

## DRAFT SECOND READING SPEECH

### *Water Miscellaneous Amendments (Delegation and Industrial Water Supply) Bill 2023*

*\*check Hansard for delivery\**

Mr Speaker, I move that the Bill now be read a second time.

The purpose of Water Miscellaneous Amendment (Delegation and Industrial Water Supply) Bill 2023 is to address two matters:

- the supply of water for industrial use; and
- the community management of publicly owned irrigation schemes.

Mr Speaker, water is one of Tasmania's natural advantages and the legislation that I present here today will ensure that our freshwater resources not only play a key role in developing Tasmania's strategic opportunities in the emerging renewable energy production sector but also in providing the opportunity for irrigator-community management of publicly-owned irrigation schemes.

Both these outcomes are strategically important and align with the Government's delivery of the Rural Water Use Strategy, in particular Actions 2.4 and 3.7 in the Strategy. It builds on our strong commitment to irrigation scheme development, which supports the Government's goal of growing Tasmanian agriculture to \$10 billion by 2050. It also provides farmers with commercial certainty and security in relation to irrigation water and supports the potential to deliver on energy security with renewable hydrogen production.

In February 2023, Mr Speaker, the Rockliff Liberal Government announced its vision to establish Bell Bay as Australia's first green hydrogen hub while also helping Tamar Valley farmers. This Bill I present today will facilitate this proposal with amendments to the *Irrigation Company Act 2011* and *Irrigation Clauses Act 1973* enabling Tasmanian Irrigation to supply bulk raw water to the Tasmanian Green Hydrogen Hub at Bell Bay. Development of the Green Hydrogen Hub is being actively pursued and has received a commitment of \$70 million in funding under the Australian Government's Clean Hydrogen Industrial Hubs Program.

A common use water infrastructure solution is a key part of enabling green hydrogen production at Bell Bay. This proposed legislative change will ensure that Tasmanian Irrigation can assist the Government progress the most cost effective and appropriate solution to provide a sustainable and reliable water supply to the Bell Bay Green Hydrogen

Hub. It will also help secure the prospects for the proposed Tamar Irrigation Scheme, benefiting both irrigators and green hydrogen producers.

This change will support the Tasmanian Renewable Hydrogen Action Plan which sets an ambitious goal of transforming Tasmania into a globally significant exporter of green hydrogen from 2030.

The Government recognises the need to regulate access to Tasmania's freshwater resources to ensure they continue to support natural values and provide the range of benefits Tasmanians expect. To assist in managing our water resources the Bill includes a threshold condition for the supply of industrial water from an irrigation district, requiring it to be associated with hydrogen production.

Once this threshold condition is satisfied there is a power for the Minister for Primary Industries and Water to declare, by way of an order that will be disallowable by Parliament, that another use of water within that district is an industrial use.

Supply of water for industrial use will only be available within an irrigation district where a declaration is made by the Minister (with the agreement of the Treasurer). The declaration cannot be made if it would have detrimental impacts on existing water users and it may include conditions such as what matters are to be covered in contracts and the total volume of water to be supplied for industrial uses.

The Bill provides that prior to making a declaration in relation to an established district in which irrigation rights have been granted, feedback on the proposed declaration must be sought from TasWater and relevant irrigators. In circumstances where no irrigation rights have been granted the Tasmanian Farmers and Graziers Association must be consulted along with TasWater.

The Bill provides for the undertaker for an irrigation district to enter into contracts for the supply of water from the district for industrial use. In this context the undertaker is the entity responsible for delivering water within or from the irrigation district. For the proposed Tamar Irrigation Scheme and the initial supply of water to the Bell Bay Green Hydrogen Hub for hydrogen production the expectation is that the undertaker will be Tasmanian Irrigation. However, there may be other scenarios in the future in which the undertaker might be an organisation other than Tasmanian Irrigation.

Amending the *Irrigation Clauses Act 1973* to allow for contractual arrangements provides for a contemporary approach suitable to the activities associated with the provision of water for industrial uses.

