



National Irrigators' Council

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Implementing the National Water Initiative: 2014 Triennial Assessment of water reform progress in Australia

A Submission to the National Water Commission from the National
Irrigators' Council

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Purpose of this Submission

This Submission is designed to provide a brief overview of some of the key issues that irrigators believe the National Water Commission should be addressing in its 2014 Triennial Assessment of water reform progress in Australia. We note that the main areas the NWC is seeking feedback on include:

- **To what extent has the National Water Initiative (NWI) and subsequent reforms enabled water use to support Australia's economic development, our communities and our environment?**
- **In 2014, as we reach the ten year anniversary of the NWI, does the agreement still provide enduring principles to guide future water reform in Australia?**
- **Do any emerging issues and challenges indicate a need to adjust the NWI in the future?**
- **What are the remaining barriers to implementing agreed water reforms and how can they be overcome?**
- **Are there more efficient or effective ways, including industry and private sector participation, of achieving the intended water reform outcomes?**
- **Are there opportunities to better manage the interface of water policy with other policy realms such as energy and resources, agriculture, and urban planning?**

Executive Summary

The National Irrigators' Council (NIC) is the peak body representing irrigators in Australia. NIC currently has 32 member organisations covering all MDB states, regions and commodities. Our members represent water entitlements of about 7 million megalitres. While this document has been prepared by the NIC, each member reserves the right to independent policy on issues that directly relate to their areas of operation, or expertise, or any other issues that they may deem relevant.

The National Irrigators' Council supports the continuation of National Water Initiative objective, interrelated elements of water management, which the National Water Commission states are;

Objective: to achieve a nationally compatible market, regulatory and planning based system of managing surface and groundwater resources for rural and urban use that optimises economic, social and environmental outcomes.

8 interrelated elements of water management:

1. Water access entitlements and planning
2. Best practice water pricing
3. Water markets and trading
4. Integrated management of environmental water
5. Water resource accounting
6. Urban water reform
7. Knowledge and capacity building
8. Community partnership and adjustment

The NIC believes that it is timely to review the outcomes some of which have been superseded by water reform activities. Specifically, the outcomes identified below in italics have been addressed by programs including The Living Murray initiative, the Basin Plan and state water resource planning.

Outcomes

- clear and nationally-compatible characteristics for secure water access entitlements
- transparent, statutory-based water planning
- *statutory provision for environmental and other public benefit outcomes, and improved environmental management practices*
- *complete the return of all currently over-allocated or overused systems to environmentally-sustainable levels of extraction*
- progressive removal of barriers to trade in water and meeting other requirements to facilitate the broadening and deepening of the water market, with an open trading market to be in place
- clarity around the assignment of risk arising from future changes in the availability of water in the consumptive pool
- water accounting which is able to meet the information needs of different water systems in respect to planning, monitoring, trading, environmental management and on-farm management
- policy settings which facilitate water use efficiency and innovation in urban and rural areas
- addressing future adjustment issues that may impact on water users and communities
- *recognition of the connectivity between surface and groundwater resources and connected systems managed as a single resource.*

Whilst there has been significant progress made towards achieving the objectives and the outcomes there are still issues to be overcome if the NWI is to be judged a success.

It should be noted that these issues are not new and there does not need to be any new rounds of reforms.

With the passage of the Water Act 2007 and the making of the Basin Plan, the role of the NWC becomes more as an adjudicator to review the implementation of these reforms, rather than an enforcer or enabler of new reforms. It is vital that the NWC ensures the objectives of the Water Act 2007 and Basin Plan, which align with those of the NWI, are met. If these reforms are successfully implemented, there is no need for further water reform.

Response to the Issues

- **To what extent has the National Water Initiative (NWI) and subsequent reforms enabled water use to support Australia's economic development, our communities and our environment?**

The National Water Initiative principles have resulted in an entitlements framework that supports entitlements holder's property rights; it has also supported the development of both an annual and permanent water market. The NWI principles have therefore contributed to supporting our economic development, our communities and the environment. However, it has not entirely been a success in driving key reform outcomes.

The NWI was ignored in the largest reform undertaken to date, namely the Commonwealth Government's Water Act 2007. The NWI objective was 'to achieve a nationally compatible market, regulatory and planning based system of managing surface and groundwater

resources for rural and urban use that **optimises economic, social and environmental outcomes**'.

The Water Act 2007 quite clearly made social and economic considerations subordinate to the environment. This was a major blow to the NWI's credibility and raises the question of the efficacy of the NWI when legislation can be implemented which ignores its' central premise.

