

Howard Announces National Plan for Water Security

by Thomas Klempfner

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Speaking at the National Press Club on 25 January, Prime Minister Howard announced a bold \$10 billion 10-year plan to deal with inefficiencies in water use and the over-allocation of water systems in rural Australia. The Prime Minister said the prospect of long-term climate change requires "radical and permanent change." Mr Howard's set of proposals are detailed below.

Nationwide investment in Australia's irrigation infrastructure

The Commonwealth will help fund irrigation modernisation works, including the lining or piping of major delivery channels, improved metering arrangements and the installation of drip systems. Water savings are expected to amount to 3000 GL, or in excess of 20 percent in Australia's irrigated water use. The Commonwealth will provide \$3 billion for off-farm irrigation infrastructure and \$1.6 billion for on-farm efficiency measures. 50 percent of the water savings will accrue to farmers, with the other 50 percent to be used by the Commonwealth to sustain river systems and wetlands.

The Commonwealth will allocate \$620 million to assist irrigators with the installation of accurate water meters at the farm gate, and modernising monitoring and water accounting systems. This will facilitate water planning and management and make monitoring and compliance of licence conditions more effective.

The Commonwealth will invest \$500 million to improve the efficiency and effectiveness of river operations and storages. For example, large engineering works are required in the Murray-Darling Basin to alleviate channel capacity constraints for easier delivery of irrigation and environmental water.

Addressing over-allocation

The Commonwealth will allocate \$3 billion to adjust water entitlements in the Murray-Darling Basin. The money will be used to compensate farmers who face allocation reductions and to purchase water allocations on the market. Mr Howard spoke of the inevitability of structural adjustment, which is code for many farmers leaving the land.

New governance arrangement for the MDB

The above measures are predicated on the States referring their water management powers in the Murray-Darling Basin to the Commonwealth. Mr Howard announced he would write to the State Premiers asking them to agree to this overhaul of governance arrangements. The Murray Darling Basin Commission will be reconstituted as a Commonwealth Government agency reporting to a single minister. The new Commission will be responsible for setting a sustainable cap on water extractions within the Basin. The cost of the new administrative arrangements are estimated at \$600 million over 10 years. The Prime Minister's argument in favour of a single Commonwealth authority is that the Murray-Darling is a single inter-connected water system requiring integrated management.

Centralising water information

The Commonwealth will inject \$480 million over 10 years into the Bureau of Meteorology to extend its role to include the collection of water information on a national basis. The Bureau will be a one stop shop for water data collected on a consistent basis across Australia. Under the existing system, various state agencies collect their own data in an unco-ordinated manner. The Bureau's enhanced capability will provide:

- comprehensive water resource assessments and projections of future water availability
- rigorous and nationally consistent water usage measurement and accounting

- improved access to water information for government and business decision-makers; and
- greater independence and transparency

Northern Australia taskforce

The Prime Minister will establish a taskforce chaired by Senator Bill Heffernan to examine the potential for further land and water development in northern Australia. The focus will be to identify the capacity of northern Australia to play a larger role in agriculture, with the shift in rainfall patterns from the south east to the north-west.

Great Artesian Basin

The Commonwealth will continue with existing programs to restore the Great Artesian Basin. By 2009 60 percent of all bores will be capped to help restore artesian water pressure and safeguard groundwater dependent ecosystems.

Comments and reactions

The changes announced by the Prime Minister are significant and far-reaching. The most significant change is the Commonwealth's intrusion into an area of policy traditionally belonging to the States.

The takeover of the MDBC will be welcomed by all those critical of the decision-making of the existing body, which requires consensus from all member Governments. The state of the Murray-Darling is so poor that such time-consuming governance arrangements may no longer be viable.

Dealing with over-allocation through structural adjustment assistance and licence purchases is probably the most politically charged element of the package. National Party MPs Kay Hull and Barnaby Joyce have already spoken out against any compulsory licence acquisitions. They claim this creates uncertainty as to the value of water licences and affects farmers' loan to valuation ratios. More generally, compulsory acquisition could undermine the viability of the remaining irrigators and their communities.

However, most policy analysts appear to have welcomed the overall thrust of the reform package. In contrast with many other parts of the world, Australia has the advantage of its rivers being contained within the national borders. Cross-border disputes have complicated river management in Europe and the Middle East in particular. Nevertheless, with the States in control of Australia's rivers, many of the problems seen overseas have been replicated in Australia. There are significant differences in policies and practice between the four States comprising the Murray-Darling river system. For example, while the downstream States have capped their extractions from the Murray for many years now, Queensland has refused to do so. Downstream farmers complain the Queensland cotton growers deprive them of water supplies. An even more crucial point is that water entitlements mean different things in different States. Significant differences apply in relation to the tenure of entitlements, reliability of supply, and carry-over rules. These differences have seriously impeded cross-border water trade.

A National Plan for Water Security

All figures in \$million

Costings over ten years

	TOTAL ADDITIONAL COST (\$m)
MODERNISING IRRIGATION IN AUSTRALIA	5,885
Delivery System Efficiency gains	3,130
On farm efficiency gains	1,635
Metering, monitoring and accounting	620
Improving river operations and storage	500
ADDRESSING OVER ALLOCATION IN THE MDB	3,000
Purchasing entitlements/structural adjustment	3,000
REFORMING THE MDBC	600
Set and administer a new cap	100
MDBC operations	500
WATER INFORMATION	480
Modernising and extension program	80
Information management and reporting program	120
Analysis and forecasting services	120
Investigations program and strategic data procurement	160
NORTHERN AUSTRALIA & THE GREAT ARTESIAN BASIN	85
TOTAL	10,050

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