



Australian Government

Department of the Environment, Water, Heritage and the Arts

Sustainable Rural Water Use & Infrastructure (SRWUIP) program including - State Priority Projects & Development of Partnership Agreements

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First some history;

November 2007 Federal election: ALP policy statement

- High level policy commitments:

Recognise the primacy of the National Water Initiative

“Show national leadership to end the blame game, working cooperatively with the States.”

“Develop a truly national plan that brings together the existing urban and rural strategies into a single, coherent strategy focussed on rapidly improving water use and infrastructure, and preparing for less water because of climate change.”

“Maintain the integrity of the *National Plan for Water Security* ...”





2007 Federal election: ALP policy

- Recognising the scale and complexity of rural water use, specific rural project commitments, for example in NSW, Vic, Tasmania and Western Australia:

“... up to \$400 million to reduce evaporation and improve water efficiency at Menindee Lakes, secure Broken Hill’s water supply, protect local environment and heritage and return 200 GL to the MDB.”

“Up to \$124 million further investment in the Wimmera Mallee pipeline”

“... \$140 million for supporting more efficient irrigation in Tasmania”;

“... up to \$12 million to fund the missing link pipeline between Warren and Nyngan ... to provide greater water security for the communities of Cobar and Nyngan and return up to 2 GL per year to the Basin.”

“Up to \$4 million for recycled water use by Delta Electricity at Lithgow’ \$49 million for the Harvey Water piping project and \$6.6 million for the Gascoyne irrigation pipeline project





April 2008: 'Water for the Future'

- Provides a 'unifying framework' for urban and rural water policy reforms and programs
 - high level objectives
 - policy and administrative reforms
 - re-scoping of major current programs
- Formalises pre-election policy commitments.
- Funding of \$12.9 billion over ten years.





Water for the Future high level objectives

Climate adaptation

Using water wisely

Securing water supplies

Healthy rivers and waterways

(See Minister Wong's speeches of 7 and 29 April 2008 for details)





Water for the Future programs

Sustainable Rural Water Use and Infrastructure

Restoring the Balance in the Basin (water purchasing)

National Urban Water and Desalination Plan

Water Smart Australia

Driving Reform in the Basin

Improving Water Information (Bureau of Meteorology)

National Water Security Plan for Cities and Towns

National Rainwater and Greywater Initiatives

Raising National Water Standards (National Water Commission)

Living Murray Initiative

Great Artesian Basin

Northern Australia Futures





Water for the Future major 'rural' programs

- Sustainable Rural Water Use and Infrastructure Program (\$5.8 billion)
 - includes infrastructure investments for improving the efficiency and productivity of water use and management, such as Basin State 'priority projects' under the MOU.
- Restoring the Balance in the Basin Program (\$3.1 billion) for purchasing water entitlements
 - \$50 million budget for initial round of purchasing completed; new purchasing rounds announced.
- Improving Water Information (\$450 million)
 - through the Bureau of Meteorology.





Implementation arrangements

- All Water for the Future programs to address the four high level objectives and be:
 - undertaken cooperatively with the States
 - subject to more specific requirements if ‘priority projects’ under the MOU and IGA:
 - secure a long term sustainable future for irrigation communities ... and demonstrate a long term economic and environmental benefit that can be sustained over a 20 year horizon;
 - deliver substantial and lasting returns of water to the environment to secure real improvements in river health, with entitlements to be held by the Commonwealth Environmental Water Holder; and
 - deliver value for money (cost-benefit analysis and cost per ML saved for delivery to the environment).
- private irrigation corporations to be invited to participate later this year.





Sustainable Rural Water Use and Infrastructure

- **\$5.8 billion**
- **infrastructure investments for improving the efficiency and productivity of water use and management and includes:**

Election commitments

Basin State ‘priority projects’





Specific programs now rolling out:

- Modernisation Planning Assistance – 20 year strategic plans for irrigation districts
- Water Loss ‘Hot Spots’ – comprehensive methodology for assessing delivery system efficiency
- On-farm pilot projects – testing different delivery mechanisms/partners for improving on-farm water use efficiency
- Election commitments for irrigation (Tas, WA, NSW)





COAG and its role in Water

- **March 2008: Council Of Australian Governments decisions and work program on water – Murray Darling Basin MOU**

- **3 July 2008: COAG Agreement on Basin Reform**

\$3.7 billion for ‘priority projects’

preparation of a Basin Plan by independent, Murray-Darling Basin Authority

new Ministerial Council, Basin Officials Committee and Basin Community Committee

New Intergovernmental Agreement (IGA)

Associated amendments to the *Water Act 2007*.





State Priority Projects

Aim: To provide a balanced response to the water infrastructure and reform needs of all the MDB States, and return water to the environment.

Scope: All Basin States and the ACT

- The State Priority projects are subject to due diligence prior to final approval.
- Any Australian Government investments under this program must:
 - be able to secure a long-term sustainable future for irrigation communities, in the context of climate change and reduced water availability into the future;
 - deliver substantial and lasting returns of water to the environment to secure real improvements in river health; and
 - deliver value for money.





