

*Securing Our Water Future
Together*

Government's White Paper on Water

Cause for Change

- ▶ Demands from a growing population
- ▶ Continued reliance on reliable water supplies - agriculture, industry, tourism, recreation, etc
- ▶ Increasingly stressed natural environment
- ▶ Eighth year of drought
- ▶ Climate change predictions - less rain and higher temperatures

*Message is clear - we need to find smarter ways to use
& manage our water supply*

Outcomes of White Paper

The White Paper is a plan of action to secure water for homes, farms, businesses and the environment for the next 50 years.

Six priority areas:

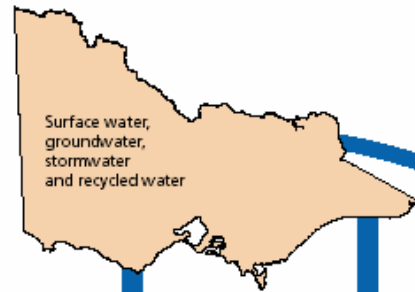
- ▶ Improved Water Allocation Framework
- ▶ Restoring Rivers and Aquifers
- ▶ Smarter Use of Irrigation Water
- ▶ Smarter Use of Urban Water
- ▶ Pricing for Sustainability
- ▶ Innovative & Accountable Water Sector

Water allocation system

Victoria's Water

Tier 1

Rights held by Crown



Tier 2

- Rights granted to the environment & authorities
- Water for non-consumptive uses
- Caps

Caps and bulk allocations for consumptive use – Includes benefits for tourism, recreation, and other values

Environmental water reserve – Includes benefits for tourism, recreation, and other values

Tier 3

Individual rights

Licences
• surface water
• ground water

Irrigation
• water rights
• new water product

Supplies by agreement

Supplies to urban customers

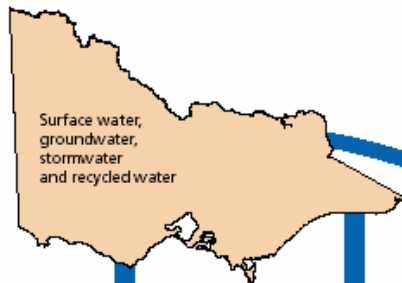
Private rights
• Rainfall
• Riparian

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Environmental water reserve – Includes benefits for tourism, recreation, and other values

Amend legislation to establish environmental water reserve

Tier 3

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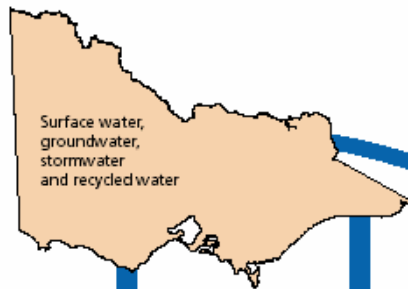
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Water allocation system

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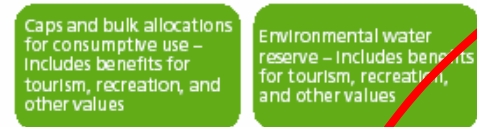
Tier 1

Rights held by Crown



Tier 2

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Tier 3

Individual rights



Create a new lower reliability water entitlement

Planning for the future

State Water Inventory

- high level picture of State's water resources
- identify emerging pressures and trends
- updated every 4 years
- initial inventory early 2005

Planning for the future

State Water Inventory

- hi
- id
- up
- in

Regional sustainable water strategies

Set priorities and directions for -

- managing changes in the demand for urban, irrigation, environmental and other uses
- investment in water supply systems across traditional boundaries
- investment in major infrastructure for alternative sources to replace potable water use
- water management plans
- vary the environmental water reserve

Planning for the future

State Water Inventory

- hi
- id
- up
- in

Regional sustainable water strategies

Set priorities and directions for -

- managing changes in the demand for urban irrigation

- env
- in
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5 Strategies

- Central region to start in 2004
- Wimmera/Glenelg subject to pipeline funding
- Northern Victoria linked to completion of the Living Murray's First Step
- Gippsland and South West regions to start 2006.

Stability and adaptability

Statutory water resource assessment

12th year of each 15 year period

**Decline in resource base
due to climate change or
bushfire?**

or

Decline in river health?

