



Submission to the first Biennial Assessment of the National Water Initiative

Tasmanian Farmers and Graziers Association

19 February 2007

Preamble

The Tasmanian Farmers and Grazier's Association (TFGA) is the peak representative body for farmers in Tasmania. Membership totals some 5,000 enterprises covering the wool, meat, dairy, vegetables and cereals and seed production industries. Members are also involved in a range of other agricultural activities, including poppies, berries and pyrethrum, and private forest management and wood production in both native forests and plantations.

The TFGA is an affiliate of the National Farmers Federation (NFF). We understand that the NFF is providing to this review a "*National Industry Review of the National Water Initiative and Action Plan.*" - the TFGA has provided input into the industry review.

Accordingly our submission focuses on providing additional information on key issues arising from the NWI in Tasmania. In particular we are concerned that the *Implementation Plan for the NWI in Tasmania (September 2006)* although accredited by the National Water Commission, still has not adequately resolved the issue of resource security.

Background

The TFGA's general approach to water management is consistent with the spirit of the NWI expressed through:

"..the framework within which water is allocated attaches both rights and responsibilities to water users – a right to a share of the water made available for extraction at any point in time and a responsibility to use this water in accordance with usage conditions set by Government.

Likewise governments have a responsibility to ensure that water is allocated and used to achieve socially and economically beneficial outcomes in a manner that is environmentally sustainable (NWI Preamble, Clause 2, Page 1)."

With this in mind, Tasmanian farmers are fundamentally seeking long-term security and certainty of their water access entitlements (i.e their rights) in return for meeting economic, social and environmental outcomes for water development (i.e their responsibilities).

Significant questions remain over whether the Tasmanian Government, as articulated in the State's NWI Implementation Plan, is meeting the "resource security test" that is required by the NWI. Farmers' confidence in and broad acceptance of the NWI depends on Government passing this test.

Key Issue - Water Access Entitlements and Planning Framework

1) Security and Tenure

The TFGA considers that this issue overrides all others as it forms the fundamental basis for sustainable water dependent development in Tasmania, and is the keystone of the National Water Initiative.

The NWI states that, *"the consumptive use of water will require a water access entitlement ...to be described as a perpetual or open-ended share of the consumptive pool of a specified water resource as determined by the relevant water plan..."*

However, the State Implementation Plan reinforces that in Tasmania, whilst the Water Management Act does not state the term of a water licence, it is practice that licences and allocations are granted for a specified period of time only (normally 10 years) and renewed upon application by a licensee provided several conditions are met.

The TFGA believes that this 10-year "rolling" approach does not meet the Federal and State Governments' commitments or the spirit of the NWI

We have serious concerns over whether this approach satisfies the requirement that a water access entitlement has similar status as freehold land (real property) which lending institutions require for collateral for providing finance.

The "10-year" approach fundamentally creates uncertainty and risk for water users and other stakeholders with an interest in the water market as it infers that the Minister could simply revoke a license (by way of not reissuing) after 10 years.

Our feedback from the finance industry is that going forward banks are unlikely to rely on water licenses that are not perpetual and which do not provide a 3rd party interest with an opportunity to remedy compliance issues. Particularly as water markets develop sophistication and banks update their lending policies in response to water reforms to accommodate lending against a water title only (versus land title).

In Tasmania there are concerns that 10-year rolling license does not realise the effective indefeasible title that financiers require. This issue apparently does have precedent with banks differentially treating pastoral leases, which are not perpetual.

Moreover, perpetual licenses can be subject to compliance requirements with mortgagees having the right to remedy compliance issues if tenure is threatened. A 10-year license could therefore create unnecessary risk exposure when the time period approaches the 10 years.

The TFGA seeks the assurance from the National Water Commission that the approach to defining water access entitlements being taken in Tasmania is wholly consistent with the requirements of the NWI and will not restrict future investment into water dependent development.

2) Plantation Water Interception

Recognising that this is a complex policy and land use planning issue, the TFGA has consistently called for defensible science backed up with transparent community consultation to inform the debate on “plantation water use”.

However, a significant concern remains that plantation development continues whilst the science to quantify the significance of any impacts on water resources in Tasmania is still the subject of deliberation and development.

The agreed NWI Implementation Timetable (for Tasmania) includes as an agreed deliverable, “*scope and develop comprehensive catchment planning tool and test in the Ringarooma Catchment to be completed by 2006 and results incorporated into the Draft Water Management Plan (for the Ringarooma) by December 2006*”. To date the tool has neither been developed nor applied.

Furthermore, given the ongoing expansion of the plantation forest estate in some Tasmanian catchments, it is untenable that that NWI Implementation timetable adopted will see that an appropriate “risk management strategy” will not start to be developed until 2008 and potentially not implemented until 2011 (i.e. 4-years from now).

An urgent response (planning, management and/or regulatory) based on best available information is required to protect the integrity of water access entitlements of stock & domestic users, irrigators and also environmental water and other public benefit outcomes.

The Tasmanian Government has undertaken to implement a “risk management strategy” by 2011. The pace of plantation development is such that there must be a risk management strategy in place before this date.

Accordingly an “interim” strategy is required to recognise the impact of large-scale plantation forests on water access entitlements.

This must be developed as a matter of urgency by Departmental inquiry into the specific impacts of plantations on local water catchments, followed by development of Government policy on plantation establishment based on the outcomes.

Conclusion

The issues identified in this submission focus on whether the NWI is delivering on the key principle of providing security and certainty to support sustainable water development in Tasmania.

Critically the TFGA considers that:

1. Water access entitlements in Tasmania as expressed by a 10-year rolling license do not satisfy the NWI requirements for a perpetual or open-ended share.

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2. The issue of plantation water interception is fundamentally important to the security of all water users (consumptive and environmental) and requires a much more urgent response than that currently being exhibited by the Tasmanian Government.