NSW

- The Commonwealth will provide up to \$1.358 billion to New South Wales, subject to due diligence, including:

Up to \$137 million for projects that reduce water loss on farms by piping stock and domestic supply systems;

Up to \$300 million for modernising the infrastructure associated with direct river diverters;

Up to \$221 million to upgrade the accuracy of water metering;

A further \$50 million to improve the management of water on the floodplains through modifications to floodplain structures and extractions;
and

A notional \$650 million to private irrigators to support water saving upgrades of private infrastructure.





Victoria

- The Commonwealth's commitment to Victoria for priority infrastructure projects is \$1.106 billion.
- In-principle agreement to fund up to \$1 billion of the Victorian Stage 2 'Food Bowl' Project.
- Up to \$106 million for the Sunraysia Modernisation Project, subject to due diligence.

The proposal will modernise the remaining three irrigation districts of Merbein, Mildura and Red Cliffs.





Queensland

- The Commonwealth will provide up to \$510 million towards Queensland's priority projects, subject to due diligence, including:
 - Up to \$115 million towards community level irrigation planning and infrastructure investment;
 - Up to \$40 million to assist Sunwater to modernise its delivery system to reduce water loss;
 - \$5 million for the conduct of a detailed feasibility study to examine the viability of using coal seam gas water as an alternate water resource; and
 - Up to \$350 million for the future purchase of water entitlements from willing sellers in the Queensland section of the Murray-Darling Basin.





South Australia

- The Commonwealth will provide up to \$610 million towards South Australia's priority projects, subject to due diligence, including:

Up to \$220 million for projects that upgrade irrigation infrastructure and improve river management.

including up to \$120 million for an integrated network of pipelines to service townships, communities and irrigators currently reliant on the Lower Lakes for their water supplies.

Up to \$110 million to assist a project aimed at reinvigorating the irrigation sector in the Riverland, including modernisation of private irrigation infrastructure;

Up to \$80 million for the purchase of water entitlements from willing sellers; and

Up to \$200 million to support an enduring response to the environmental problems facing the Lower Lakes and Coorong.





ACT

- The Commonwealth will provide the Australian Capital Territory with up to \$85 million, subject to due diligence, to implement measures to reduce salt outflows in the Murrumbidgee River.
- Total project cost will likely be around \$130 million, in a partnership between the ACT Government and ACTEW AGL





Private irrigator priority projects

- The Commonwealth recognises that some irrigation water delivery infrastructure in the MDB is privately owned and operated. To this end, substantial funding will be made available for private irrigation infrastructure operators.
- As outlined previously, subject to due diligence;
 - Up to \$650 million in New South Wales, given the significant number of private irrigation corporations in that State.
 - Up to \$103 million to Victoria for the Sunraysia Modernisation Project.
 - Up to \$110 million to South Australia for modernisation of the Riverland.
- The Commonwealth has agreed to work with the three MDB States (above) in rolling out this program.





Economic stimulus package and *WftF*

- Expenditure under the Australian Government's \$12.9 billion *Water for the Future* plan is to be brought forward over the next four years as part of the economic stimulus package agreed last week. Expressly:
 - \$500 million to expedite water purchases over next four years
 - \$200 million for MDB local government councils for local water saving initiatives and water planning
 - \$200 million for stormwater projects
- Exit grants for small block irrigators will be extended from farms of 15 hectares or less up to 40 hectares with additional funding of \$20,000 for the removal of permanent plantings and infrastructure.
- In addition, \$10 million is to be provided for bioremediation trials in the Lower Lakes.





Next steps

- Discussions with Basin States on Commonwealth requirements for business cases and subsequent due diligence.
- Release of guidelines for private irrigator priority projects.
- Negotiation of bilateral agreements with Basin States for key water reform outcomes
 - with payments for state priority project milestones linked to achieving reform outcomes.





Some conclusions, in the context of

‘Water for the Future’

- In recent years irrigation operations have clearly shifted from *supply management* to *demand management* to account for crop needs more closely. This is critical for investment decisions on irrigation infrastructure.
- Irrigation system performance now critical – this includes both on-farm and bulk water delivery systems.
- A more integrated approach to considering water use efficiency (when considering investment) makes sense and is being pursued.





Some conclusions (continued)

- ‘Integrated irrigation modernisation’ - means considering more than just on-farm water use efficiency when considering capital investment. It includes considering current and future water availability, water markets, crop types, metering/telemetry, delivery system capacity, etc
- It also means consideration of the three ‘tests’ from the Water for the Future Policy (ie. viable irrigation communities, water for the environment, value for money)
- Finally, Australia is not alone in undertaking major irrigation system upgrades at national level – also currently occurring in US, EU, China, India, Pakistan, etc, in response to over-use, salinity, pollution and climate change





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Thank you

- End of presentation
 - Questions ?