Open consultative review

recommend corrective actions

Government investment

preferred for most situations

Reserve Powers

not less than 15 years between changes

Compliance and accountability

Improved metering

- all significant uses to be metered
- new water uses pay full cost
- Government will fund RWAs equivalent to \$400 per meter

Improved compliance

- all water users must comply with entitlements
- RWAs required to enforce licence conditions
- exceptional circumstances considered

State water accounts & water inventory

Register of entitlements

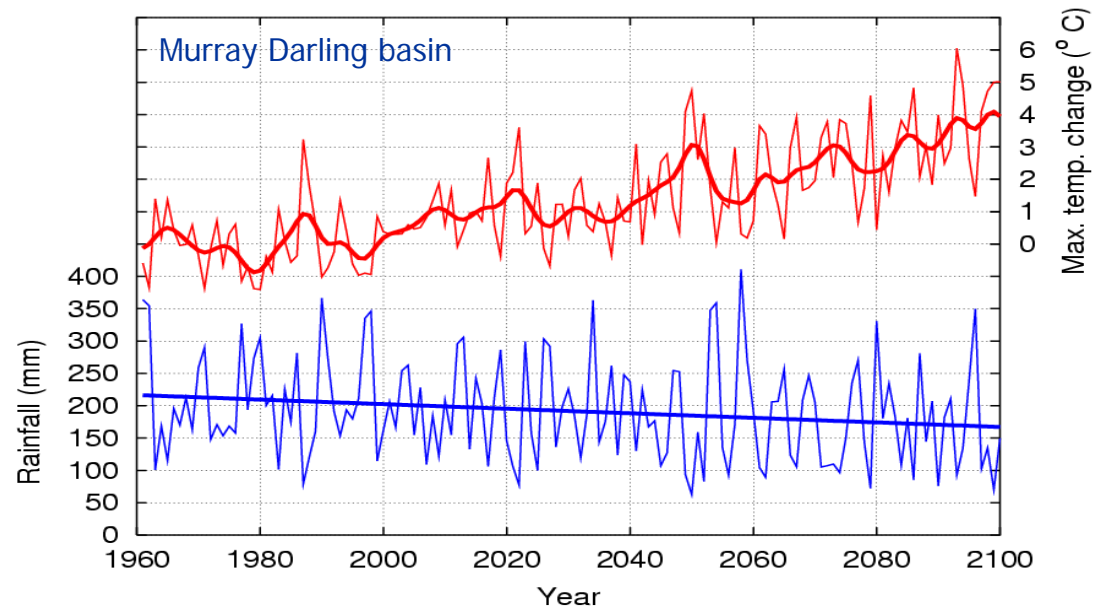
- water rights, licences bulk entitlements
- tracks water trades
- publicly access

Improve monitoring

- quality and quantity
- environmental condition of rivers
- second benchmarking river condition
- upgrade State's groundwater bores (\$13mill. over 4 years)

Managing risk - climate change

- 3 year climate research program
- Improve understanding of climate variability vs climate change
- Develop triggers to say there has been a long term change to the resource base due to climate change



Impacts of land use

Private forestry plantations

- undertake statewide assessment of impact on water resources
- develop tools to account for the impact
- open processes, involving stakeholders
- recognising other benefits and costs of plantations
- Rory's maps, graph of relative impacts of different land-use types

Restoring Our Rivers and Aquifers

Tackling all aspects of river health

- Environmental Water Reserve - to provide legal rights for the environment's share of water
- Recognising rights of existing consumptive entitlement holders
- Establish CMA's as the caretakers of river health
- Invest \$100 million\4 years in protecting and repairing rivers
- Supported by River Health Strategy

Fixing stressed rivers - *general approach*

In priority **regulated rivers** water will be recovered through:

- Investment in distribution savings
- Water recycling, reuse & demand management
- Changes in system management
- Reconfiguring irrigation services
- Purchasing water from willing sellers
- Enabling donations

In priority **unregulated rivers and aquifers** management plans will be developed and sustainable environmental water reserves implemented within 10 years.

