



In the Murray Darling Basin salinity has affected over two million hectares of productive land

Over use and mismanagement of our water supply has left much previously productive land and many of our rivers, streams and groundwater aquifers in a damaged and precarious situation.

Dry land salinity, caused by rising water tables (as result of land clearing and excessive irrigation), can make farmland unusable. Salty water in rivers and streams harms native fish and wildlife and will eventually make the water unsafe for drinking and useless for crop irrigation.

In the Murray Darling Basin, salinity has affected over two million hectares of productive land and threatens regional towns, roads and bridges. In Western Australia, salinity affects 1.8 million hectares of land, and has degraded 80 per cent of rivers and streams in the south-west, with half the water bird species having disappeared from wetlands.

In South Australia water flows struggle to keep the mouth of the Murray River open, and the safety of Adelaide's drinking water is threatened.

In New South Wales parts of the Snowy River have been reduced to a trickle and, in Victoria fish stocks have drastically declined as a result of poor water quality.

### THE TASK AHEAD

Whilst the plan for change has been mapped out, and work has started, there is still a lot to be done. An ongoing commitment to timely reform by governments is crucial.

New laws clarifying separate water entitlements are in most cases only recently in place. Prices are yet to reflect the full cost of supplying water.

The rivers, streams and aquifers identified for allocation, planning and restoration are those that are already stressed due to over exploitation.

Recognition of the environment's need for water is still a new concept.

### COMMUNITY SUPPORT

Full consultation on the goals and outcomes of any reform initiatives allows communities to understand decisions and have a stake in the outcomes. Many of the reforms have financial and business implications and, in areas highly dependent on irrigation, the changes often mean that the entire community must rethink their attitudes to water and the way they use it.

#### WATER IS A WORLD CONCERN

Water management is challenging communities across the world. In Asia, Africa, Europe and America pollution and over-extraction are threatening drinking water, irrigation water, wetlands and other dependant ecosystems.

Many governments are adopting similar reforms to Australia to improve their water management. Common initiatives include a focus on water conservation, managing demand and increasing the efficiency of water supply and use. Countries are recognising that rivers do not stop at borders and trading between nations is being explored and in some cases implemented. In addition, local communities across the world are becoming increasingly involved in managing and conserving their water resources.

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Understandably, it is hard for an upstream user to accept that their farming practices must change because of effects being felt hundreds, sometimes thousands of kilometres away. The opportunity for people to be heard, and genuine consideration of their views, needs to be built into the implementation of water use decisions.

The success and impetus for reform is very often dictated by the quality and emphasis Governments place on community information, education and involvement.

Implementing the current initiatives and planning for the long term future of Australia's water will require the benefit of hindsight and the gift of foresight.

Future progress will be assisted through sensitive implementation of today's reforms.

For more information please contact the  
**National Competition Council**  
 Level 12 2 Lonsdale Street  
 Melbourne  
 Vic 3000

P: [03] 9285 7474  
 F: [03] 9285 7477  
 E: info@ncc.gov.au  
 W: <http://www.ncc.gov.au>



Agricultural irrigation accounts for 70% of Australia's water use

# RURAL WATER REFORM

**National Competition Council  
 Community Information  
 2000**



### BUSINESS DEPENDS ON IT

Rural and regional industries are the backbone of our economy and generate hundreds of billions of dollars for Australians each year. Almost all of these industries from agriculture to mining, from food processing to tourism, are dependent on water.

However, Australia is the driest continent on Earth. Our water supply is limited and our environment is extremely fragile.





The long-term future of Australian agriculture and our rural communities is dependent on reforming our water management. Without reform, more and more productive land will become unusable and the water needed for crops will become more expensive, saltier and more polluted. Industries like fishing and tourism will become unsustainable.

## TOWARDS REFORM

In 1994 all State and Territory Governments agreed that the management and regulation of Australia's water needed significant changes.

A package of water reforms including changes to water prices, water rights, buying and selling water and water infrastructure decisions was agreed upon.

The reforms promote good land and water management and provide for the development of national principles and strategies to promote water use that makes good business sense, is good for the environment and will ultimately improve water quality for all Australians.

Because of the importance of this package to the environment and the economy, it was decided that implementation of the reforms would be included under the umbrella of National Competition Policy.

In agreeing to the reforms the Governments formally acknowledged, for the first time, that Australian rivers, catchments and aquifers do not stop at state boundaries and activity in one State can have dramatic effects thousands of kilometres away.

The reforms promote water usage that makes good business sense

## THE COST OF WATER

Australians must start to value water realistically and include the entire cost of provision in the price. Historically, water charges have not included the cost of building or maintaining dams and weirs or repairing environmental damage. Because it has been so inexpensive, water has often been used without appropriate thought to the economic and environmental consequences.

Pricing reform will mean that the price paid for water reflects the total cost of providing water services. In some cases this can result in higher prices, but it means that in the future, funds will be available to maintain and repair dams, pipes, pumps and the environment.

## RESPONSIBLE DECISION MAKING

It is now a requirement that Governments make more informed and responsible investment decisions about new water supply infrastructure. They must rigorously assess the entire cost, including the downstream effects. Taxpayer's funds should only be used to subsidise new water infrastructure where the overall benefits outweigh the disadvantages.



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## WATER TRADING

Water rights have historically been tied to land. As a result, if all the water in a system was allocated people who wanted to buy more water had to buy land with rights, even if they did not want the actual land. Also, water rights that were tied to land were frequently unclear in terms of quantity and security of supply.

Separating water entitlements from land titles allows water to be used as a valuable and flexible business asset. Water can be bought and sold to meet seasonal demands and can be traded permanently to meet long term farming needs. It also enables high value businesses, such as mining, wineries, horticulture and food processing, to buy water to start up.

In Victorian irrigation areas, between 1- 4% of water rights are traded permanently every year, and up to 17% are traded on a temporary basis. This gives farmers greater flexibility to alter crop types to maximise farm income. For example, the same megalitre of water that produces a tonne of rice may provide five to twenty times the financial return when applied to wine grapes.

## INCREASING ACCOUNTABILITY

Water service authorities and suppliers are being required to become more accountable to their customers. Rural water users are having a greater say in the services provided and the way prices are set.

Water suppliers are now publishing information on their financial and non-financial performance. This enables comparisons of performance between the various water service providers in each State and places increased pressure on water businesses to deliver better outcomes to their customers.

## THE ENVIRONMENT MATTERS

The water reforms stipulate that the natural environment's need for water should be clearly acknowledged by law. Natural flow variations in our waterways are critical to the life cycle of native plants, fish and animals, and groundwater is essential to support wetlands where birds breed.

Clean, healthy, environments attract additional industries such as tourism and recreation, which can be extremely lucrative for rural communities. However, these industries quickly decline if the trees are dying and the birdlife is gone.

It makes good business sense to manage water in an environmentally sensitive way.

Some forward thinking communities are starting to work together to consider and, agree upon, the needs of their environment. They are planning for water allocations and enforcing the rules for use.

Increased water charges are starting to generate funds to restore and maintain water dependent ecosystems. Water trading will reduce the pressure to take more water from sources that are already over used.

Rivers, catchments and aquifers do not stop at State boundaries - activity in one State can have dramatic effects thousands of kilometres away



## WATER CATCHMENTS

The health and quality of our rivers, streams and groundwater are dependent on the state of the water catchment areas that feed them. Degraded, polluted, or saline catchments mean degraded, polluted and salty waterways

Improved catchment management co-ordinates the care of water sources with other natural resources, such as trees and forests. The science of catchment management is still developing but plans that incorporate the latest thinking are starting to be implemented.