

National and State Water Resources Reform Strategies

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OVERVIEW

- History and driving forces for change
- Selected issues - how they have changed
- Strategic issue development

Main Messages

- NWI is a blueprint for a market driven allocation system
- Markets are tools, they evolve and need regulation
- WA has its own strategies
 - largely consistent with the principles
 - different timetable and priority
 - issue driven - bottom up, focussed

State Water – Some History

- In 1829 Perth used swamps, lakes a few fresh springs
- Victoria Dam, first remote dam, built in 1891
- Goldfields Water Supply Act 1902
- Water Boards Act 1904
- Rights in Water and Irrigation Act 1914
- Rainfall decline in SW from 1975
- Infill Sewerage Program 1994
- Salinity Action plan 1996
- Deep Drainage Taskforce 2000

National Water Reform – some recent history

- **Water Reform Framework, COAG 1994 4pp**
- National Competition Policy, COAG 1995
- **CEO group on water, for COAG 2003 15pp**
- **National Water Initiative, COAG 2004 39pp**
- National Water Commission, 2005

State Water Reform – the last three years

- 2002 Water Taskforce established
- 19 water forums held across the state 2002
- Draft Water Conservation Strategy 2002
- State Water Strategy 2003
 - Irrigation Review 2004–5
 - Kimberley Water Source review 2005–
 - Premier’s Water Foundation 2004–
 - Water reuse target of 20% in Perth
 - Harvey water trade

Why Continue with Water Reform?

- Increased specification of rights has disappointed some users
- Markets have been introduced ahead of full pricing
- Escalating water values in the market and increases in irrigated agriculture with ongoing environmental degradation
- Improving understanding of the management needs of surface and groundwater systems and what is required to achieve river health
- Increased focus on management uncertainty in water use entitlements and consequent investment exposure
- Seemingly intractable legal and attitudinal differences between States which share water resources
- Drought and climate change with growing urban water demand
- Desire to capitalise on new techniques and technologies
- Increased political focus

Prerequisites to Water Reform

- An imperative to act
 - Drought and damage
 - Public awareness
- Leadership
 - COAG, Prime Minister
 - Premier, State Water Council
- Strategy
 - National Water Initiative
 - State Water Strategy
 - Irrigation Review
- Institutional Arrangements
 - National Water Commission
 - Office of Water Strategy
- Funding
 - Australian Water Fund
 - Investments in WA

Key Challenges for Managers

- Water plans with perpetual entitlements for the environment and water resources
- Returning over allocated water bodies to environmentally sustainable levels
- Water access entitlements being traded freely and openly and between regions
- Assigning risks for adjustment costs

Key Challenges for Managers

- Establishing water registers and accounting systems
- Implementing cost recovery and efficient pricing policies in urban and rural areas
- Dealing with interception of flows
- Avoiding “cherry picking”

Water Entitlements 1994

- Comprehensive system
- Clearly specified
- Separate from land (and use)
- For users and environmental needs
- Implied to be volumetric
- Tradable

Duration of Entitlements

- Renewable
 - duration long enough for investment
 - duration equal to planning period
 - unchangeable conditions during term
 - renew in advance
 - incentive to act in a way that leads to renewal
- Perpetual
 - seen as give away of public resources
 - need mechanism to adapt
 - incentive to act to protect the value
 - no expectation of termination for non-compliance

Water Entitlements 2003

- Security with adaptation was the goal
- Consumptive pool
 - determined through planning
 - change yearly or seasonally in a defined way
- Access entitlements
 - renewable shares of the pool
 - duration adequate for investment
 - renewal provisions clearly specified

Water Entitlements 2004

- Perpetual shares of a consumptive pool
- Independent of use
- Focus on management of entitlements
 - title registers
 - accounting requirements
 - metering
 - charges

Entitlement Issues

- Need for planning to define entitlements
- Converting entitlements
- Dealing with sleepers
- Inter-regional transfers - national interest encourages transfer
- Use, not impact, is defined by metering
 - proximity to wetlands
 - return flows

Risk Management 1994

- Environmental constraints will be determined scientifically
- Initial contingency allocations are to be reviewed in five years
- NSW and Qld provided security for the life of a plan
- WA requires changes to made uniformly

Risk Management 2003

- Entitlements to be shares in a consumptive pool
- States define risks users are to bear
- Reassess pool in an open planning process
- Provide regular reporting on state of the resource and give early notice of changes
- States provide structural adjustment according to a set of principles

Structural Adjustment Principles 2003

- the law
- benefits from unsustainable use
- users responsibility for their impacts on others and themselves
- increased certainty has a value
- encouragement by past governments
- desires of broader community
- resource decline
- real effect of the change
- scale and speed of change
- social and economic impacts of the changes
- what is felt to be fair

Risk Management 2004

- **Initial adjustment of entitlements**
 - establish sustainable use by 2014
 - assist with structural adjustment on 2003 principles
- **Further adjustment is compensated according the cause of change**
 - climate change, natural events: users
 - improvements in knowledge: users - 3% a decade, State and Commonwealth - the rest
 - policy: Government

Risk Management Issues

- Defining the cause of change
 - 1985 decision to reduce water use in Swan GWA
- Recovering the compensation
 - AWF is currently a source for adjustment
- Devolving responsibility to users
 - Regional councils may have to find their own money

Indigenous Issues 2004

- Include indigenous representation in planning
- Water plans will incorporate
 - indigenous social, spiritual and customary objectives
 - strategies for achieving these objectives
 - account of the possible existence of native title rights to water
 - allocations of water to native title holders
- Allocations to native title holders for traditional cultural purposes will be accounted for

Environmental Entitlements 2004

- Classed as a public benefit outcome, not seen as a system constraint in NWI
- To have, at least, the same security as consumptive use
- Described in plans
- May be traded
- May be managed separately to water resources

The Institutions

- National Water Commission
 - Advance the COAG National Water Initiative \$10.5M
 - Advise on and administer the Australian Water Fund \$350M
- Office of Water Strategy
 - Drive State Water Strategy \$1.2M
 - Premier's water foundation \$3M
 - Project funding

Strategic Options NWC

1. Lead the national effort to improve, measuring, metering, monitoring, reporting and accounting of water use?
2. Develop a national framework for the urban water agenda?
3. Focus on water entitlements and water trading
 1. Including equal security for environmental and consumptive water?

Strategic Options NWC cont'd

- Develop national approaches to socio-economic impact assessment and industry and community adjustment programs?
- Facilitate the development of an export oriented water management services industry?
- Lead the development of a national water knowledge strategy and research priorities guidance?

Strategic Priorities WA

- Improving water efficiency across all sectors
 - Implement the irrigation review
 - Metering, user efficiency plans
- Making significant advances in water reuse
- Fostering innovation and research
- Planning and developing new sources
 - Trading from irrigators, SW Yarragadee, desalination
 - Avoiding sprinkler bans
- Protecting the value of water sources
 - Climate change, environmental water