

**A STRONGER ECONOMY
A STRONGER AUSTRALIA**



**THE HOWARD
GOVERNMENT
ELECTION 2004 POLICY**

**SECURING AUSTRALIA'S
WATER FUTURE**



SECURING AUSTRALIA'S WATER FUTURE

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EXECUTIVE SUMMARY

SECURING Australia's Water Future

Australia's future is closely tied to how well we use our scarce water resources.

Water generates wealth and sustains our unique environment. Water enhances our quality of life through the amenity it provides to our communities.

Seventy per cent of our water consumption is for agricultural production, 15 per cent for industrial use and about 10 per cent for urban use.

Through the Coalition Government's leadership, the signing of two historic water agreements - the National Water Initiative and the Living Murray Initiative – has set the national water reform agenda for the next ten years and beyond.

These Coalition-led agreements have laid the foundation for increased agricultural productivity and better environmental outcomes. They will lead to improved management of our water resources across the country and into the future.

Having laid the groundwork through its sound economic management, the Coalition Government now can invest in water solutions for current and future generations.

A re-elected Coalition Government will establish a \$2 billion Australian Water Fund.

This is a Fund for practical, on-the-ground water solutions. The Australian Water Fund will make a real difference to our water efficiency. It will create opportunities for our industries, for investment and for jobs and will protect and restore our environment.

The Coalition Government's \$2 billion Australian Water Fund will:

- Build a water smart Australia;
- Create water wise communities; and
- Raise national water standards.

The Australian Water Fund can help assist projects that:

- improve river flows;
- encourage on-farm water use efficiency improvements;
- desalinate water for use in cities and towns;
- recycle and reuse stormwater and 'grey' water;
- provide more efficient storage facilities, such as underground aquifers;
- provide alternatives to ocean outfalls and the better management of sewerage in our coastal cities and towns;
- lead to improvements in irrigation infrastructure; and
- develop water efficient housing design.

As a direct result of the Howard Government's leadership and initiatives, by 2015, Australia will have taken major steps toward the wise use of our water resources, including:

- developing an agricultural and industrial sector which leads the world in the careful and efficient use of water;
- sustainable household and garden water consumption;
- reduced ocean outfalls through greater re-use and recycling of water;
- greater preservation of our unique rivers and wetlands;
- better community understanding of the need to preserve our scarce water resources;
- promotion of Australian water efficient technology to the highest international standards;
- an effective water market which encourages water saving, better pricing, and the most efficient use of water; and
- a national capacity to measure, monitor and account for the use of our water resources.

Securing these goals will require a significant investment of effort and resources.

It will require national leadership, economic discipline and a commitment to produce real, on-the-ground results.

Investment under the Australian Water Fund will be made on the basis that it is consistent with, and helps to achieve, the principles, outcomes and actions of the National Water Initiative and the Living Murray Initiative.

Since 1996-97 the Coalition Government has committed around \$1 billion to restore the health of the River Murray – through investments under the \$1.4 billion National Action Plan on Salinity and Water Quality, the \$3 billion Natural Heritage Trust and the Murray Darling Basin Commission.

The Australian Water Fund builds on these commitments.

PART 1 WATER SMART AUSTRALIA

Through the Australian Water Fund, a re-elected Coalition Government will invest \$1.6 billion over 5 years to accelerate the smartest technologies and practices in water use across Australia.

Funds will be made available directly to projects, taking into account the financial contribution offered by local government bodies, State and Territory governments and/or industry.

To gain greatest effect from these investments, competitive bidding will be the primary mechanism for allocating grants.

This process will ensure that the Australian Water Fund is used directly on projects and that funds are not diverted to unnecessary and wasteful administration.

Examples of the type of projects that would be eligible include:

- improving river flows;
- on-farm water use efficiency improvements;
- desalination of water for use in cities and towns;
- recycling and reuse of stormwater and 'grey' water;
- more efficient storage facilities, such as underground aquifers;
- alternatives to ocean outfalls and better management of sewerage in our coastal cities and towns;
- improvements in irrigation infrastructure; and
- developing water efficient housing design.

