

June 2006 Edition

Information from "Australian Water Association" & "Murray Darling Association"

MDA

### **Snowy Hydro: Commonwealth withdraws from sale**

In a move that has pulled the rug out from under the NSW and Victorian Labour Governments, Prime Minister John Howard has withdrawn the Commonwealth from participating in the privatisation of the Snowy Hydro scheme.

Mr Howard made the shock announcement in Canberra this morning, saying the Federal Government's 13pc share is no longer for sale due to the out-pouring of public sentiment against privatisation.

"The reason we are changing our position on this is the public are unhappy and there's no good public policy reason to go ahead," Mr Howard said.

The Federal Government had originally agreed to participate in the sale after the NSW Government decided to sell its 58pc majority holding.

It prompted a huge protest from a public, which is emotionally attached to the iconic piece of infrastructure and its place in Australian culture and history.

"People felt that and I have listened to that," Mr Howard said.

Farmers and environmentalists were also concerned about the impacts privatisation may have on water flows further downstream, concerns, which Mr Howard acknowledged in his decision.

However, Mr Howard says he has "absolutely no intention" of now buying the states' shares to give the Commonwealth majority ownership.

"It's for them now to decide what they do," he said.

### **Snowy Hydro: NSW forced out of sale**

The NSW Government has been forced to withdraw from the sale of its stake in the Snowy Hydro scheme, following the Federal Government's announcement this morning that its share was off the market.

NSW Premier, Morris Iemma, says the Commonwealth's decision to withdraw from the sale of Snowy Hydro Ltd "fundamentally changes" the nature of the sale.

"NSW expected that the Commonwealth, Victorian and NSW Governments would jointly proceed with the sale," Mr Iemma said.

"The Commonwealth's reversal now makes the sale impractical."

Mr Iemma says the Commonwealth's withdrawal does not solve the fundamental problem that NSW taxpayers are funding electricity infrastructure in other States, nor does it solve the company's need for further capital injections to compete in the national electricity market.

"If Snowy Hydro Ltd does not invest interstate, its competitors will and Snowy Hydro will face increased competition and lose market share," he said.

"The NSW Government still believes NSW taxpayer's funds should be spent in NSW, to build schools, hospitals and infrastructure. It should not be spent building power stations in SA and Victoria.

"This is an issue we now need to take up with the Commonwealth. A possible solution to secure the future of this national asset is for the Australian Government to buy the Victorian and NSW share."

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### **Snowy Hydro: Victoria falls into line**

The Victorian Government has been the last to withdraw from the sale and privatisation of Snowy Hydro, following the decision this morning by the Federal Government and the NSW Government to pull out.

Premier Steve Bracks says Victoria was always a "reluctant party in this sale".

"We agreed to participate after NSW and the Commonwealth governments decided to sell," Mr Bracks said.

"We received advice that participating was the best way to protect our interests."

But Independent member for East Gippsland, Craig Ingram who has campaigned against the sale of Snowy Hydro, is overjoyed with the turnaround, while the Victorian Farmers Federation also applauded the decision.

VFF president, Simon Ramsay, says the farm lobby has always opposed the sale and it is pleasing that all Governments had finally listened to community concerns.

"Snowy Hydro is a strategic National asset that supplies and controls our most precious natural resource; it should never have been considered for privatisation," Mr Ramsay said. He says the back down was due to a flawed policy driven by the NSW Government's poor economic management, and a flawed process with no community consultation by any of the Governments regarding the decision to privatise.

The VFF has maintained that the privatisation would have put pressure on the water supply agreement with Snowy Hydro for the releases of water and that corporate and profit factors would outweigh agricultural needs.

Mr Bracks says the decision will not affect the Victorian Government's budget position.

### **AWA**

Following widespread controversy, the Australian Government has decided not to proceed with the sale of its 13% share of the Snowy Hydro, resulting in an effective abandonment of the sale process for NSW and Victoria.

CSIRO and Monash University report, 'Without water: The economics of supplying water to 5 million more Australians', examines 25-year scenarios for how cities cope with likely demand. Without expanded water trading and "new" sources of water: desalination plants, recycling; stormwater, it suggests that, in one case, the price of water could increase by ~10 times to manage demand.

Pyramid Creek Salt Inception and Harvesting Scheme (22,000 tpa), a public-private venture on the Murray River, won Engineers' Australia National Salinity Prize. The first stage of the \$13m scheme near Kerang, Victoria, is funded by the Victorian, SA, and NSW & Australian Governments through the Murray-Darling Basin Commission. Goulburn-Murray Water manages the scheme; Pyramid Salt runs the harvesting facility.

For Plant-based Management of dryland salinity is concerned that TV viewers may have gained incorrect perceptions of the significance, causes and impact of salinity in Australia. Some scientists on the investigative program argued that poor soil health rather than rising groundwater tables is causing salt outbreaks and that planting trees can actually be harmful.

