

How do water markets function in droughts and other hard questions: Learning from law reform in Australia

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Overview

1. Snapshot of Australian Water

2. Co-operation in water law reform

- National Water Reform Framework (1994)
- National Water Initiative (2004)

3. Challenges

4. Opportunities

Snapshot of Australian Water

Australian Attributes

- Old continent
- Prone to salinity
- Water relatively scarce
- Supply variable
- Groundwater important
- 'of droughts and flooding rains'



Map of Australia and Murray-Darling Basin (MDA, 2007)

Snapshot of Australian Water – Diversity



Blanche Mound Springs, South Australia



Typical picture of salinity, Victoria

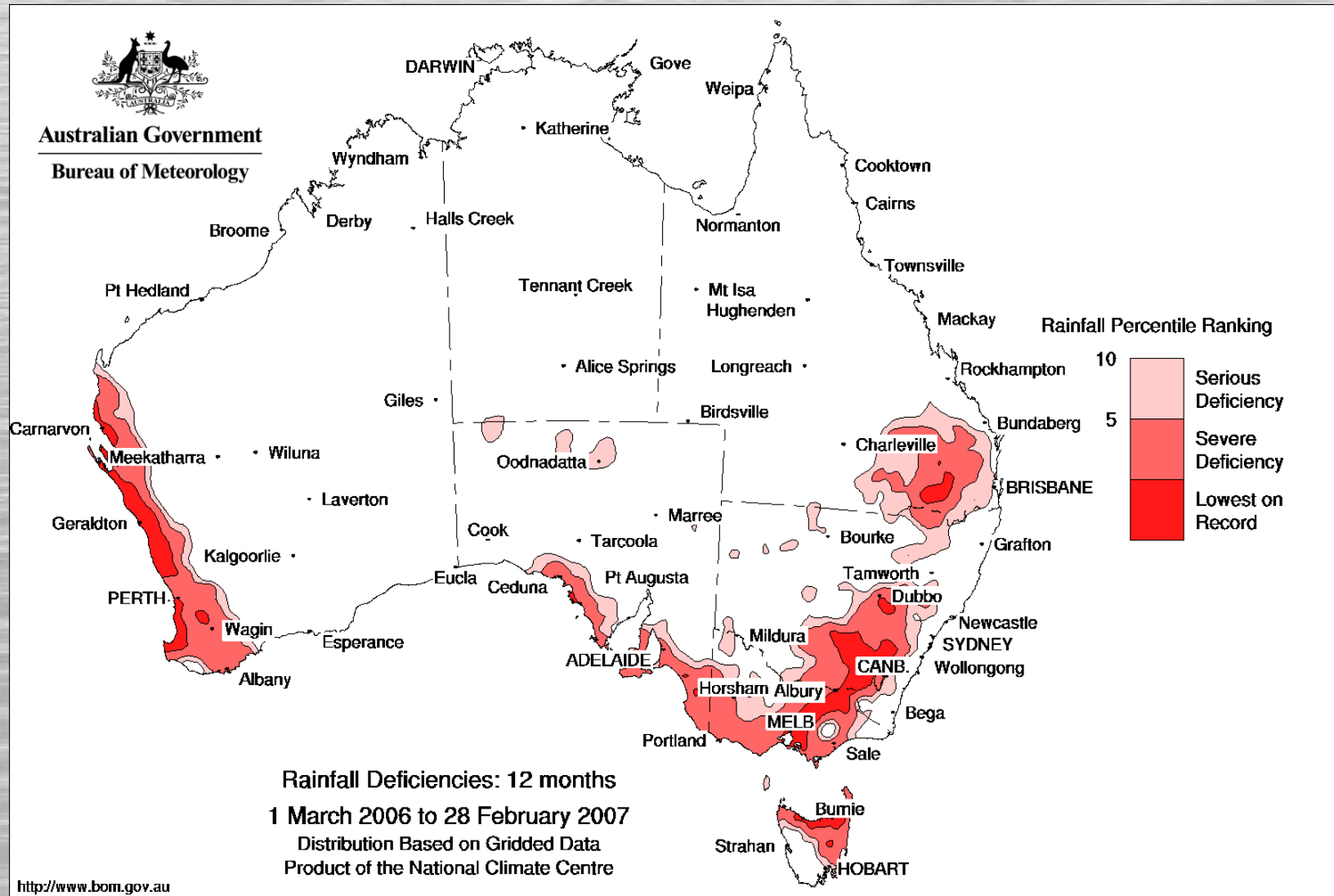


Fitzroy River, Queensland



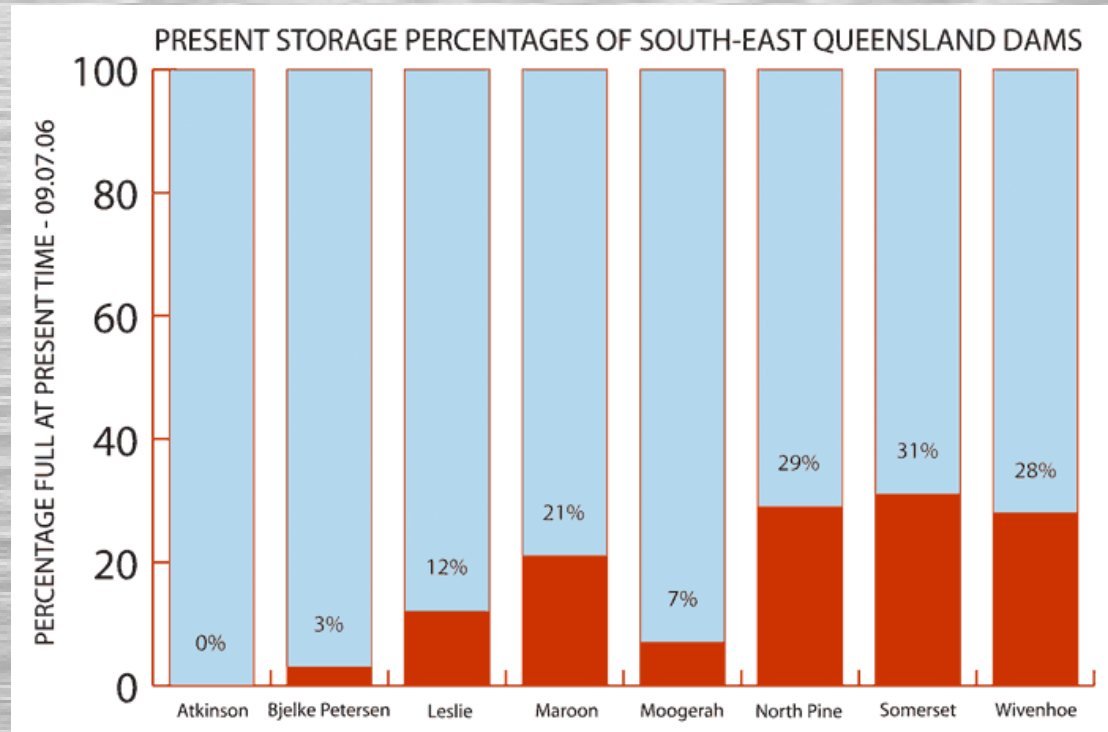
Todd River, Northern Territory

Snapshot of Australian Water – Drought



Serious or severe rainfall deficiencies for Australia 2006/2007 (BOM, 2007)

Snapshot of Australian Water – drought



Left top – Sydney catchment,
left bottom, Victorian storage (Lake
Hume)

Water Consumption

- **Total consumption reduction from 2002 to 2006 of 14%**
 - Agricultural reduction: 19%
 - Household reduction: 8%

Sector	Use
Agriculture	65%
Household	11%
Water Supply Industry	11%
Manufacturing, Mining, Electricity & Gas	3%
TOTAL	100%

Current Australian water use by sector (ABS, 2005)

Cooperation in Water Law Reform

Water Reform Framework (1994)

- Introduce Market
- Protect Environmental Uses

National Water Initiative (2004)

Large focus on water planning including;

- Adaptive management
- Using best available science
- Public participation
- Transparent decision making
- Indigenous values to water



MacDonnell Ranges, Northern Territory

Continuing Challenges

- Specification of entitlement is incomplete
- Interstate markets inactive
- Ecological considerations still coming last –
 - Case of Gwydir river decision by NSW Court of Appeal in 2005 and subsequent legislation

Opportunities

Water security plan (2007)

- **New Governance Arrangements**
 - Overcoming jurisdictional barriers by co-operative federalism
- **Over allocation buy-back**
 - \$3 million to buy-back irrigation licenses in Murray-Darling

