



AUSTRALIA



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UNITED NATIONS

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CSD: Panel Presentation on Water

Statement by

**The Hon. Dr David Kemp
Minister for Environment and Heritage**

(Check against delivery)

- Minister Brende, fellow Ministers;
- In the spirit of this review year for CSD, let me share some of Australia's experience in managing freshwater resources.

Australian context

- My country has some features of water resources that are similar to many developing countries.
- Australia is the driest continent. Droughts and variable rainfall are natural features of our landscape.
- Around 75% of Australia's managed water is used in irrigated agriculture – quite comparable with many developing countries.
- Irrigation has given Australia enormous economic and social gains.
- For example, output from the irrigation heartland of Australia - the Murray-Darling River Basin - is around US\$7.5 billion a year. This is nearly one third of the value of Australia's total annual agriculture output.

- However, we now know that there have been downside environmental impacts.
- Altered flow patterns in the rivers, together with associated land use change, resulted in increased salinity of our rivers and our land, toxic algal blooms, and reduced biodiversity.
- These problems arose because the science of farming our land was not well established or understood. Water was regarded as a free environmental good with no distinct value.

Policy response – the National Water Initiative

- Mr Chairman:
- Our response has been to place value on ecological ecosystems - and water in particular - and to establish governance arrangements to achieve integrated natural resource management.
- Setting the regulatory framework that encourages the market to place a value on water drives increased private investment in water efficiency and technological change. This leads to increased agricultural productivity while using less water – we get “more crop for the drop”.
- In Australia we will continue to increase our agricultural economic performance. We will achieve this through well managed irrigation.
- With greater water use efficiency driven by the market and integrated water resource management, we will also improve our ecological outcomes by making more water available to the environment.
- In Australia we now treat water resource management – and other natural resource management – as a horizontal issue. In Australia we call it a whole of government issue – and our reforms have been driven by the Prime Minister.
- In August 2003 Australia announced the development of a National Water Initiative. This Initiative will:
 - improve the security of water access entitlements;

- encourage the expansion of water markets; and
- ensure ecosystem health and protect environmental assets.

Mr Chairman – there are four key elements to achieve this:

First - Water access entitlements

- Unless water access entitlements are secure, private investment will be constrained. We are proposing to grant permanent (or perpetual) access entitlements to water users.
- The definition is important. These will be entitlements to a share of the water resource pool that is made available for use by government. The size of the water resource pool will be set by government after open and transparent water planning processes for watersheds and aquifers. In other words, the water itself is not privatised – but private investment will be mobilised.

Second - Water trading

- Water access entitlements will be tradeable, leaseable and mortgageable. This will allow irrigation water to be used for its highest economic value – while maintaining third party and environmental protection. In Australia, our recent shift of water use into high value products, such as wine, would not be possible without water trade.
- Some water rights will be outside the market and will be given priority – these will include farmers’ domestic and stock needs.

Third - Risk assignment

- Private investment is encouraged where risk profiles are clear. We will identify the risks of change to the available pool of water.
- Typical risks may be climate variation or policy change arising from changed community preferences for environmental outcomes.
- We will assign the costs of those risks transparently to users or to government.

And Fourth – Integrated water planning

- The water planning processes are decentralised and community based. They engage the communities of water users and those with real interests in environmental and social outcomes.

- We heard from the UNDP this morning the importance of setting national targets and benchmarking. In Australia we expect to develop targets and benchmarks also at a local level – a level that communities can understand and engage.
- Natural ecological systems - such as watersheds and aquifers - define the right level for water planning, and for integration with other natural resource planning. In Australia we have over 50 geographical water planning regions. In some cases these are then aggregated to larger basin levels as with our Murray-Darling River systems.
- Water sharing plans will set secure environmental outcomes - integrated with wider natural resource use planning that promotes sustainable agriculture and protects environmental assets. We will ensure that responsibility for allocating and managing water for ecological systems is clearly specified.

Conclusions

- Mr Chairman;
- We know one size does not fit all countries.
- As countries develop their Integrated Water Resource Management programs, there may be aspects of Australia's experience that are useful. I would be happy to share them in more detail with individual countries.
- Mr Chairman: As we look forward to CSD 13, we should consider carefully how CSD 13 might set the directions for taking such a country by country approach to Integrated Water Resource Management.
- Let me say that the approaches we are taking in Australia are scalable – where they are relevant to other countries' circumstances, they could be modified.
 - For example, assisting communities of water users and others to identify objectives for catchments could be a foundation step.

- While some of Australia's measures are not immediately relevant to all developing countries, we believe that our emphasis on the market to generate wealth and allocate resources should be considered seriously by all.
- We have heard this week that poverty is as much a rural issue as it is an urban issue.
- Rural poverty is a driver for urban migration. Creating security of access to water resources for irrigated production, and developing water markets, should help alleviate rural poverty.
- Thank you, Mr Chairman.