

Chapter 1

Introduction

Conduct of the inquiry

1.1 The Senate referred the inquiry on 21 October 2002. The terms of reference are:

- current rural industry based water resource usage;
- options for optimising water resource usage for sustainable agriculture;
- other matters of relevance that the committee may wish to inquire into and comment on that may arise during the course of the inquiry, including the findings and recommendations from other inquiries relevant to any of the issues in these terms of reference.

1.2 The Committee advertised the inquiry in *The Australian* and invited submissions from peak bodies. The Committee received 78 submissions (see Appendix 1) and held 11 public hearings (see Appendix 2). The Committee thanks submitters and witnesses for their contribution. Submissions and transcripts of the Committee's hearings are available on the Parliament's internet site at www.aph.gov.au

1.3 During the inquiry period there has been significant action on water reform, both by individual states, who are responsible for detailed water planning, and through the Council of Australian Governments (COAG). This culminated in an Intergovernmental Agreement on a National Water Initiative, agreed by COAG on 25 June 2004.

1.4 These developments have advanced the water reform agenda considerably from that referred to in submissions and Committee evidence from 2003. The focus of interest is now the detailed implementation of the Intergovernmental Agreement.

1.5 As well, the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry has recently issued a comprehensive report on water reform questions as they stood just before the Intergovernmental Agreement was signed.¹

1.6 In light of this the Committee prefers not to attempt another detailed report at this time, but rather to focus on discussing some outstanding concerns and likely problems in implementing the Intergovernmental Agreement.

1 House of Representatives Standing Committee on Agriculture, Fisheries and Forestry, *Getting Water Right(s) - the future of rural Australia*, 21 June 2004.

1.7 The Committee advises its continuing interest in the implementation of the Intergovernmental Agreement on a National Water Initiative and related issues, and may wish to review progress during the next parliament.

Summary background

1.8 Irrigated agriculture accounts for about three quarters of total consumptive water use in Australia. From 1983-84 to 1996-97 extractions for irrigation increased by 76 percent, a much faster rate of increase than domestic and industrial use. This reflected the continuing rapid expansion of the area of irrigated land, especially in New South Wales and Queensland.² Initiatives that would see expansion of irrigation are also evident in Northern Australia.

1.9 At the same time there has been increasing concern about the effects of these developments on the health of rivers and ecosystems. According to the National Land and Water Resources Audit 26 per cent of Australia's river systems are either overused or close to over use, including most of the rivers in the Murray-Darling Basin. Sixty nine per cent of total surface water extraction comes from these stressed rivers.³

1.10 In this context COAG in 1994 agreed to a national water reform framework with the aim of improving efficiency of water use and improving environmental outcomes. Expert opinion seems to be that there has been progress on some items of the agenda, but others have proved difficult, and much more needs to be done.

1.11 The severe drought of 2002-03 brought renewed focus on water issues. On 29 August 2003 COAG agreed to a 'National Water Initiative', including a commitment to spend \$500 million over 5 years on recovering environmental water for the Murray-Darling. On 25 June 2004 COAG agreed to an 'Intergovernmental Agreement on a National Water Initiative', with detailed arrangements for progressing the matters foreshadowed in 2003. The Commonwealth and the Murray-Darling Basin governments (except Queensland) also agreed on detailed arrangements for spending the \$500 million (in the 'Intergovernmental Agreement on Addressing Water Overallocation and Achieving Environmental Objectives in the Murray-Darling Basin').

Structure of the report

1.12 Chapter 2 gives background on rural water management and describes the recent Intergovernmental Agreement on a National Water Initiative, which is the focus of the discussion.

1.13 Chapter 3 discusses issues to do with water access entitlements.

2 See Appendix 5: select statistics on Australian water use.

3 *Australia State of the Environment 2001 - Inland Waters*, Department of the Environment and Heritage 2001, p.19, 27.

1.14 Chapter 4 discusses issues to do with water trading.

1.15 Chapter 5 discusses a number of other issues, including:

- ways of encouraging more efficient water use;
- ways of recovering environmental water;
- the need to account for water interception by landuse changes.