Further, the NWI supported a consensus model for managing Australia's water resources that encouraged inter-state cooperation. The Water Act and the Basin Plan have implemented a regulatory basis for water charges and water management that moves the decision making power to a single entity in the Commonwealth. The decision to do so implies that the NWI model was not working, despite the fact that it successfully saw rivers managed during the drought that ensured critical human needs were met and the river flowed all the way to the Lower Lakes continuously.

- **In 2014, as we reach the ten year anniversary of the NWI, does the agreement still provide enduring principles to guide future water reform in Australia?**

The NWI's objective is still relevant today and the objectives can be met if recent water reform is implemented successfully.

- **Do any emerging issues and challenges indicate a need to adjust the NWI in the future?**

Emerging issues and challenges include the further development of water markets. Opportunities that technology provides to assist this development need to be investigated and where appropriate implemented.

The NWI is still relevant and in the main does not need to be adjusted, although the outcomes should be reviewed to reflect other water reform that has taken place.

- **What are the remaining barriers to implementing agreed water reforms and how can they be overcome?**

1. Increasing regulatory burden

The increasing regulatory burden created by reforms needs to be better managed. With increasing interference in what was traditionally a State responsibility by the Commonwealth; sometimes by multiple Commonwealth (and State) agencies, and has the potential to create duplication and escalate the regulatory and reporting burdens, often for no apparent additional environmental, economic or social benefits.

As reforms are implemented there is a need to constantly revise the regulatory and reporting framework of all jurisdictions and agencies to ensure that it serves a meaningful purpose, does not restrict the ability of stakeholders to fulfill the NWI objective and outcomes, nor does it become an expensive, and time consuming waste of time, effort and resources.

The reporting required under the NWI needs to be reviewed in the context of other water reform that has taken place. For example the ACCC, Bureau of Meteorology now collect data which provides opportunities for some of the NWI reporting to be made redundant.

There is the very real danger that reforms which have already been undertaken which were designed to breakdown the 'silo' mentality of State and Federal Government agencies will have the opposite effect and simply create more 'silos' with similar or competing requirements with no real co-ordination which end hindering and not helping achieve the NWI's objective.

The Commonwealth Government has committed to reducing the burden of red and green tape on businesses and the NWC should outline how it believes this can occur. There is an opportunity for the NWC to identify whether current reporting requirements are providing benefits. For example Irrigation Infrastructure Operators (IIOs) that are members of NIC question the value of the NWI Rural Water Service Providers National Performance Report. It is felt that this report overlaps with new technologies and adds to the reporting burden on IIOs without providing any obvious benefit.

2. New technologies

A major emerging issue and challenge into the future will be how technological advances in data collection, storage and distribution will be implemented by public agencies. For example with the advent of new real-time telemetric data collection it is imperative that Government agencies understand and justify what it is collecting and how the information is gathered. There is an increasing need to be aware of privacy issues and agencies must protect private/commercially sensitive information. The cost of data collection must also be considered as well as duplication. Where multiple agencies are collecting similar data, it would be more cost efficient, particularly for the data provider, to submit the information once, in a generic format to a single entity for distribution to relevant agencies.

3. Metering and monitoring of Environmental outcomes

As more productive water is recovered for the environment it is no longer satisfactory for Governments to use vague phrases to justify the expenditure of billions of dollars of taxpayers' dollars. How Government's will meter and monitor water used for the environment and importantly the outcomes it expects to achieve must be clearly articulated at least on a Catchment by Catchment basis. Water reform has been undertaken in the national interest and it is therefore the Commonwealth's responsibility to ensure their expenditure is achieving results, at their own cost. The cost of monitoring environmental programs must not be shifted onto consumptive water users.

To date there is not clear what approach is being taken, if any to the metering of environmental water use and monitoring outcomes leading to the perception it is either not being well done or not being done at all.

This issue was highlighted in a media release issued by the NWC on the 25th of March, 2013 titled "*Don't drop the ball on the Basin' warns National Water Commission*"

The media release stated in part;

Commission Chair the Hon Karlene Maywald said, 'Significant investments by the Australian and state governments have already established a substantial volume of recovered and held water that is available for environmental use.