Murray & Snowy Rivers

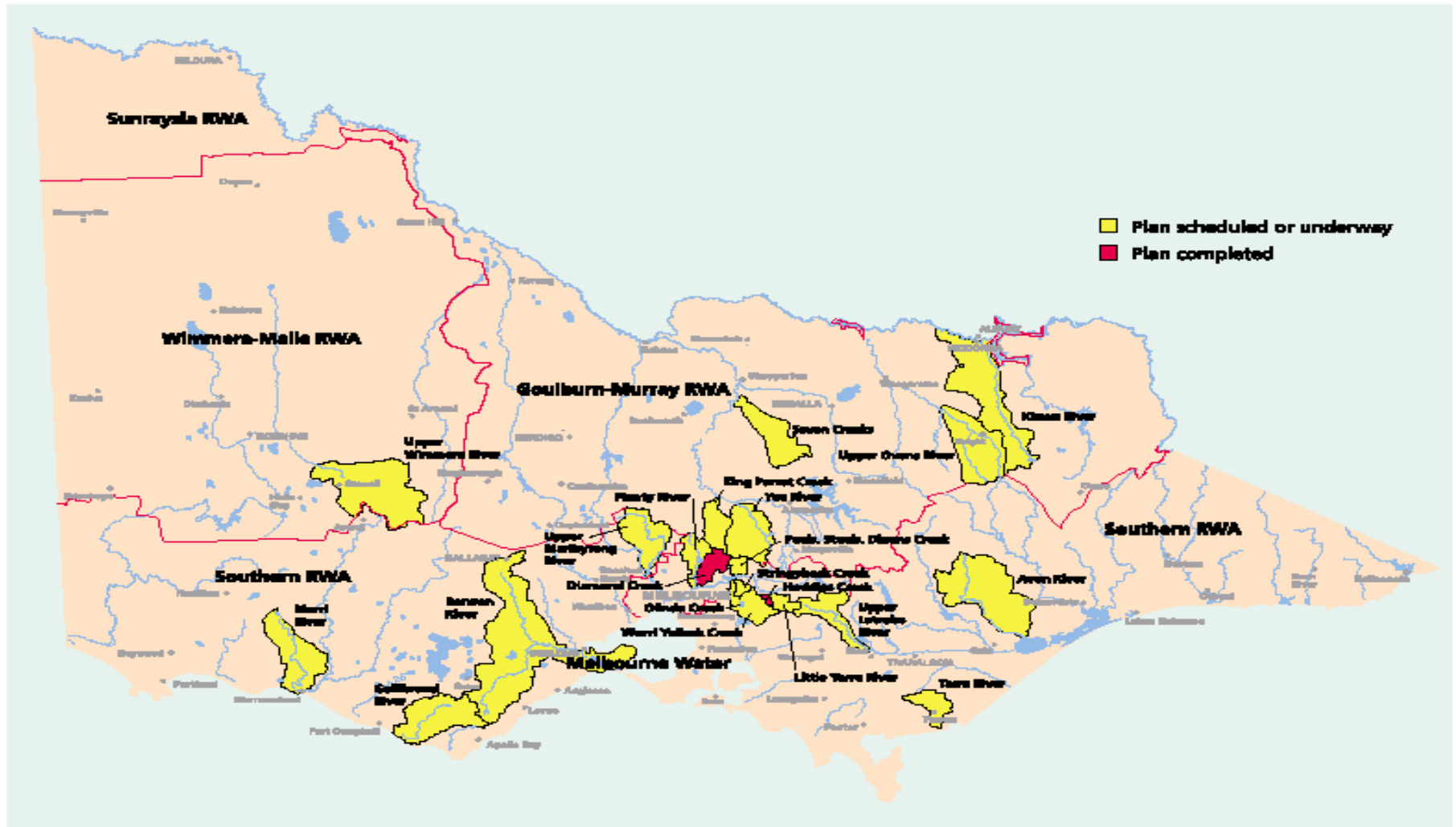
The Government will improve flows for the Murray and Snowy Rivers by recovering:

- **145 gigalitres from the 'sales package'.**
 - 120 gigalitres of low reliability water
 - 25 gigalitres of high reliability water to be used to improve flows in the River Murray and its tributaries including the Goulburn, Broken, Campaspe and Loddon rivers.
- **44 gigalitres from decommissioning Lake Mokoan.**

To be shared between the Snowy (~ 20 Gls) and the Murray rivers (~24 Gls)

Unregulated Rivers

Develop & implement Stream Flow Management Plans, including co-investment with farmers to move to winter-fill dams (21 priority rivers)



Smarter use of Irrigation Water

Irrigation Initiatives

- **Refining entitlements to improve choice**
- **Upgrading / rationalising distribution**
- **Certainty on 'sales' water**
- **Minimising side-effects of watering**