AWA will organise a community forum in Toowoomba, Queensland, on 24 June, a month ahead of the planned referendum on Indirect Potable Reuse for that city. A panel of experts will be on hand to respond to community questions about the practice of IPR.<sup>3</sup>

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Faced with the prospect of a long-term reduction in rainfall over Australia's southern agricultural areas, the Federal government through its research agency, Land & Water Australia has called tenders for Innovative Research Projects on ways of handling soil and water problems.

"Wastewater flushed down the toilet could one day be used to generate electricity according to scientists from Ghent University, Belgium who have designed a way to boost the output of Microbial Fuels Cells, an emerging technology that captures the energy produced when bacteria break down waste and turn it into electrical current.

The 10th Edition of Re Water (May 06), a quarterly newsletter focusing on farming with recycled water and relevant items about Recycled Water, is available. Produced for Recycled Water Development in Horticulture Project, funded by Horticulture Australia and managed by Arris P/L.

Launching Blueprint for the Bush in Charleville, QLD Premier Peter Beattie emphasised that his government's \$420m investment in water security and supply over recent years was in recognition of the harsh impact of drought and climate change on rural communities. Dams are part of new proposals.

Tenders are invited for \$500m Wimmera-Mallee pipeline in Victoria (>100 GL/yr), and will involve construction of almost 9,000 km of pipeline to replace 16,000 km of open channels. Storages in the Grampians are at only 6.5% capacity, and more than 5,000 farms across the region are facing the prospect of no channel run this year.

Water industry groups have been critical of a NSW government plan that allows companies to compete with state-owned water utilities, saying the regulation is stifling & will deter new entrants.

With controversy about indirect potable reuse at its height, over 100 Toowoomba residents lined up to sample recycled water and claimed it tasted no different from regular water.

Water-find, a business that aims to maximise advantages of water trading to all parties, was among the winners at the Water Alliance Industry Awards in Adelaide.

The cost of water in Perth and Brisbane will increase tenfold over the next 25 years if the Nation's two boom cities are prevented from buying supplies from the bush. And the cost of water in Sydney will jump 6X, in Melbourne, 5X present levels, if governments sit on their hands and allow irrigators to hoard supplies.

A Productivity Commission report warns that the government's attempt to make water savings through engineering projects such as replacing channels with pipes to reduce evaporation and seepage losses were proving too expensive and a more efficient option was for it to enter the market on behalf of the environment and buy water.

The project team for the Western Corridor Recycled Water (WCRW) Project, the largest recycled water project in the southern hemisphere, and a key component of a long-term approach to drought outlined in the South East Queensland Regional Water Supply Strategy, is currently investigating a route for the pipeline, incorporating environmental, social and constructability factors.

The newly formed Urban Water Advisory Group (UWAG) is meeting today for the first time, in Canberra, under the joint chairmanship of Drs Wally Cox and John Radcliffe. It was set up to provide non-government advice to the National Water Commission on the urban aspects of the National Water Initiative.

A reminder about AWA's public forum in TOOWOOMBA, Queensland next Saturday 24 June, a month ahead of town residents voting on whether they will adopt INDIRECT POTABLE REUSE.

A panel of experts will respond to community questions about IPR. Gosford and Wyong City Councils are considering investment in four mobile Desalination plants to help meet the severe water shortage which has developed in the area with substantial increases in population over recent years and a decline in rainfall.

Mr Anderson told The Land newspaper at last weekend's State conference of The Nationals in Ballina that while the final decision rested with the Prime Minister and the Treasurer, he believed there was strong support now for changes to the tax ruling.

NSW Irrigators Council chief executive, Doug Miell, said he expected the issue would be resolved – possibly in a couple of weeks – after a favourable response from Mr Howard.

He said the council had presented the Prime Minister with a detailed argument against taxing the package as income and legal advice it had obtained supporting their case that the payments should be taxed as capital not income.

The package affects groundwater users in the Upper and Lower Namoi, Lower Gwydir, Lower Macquarie, Lower Lachlan, Lower Murrumbidgee and Lower Murray systems.

### **Driest May in 50 years for NSW**

The lowest average May rainfall in NSW for 50 years has pushed further large chunks of the State into drought, with 89 per cent now drought declared compared with 62pc last month.

However, the figures are based on the situation at the end of May, before reasonable rainfalls two weekends ago eased the situation for farmers and allowed most to complete sowing of their winter crops.

Only the North Coast representing 2.9pc of the State is in satisfactory condition and parts of the Northern Tablelands, Slopes and Plains near the Queensland border, the Illawarra region and a patch of the lower Western Division are considered marginal.

NSW Primary Industries Minister, Ian Macdonald, said rain since the end of May had helped but much more was needed to pull NSW out of drought.

NSW Farmers Association president, Jock Laurie, said the latest figures were "devastating" and called on NSW and federal governments to urgently re-assess their drought aid.

Snippets Compiled by Cr. Peter R. Smith OAM.