In all these areas there are some exciting and real initiatives that the Australian Water Fund could help turn into reality, such as:

- "Waterproofing Adelaide", through capturing, storing, using and reusing stormwater, or through greater reuse of effluent – thereby placing less demand on the River Murray;

- Cost-efficient recycling of water to provide increased water supply and better environmental outcomes, such as the Mackay water recycling proposal, the South-East Queensland water use efficiency and recycling program or the use of high quality recycled water from the Melbourne Eastern Treatment plant aimed at closing the Gunnamatta outfall;
- Improving water-use efficiency in new urban developments, through for example the application of water sensitive urban design in major Sydney housing developments;
- Improving irrigation channel systems through the piping of open channel systems and the implementation of new channel control technologies, such as elements of the Wimmera-Mallee pipeline proposal, the Channel Distribution Efficiency program in Queensland, or the Harvey Water proposal in Western Australia involving a mix of infrastructure investment, inter-regional water trade and water quality improvements;
- Investment in new channel control technologies and other water savings measures to recover water for stressed rivers, such as Victoria's Macalister River, or in alternative water supply projects to relieve demand on over-stretched aquifers, such as the Bundaberg groundwater project which would involve extending distribution systems to enable groundwater allocations to be swapped for surface water allocations from the Burnett River Dam;
- Applying desalination technology to improve domestic water supply for rural communities in Australia while reducing the damage to infrastructure from rising groundwater tables;
- Improved accounting for water use and increased understanding of how our rivers, wetlands and estuaries work, for example through the installation of integrated metering and telemetry technology in the Condamine Balonne and Border Rivers, or improved data collection and knowledge generation in Queensland's Wild Rivers and other northern river systems; and
- Recognising that levels of water extraction in excess of what is sustainable cannot continue and, in some instances, targeted assistance to individuals and communities may be in order (for example, in the case of groundwater in New South Wales).

A re-elected Howard Coalition Government will continue to work with State, Territory and local governments, agriculture, industry and the community at large, to manage Australia's water resources for the next generation.

As part of the COAG Agreement, the Coalition Government committed to discussing with signatories of the National Water Initiative assistance for affected regions on a case by case basis. The Coalition Government also reserved the right to initiate projects on its own behalf.

Our objectives, such as ending or significantly reducing ocean outfalls, are ambitious. But they can be achieved and the benefits to our environment and our economy will be immense.

It is time to start.

PART 2 NATIONAL WATER STANDARDS

Better management of water demands better information.

Good data and sound science are keys to ensuring the best management systems are put in place and the best projects are selected.

Under the Howard Government's leadership, the historic signing of the National Water Initiative Agreement at the Council of Australian Government's meeting in June 2004 has provided a blueprint for national water reform over the next decade and beyond.

The National Water Initiative sets the basis for water access entitlements, best practice water pricing, water resource accounting, urban water reform, community partnerships and adjustment. When fully implemented, it will result in a nationally-compatible market, regulatory and planning system to manage surface and groundwater resources for rural and urban use.

The Howard Government recognises that we need to lift Australia's national capacity to measure, monitor and manage our water resources if we are to achieve our National Water Initiative outcomes.

A re-elected Coalition Government will therefore invest \$200 million over 5 years to support:

- Water accounting: a nationally consistent system for collecting and processing water-related data is needed to create confidence in decisions by investors in the water market and the water industry more broadly, and to improve the setting of sustainable flow levels in rivers. Such a system would involve automated data collection at monitoring stations, national standards for water accounting and metering, and improved hydrologic modelling of priority water sources;
- Strategic groundwater assessment: information on groundwater resources is currently patchy, resulting in poor resource management. A detailed study focused on priority groundwater resources and thoroughly assessing resource capacity and interconnectivity would bolster confidence in the sustainable use of those systems;
- Working with local communities we can improve the conservation of high environmental value water systems. A number of studies have emphasised the need and the opportunity to protect Australia's more pristine river, wetland and estuaries. Through planning, voluntary conservation agreements and improved knowledge we can avoid the kind of costs in remediation we have seen for example throughout the Murray-Darling Basin; and
- Water efficiency labelling scheme: the establishment and promotion of a six star rating for household water appliances, and development and implementation of a "Smart Water Mark" regime for household gardens including garden irrigation equipment, garden designs and plants.

The Coalition Government will establish a National Water Commission to drive the water reform agenda and provide advice and recommendations on projects put forward under the Australian Water Fund.

Each of the elements of the Australian Water Fund will be managed to secure practical outcomes in line with the objectives of the National Water Initiative.

They will also be managed to ensure that they complement the \$1.4 billion National Action Plan on Salinity and Water Quality and the \$3 billion Natural Heritage Trust.

State and Territory Governments who are party to the National Water Initiative Agreements will be eligible to seek funding under the Fund.

Through the Australian Water Fund, the Coalition Government will aim to achieve a cultural shift in water use and management to provide real benefits to all Australians.