*‘However’, said Ms Maywald, ‘there is now an **urgent need** for governments and their agencies to map a **clear implementation** pathway showing how they will deliver on the plan’s requirements.*

*‘Until this is in place, Commissioners consider there is a **real risk to realising the benefits** of all the efforts by governments and the community, and the many billions of dollars invested to date.*

*‘**Tangible evidence of progress** will be vital in building trust in the plan’s ability to secure good outcomes for the basin and its communities.’*

4. Funding

The flow of billions of dollars of both private and public funding into water reforms since the introduction of the NWI is already starting to dry up and to date the legacy costs associated with major reforms such as the Murray Darling Basin Plan and urban water reforms such as desalination plants have not been well understood by both the public and Governments. The potential for these reforms to languish and potentially derail if these costs aren’t known and accounted for is a very real. The lack of resources and government funding is probably the biggest threat to the successful implementation of the NWI and there is an urgent need for the true costs of the reforms to be known and accounted for by the NWC. The NWC should either highlight, identify or if needs be undertake a realistic audit of the legacy costs of the NWI and subsequent water reforms and publish them on an annual basis.

The cost of water reform, however, must be a public cost. Through various water reform processes, the Commonwealth now holds vast quantities of water for the environment and has the associated responsibility and cost to deliver that water and monitor the outcomes over time. By the very nature of these reforms, the cost must be borne by the Commonwealth and not shifted back to States or onto other water users.

5. ‘Ground-truthing’

If the NWC is to provide high-quality, independent advice which will improve water management outcomes there is a much greater need to provide better ground-truthing of reforms, especially the reasons for the reforms being implemented in the first place. Associated with that is the need for reforms to be given the time and commitment to implementation which is vital in ensuring they are achieving what they were set up to achieve. For example, many feel there has been a period of continual reforms without first providing enough time between changes to ensure objectives are being met and there is an ongoing need for further reform.

If the NWC is to provide leadership by raising the profile of water management and by communicating a clear position and direction on reform issues it is important that the ground-truthing is undertaken to ensure that the NWI objective and outcomes are being met, otherwise many stakeholders will become wary of the advice provided by the NWC.

6. National Metering Standards

The current status of the National Metering Standard needs to be qualified. Despite hundreds of millions of dollars being spent by both the private and public sectors on installing new meters, there is not currently a certified meter in Australia.

NIC's support metering at the offtake and has encouraged all our members to use the most modern and efficient technology available. We have always maintained that you can't manage what you don't measure.

NIC believes a standard must be implemented nationally otherwise participating states are being penalised. Anecdotal evidence suggests that some states are intending to limit application of the standards to bulk water off takes and others may not apply the standards at all.

The National Water Commission must be cognizant of the fact that if the NWI objective and outcomes are to remain relevant, trusted and credible, there needs to be a focus by the NWC on ensuring that emerging issues are given some consideration.

➤ **Are there more efficient or effective ways, including industry and private sector participation, of achieving the intended water reform outcomes?**

Yes. Quality, not necessarily more consultation is needed. There needs to be recognition that there is substantial reform fatigue setting in amongst key stakeholders and there is a real need for a period of reform consolidation.

There needs to be continuing revision of the need for the reforms and whether they are achieving their aims. Too often reforms in recent years have been in danger of becoming 'make-work' or 'empire' building schemes for bureaucrats and/or politicians with a desire to appear to be doing something rather than fulfilling a genuine need. This must be addressed otherwise stakeholders will become cynical and will be less willing to be actively involved in future reforms.

➤ **Are there opportunities to better manage the interface of water policy with other policy realms such as energy and resources, agriculture, and urban planning?**

Any opportunity to ensure that the silo mentality which is too often the hall mark of government policies and decision making, is broken down and dispensed with, would be widely welcomed.

How this is achieved is not instantly apparent. However, there needs to a greater recognition by Government agencies that the 'big' issue is often just one of many being juggled by industry stakeholders. All of the ramifications of any policy reforms should be a routine part of Government policy development.

For example the water efficiency versus energy efficiency versus profitability conundrum is a major issue in the irrigation sector and cannot nor should it be ignored by policy makers.

Conclusion

There is still a very important role for the NWC to undertake to ensure that the objective of the National Water Initiative are not undermined, although it is timely to recognise the multiple water reform projects that have been implemented since the development of the NWI and to evaluate the future role of the NWC in adjudicating the implementation of those reforms against the NWI.

We also would like to draw the NWC's attention to the media statements made by Federal Parliamentary Secretary for Water, Senator Simon Birmingham who has been reported by the [ABC](#) and the [ABC Country Hour](#) as saying;

But we will also be making sure at the government level that irrigators' rights are not undermined in any way."

We would certainly hope and expect the NWC would place the Government's commitment to ensuring that 'irrigators rights are not undermined in any way' at the forefront of any of its deliberations.