans (if the plans result in reduced water access). In NSW this will occur from 1 July 2014. The States also agree the Commonwealth liability should not be contingent on the States referring their powers.

Key concerns with the National Plan

- Compulsory acquisition of licences;
- Targeting of flood irrigators (eg rice and cotton);
- the reopening of Water Sharing Plans will create huge industry resistance and put at risk any future industry support for the NWI;
- The plan proposes leaving basic water data collection to the states - the BOM will just be the data manager? DNR and State Water have failed to deliver accurate base data but this plan does not address how to fix this core management issue;
- Infrastructure proposals could disadvantage NSW - eg bypassing Barmah Choke to increase flow and water trades to VIC and SA;
- the placing of all management under one central agency with no apparent checks and balances is by far and away the greatest concern coming out of this document;
- no consultation with industry leading up to the release of the document;
- the inference that irrigators are irresponsible and oblivious to the value of water;
- irrigation efficiencies and supply savings have been largely addressed already and this has not been recognised in the plan;
- no defined role for existing state water management agencies;
- virtually no engagement on urban water usage;