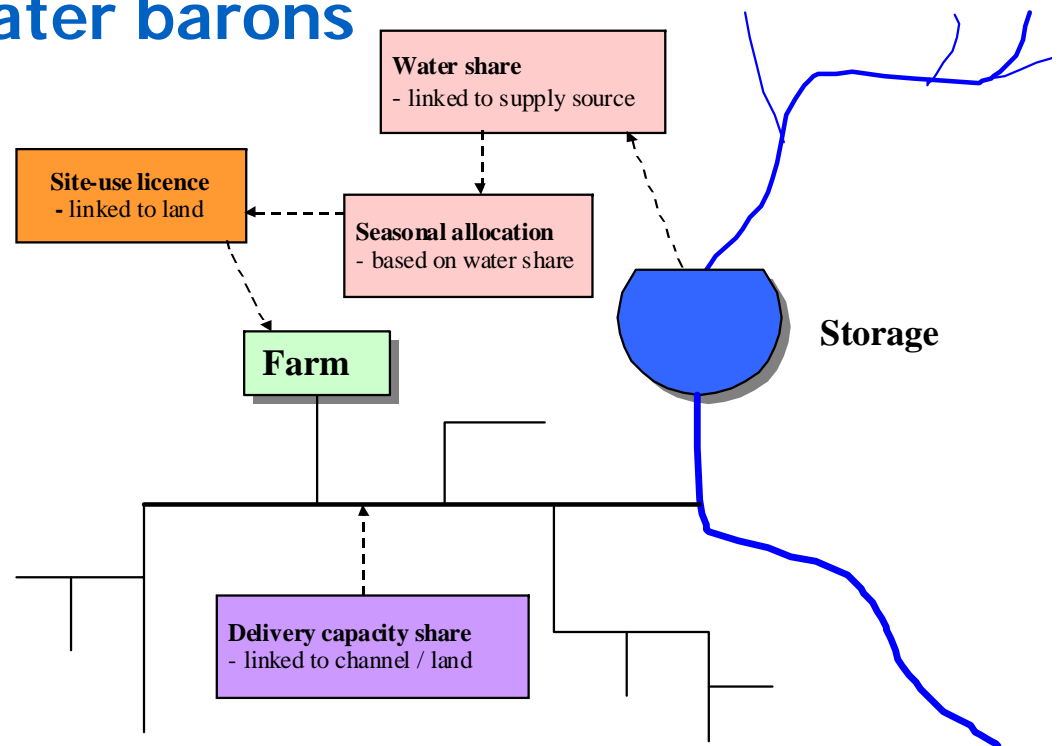
Refining entitlements to improve choice

The Government will unbundle water entitlements:

- share of available water
- share of delivery capacity
- licence to use water on a site

Address concerns re water barons

- 10% limit on total water held by non-users in a supply system

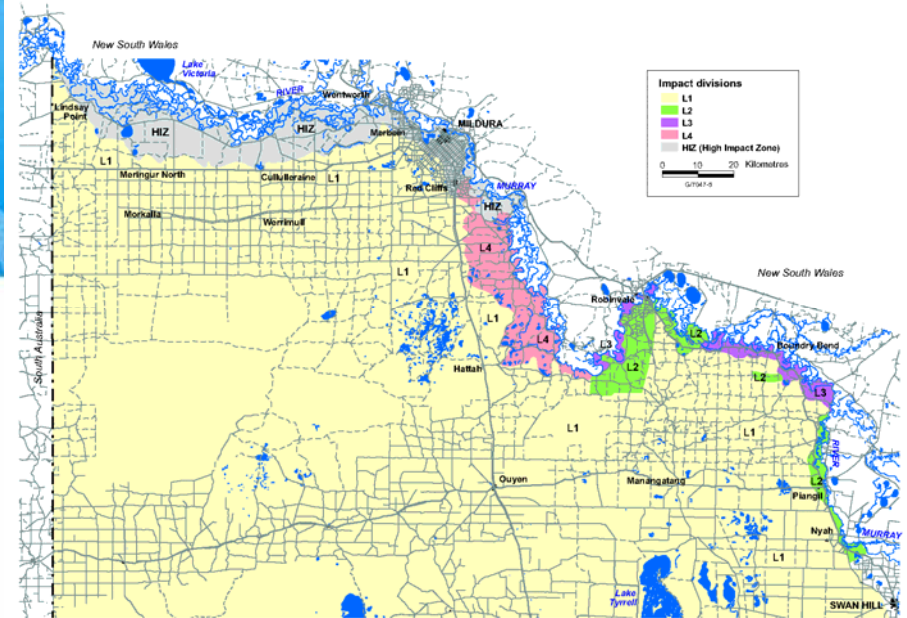


Certainty on 'sales' water

For regulated surface water systems in northern Vic (initially):

- make 'sales' water into separate, legally-recognised, independently-tradeable entitlements
- give the new 'sales' rights (& licences) perpetual tenure, as shares of water available for consumption
- provide 145 GL to River Murray and tributaries via
 - 20 per cent of the new 'sales' rights (120 GL)
 - 25 GL savings from \$50 m for reconfiguration
- provide transitional assistance

Minimising side-effects of watering



- Harm from existing irrigation can be large
- Tradeable pollution permits possible in future
- Water-use licences
 - at outset, no change (just deemed)
 - standards can be lifted, via land and water management plans

Upgrading / rationalising distribution

The Government will help rural authorities to upgrade & rationalise their distribution systems

- **Some channels not viable, need closing**
- **Need to balance individual rights & wider good**
- **Infrastructure reconfiguration plans**
- **Look at all options, e.g. remaining users paying more**
- **Closure by agreement if possible, or fair compensation**
- **D&S rights in districts: tradeable / merged**



Pricing for Sustainability

Environmental Contribution

The environmental contribution involves

- From 1 October 2004, Government will require metro and regional urban water authorities to pay an environmental contribution
- Environmental contribution equal to 5% of urban authorities existing revenues
- Rural water authorities to pay contribution from 1 July 2005, equal to 2% of revenues (GMW to start payment in 2007)
- First 4 year funding period, around \$225 million generated
- Legislation is required in Spring 2004

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