This is a sensible, necessary and essential investment in our future and for future generations.

PART 3 WATER WISE COMMUNITIES

A re-elected Howard Government will provide \$200 million over 5 years to reward a culture of wise water use.

Details of the Water Wise Communities policy will be released in a separate announcement.

HIGHLIGHTS OF THE GOVERNMENT'S ACHIEVEMENTS

The Coalition:

Created, implemented and funded a national strategic plan to improve Australia's water quality and conserve water in our cities, regions, coasts and oceans.

Created a nationwide partnership with State and Territory Governments to reverse the trends in salinity and improve water quality through the \$1.4 billion National Action Plan for Salinity and Water Quality.

Is committed to restoring environmental health to the River Murray, and to the Murray-Darling Basin (MDB) as a whole.

Under the Prime Minister's leadership, has produced an historic agreement to invest \$500 million as a first step to restore environmental flows to the Murray River.

- The first priority for this investment will be water recovery for six significant ecological assets identified by the MDB Ministerial Council: the Barmah-Millewa Forest, Gunbower and Koondrook-Perricoota Forests, Hattah Lakes, Chowilla floodplain (including Lindsay-Wallpolla), the Murray Mouth, Coorong and Lower Lakes, and the River Murray Channel; and
- This will be followed by further steps to restore the Murray River to environmental health as a working river.

Allocated an additional \$600 million from the Natural Heritage Trust to address environmental problems in the Murray Darling Basin.

Established the largest system of marine protected areas in the world by declaring one-third of the Great Barrier Reef Marine Park a no-take zone – a seven fold increase.

Developed the Reef Quality Water Protection Plan with the Queensland government to first halt and then reverse the decline the quality of water entering the lagoon and is investing over \$12 million over the next two years.

Developed a program to restore coastal wetlands in the reef catchment.

Established the National Oceans Office.

Released the South East Regional Marine Plans covering two million square kilometres of oceans around Victoria, Tasmania, eastern South Australia, southern New South Wales, and sub-Antarctic Macquarie Island.

- A world first, global benchmark in sustainable oceans management.

Increased Marine Protected Areas tenfold.

Approved the development of a water efficiency labelling scheme for all the major domestic water using appliances, such as showerheads, toilets, washing machines and dishwashers, based on the successful five star energy label scheme.

- Estimated water savings from labelling high water-use appliances would be 58,300 million litres per annum or 4.7% of total household water consumption in Australia, translating into more than \$300 million savings for consumers between now and 2016.

Boosted protection of waterways and wetlands by:

- Focusing on the water quality and the biodiversity of Australia's rivers with almost \$260 million over six years for such programmes as Rivercare, Murray-Darling 2001 and the National River Health Programme, and the implementation of the COAG water reform framework;
- Ensuring the sustainable management of water and related natural resources in the Lake Eyre Basin with more than \$2 million from the first phase of the Natural Heritage Trust for community projects;
- Improving the sustainable use of the water resources of the Great Artesian Basin, with more than \$74 million being allocated since 1998;
- Reducing the impact of stormwater and waste water on coastal and marine water quality with \$32.7 million for on-ground works with local and state governments, industry and community; and

- Involving over 50,000 volunteers in every State and Territory in the protection and management of Australia's waterways through Waterwatch Australia, a community monitoring programme funded with more than \$10 million through the Natural Heritage Trust since 1996.

COSTINGS ATTACHMENT

AUSTRALIAN WATER FUND					
Policy Measure	2004-05	2005-06	2006-07*	2007-08*	Total
WaterSmart Australia	50.0	200.0	500.0	500.0	1250.0
WaterWise Communities	20.0	50.0	50.0	50.0	170.0
National Water Standards	30.0	50.0	50.0	50.0	180.0
TOTAL	100.0	300.0	600.0	600.0	1600.0

Note: The Australian Water Fund is a five year initiative, to be funded at a total gross cost of \$2 billion, of which \$1.6 billion will be met from competition payments already in the budget.

* The Australian Government has included an allowance in the Contingency Reserve for the competition payments to continue in 2006-07 and 2007-08.

The Australian Government has provided the States and Territories with national competition payments in accordance with the National Competition Council's recommendations, and will continue to do this over the next two years.

Having met the funding provisions of the National Competition Principles Agreement to 2005-06, the Australian Government has decided to apply funds allocated in the Contingency Reserve for 2006-07 and 2007-08 to the Australian Water Fund.