Mr Speaker, we believe that the changes to allow the provision of water for industrial purposes, as outlined in the Bill, will also benefit irrigators. For example, through improving

prospects for the Tamar Irrigation Scheme proceeding and potentially allowing infrastructure and other scheme costs to be spread across a larger user base.

In developing the Bill we have been mindful of the potential for competition for access to water from different uses and have adopted the principle that irrigators should not be worse off as a result of the proposed changes.

The Government's vision for these changes is that water for industrial uses, supplied through an irrigation district, will in all cases be sourced from existing Hydro Tasmania allocations and will not be made available at the expense of irrigators.

The Bill contains provisions that appropriately constrain the supply of water for industrial uses. This includes a provision that an industrial water declaration must only be made if the Minister for Primary Industries and Water is of the opinion that the supply of water from the irrigation district will not cause detriment to any other right granted, or agreement made, under the *Irrigation Clauses Act 1973* or *Water Management Act 1999*.

Mr Speaker, I now turn to the second key matter that is addressed in the Bill. The Government holds a long-standing commitment to facilitate greater irrigator community involvement, in the management and/or operation of publicly-owned irrigation schemes, where it is both appropriate and feasible.

The 2018 Legislative Council Select Committee Inquiry into Tasmanian Irrigation inquired into the management of water rights and associated assets administered by Tasmanian Irrigation, including the management and governance of the business and the potential for local management of publicly-owned schemes. The Committee's findings supported the Government's position of facilitating greater irrigation community involvement in the management of publicly-owned schemes. The Committee recommended that the Government facilitate a clear pathway for each scheme to determine its own future. The recommendation indicated that self-management was one option that could be considered.

Clearly, there is a range of different stakeholders with an interest in Tasmania's irrigation development. Irrigators, regional communities, and State and Australian governments are all directly involved in supporting irrigation development.

Tasmania should be proud of its achievements so far in this space. Since 2011-12 we have commissioned 15 publicly-owned irrigation schemes with the potential to deliver over one hundred thousand megalitres of irrigation water each year in total. These projects have come at a total capital cost of \$418 million; of which the Australian Government has contributed \$190 million, the Tasmanian Government has contributed \$107 million, and irrigators and investors have contributed \$121 million through purchasing irrigation rights.

The latest project is nearing completion with the Don Irrigation Scheme set to provide water for the 2023-24 summer irrigation season and the Northern Midlands and Sassafras-Wesley Vale augmentation projects have been approved for capital funding. The on-farm and regional benefits of Tasmania's irrigation development program are being experienced around the State.

The Government's policy to facilitate greater community involvement in the management and operations of publicly-owned irrigation schemes, where appropriate and feasible, is hoped to add to the benefits already being experienced by irrigators.

One example shared by an irrigator community is the potential for operating electricity generation equipment more efficiently in concert with providing irrigation supplies. In this case the efficiency would derive from having a single entity managing both activities within the scheme. This Bill is needed to make these types of additional benefits possible.

In its current form, the *Water Management Act 1999* does not contain provisions to allow a responsible water entity to delegate its functions to an irrigator-managed body. In order to achieve this commitment, legislative change to the *Water Management Act 1999*, the *Irrigation Clauses Act 1973* and the *Irrigation Company Act 2011* is required.

Mr Speaker, providing a power for delegations enables irrigation entities and eligible bodies to collaboratively work through which functions may be delegated in each case, and the terms and conditions for such delegations, independent of the Government.

Furthermore, the Bill ensures mechanisms are in place to safeguard the long-term interests of irrigation scheme participants, local communities, the Government and responsible water entities such as Tasmanian Irrigation. It also serves to protect irrigation scheme infrastructure and the environment.

Safeguarding the long-term interests of stakeholders is critical to ensure irrigation schemes continue to be sustainable, equitable and responsive to their respective communities. The Bill seeks to balance the aspirations of local irrigation communities with the broader interests and needs of Tasmania's regions and the irrigator community in general.

Specific measures are introduced in this Bill that enable this.

A power is provided to allow the Minister for Primary Industries and Water, to prescribe by order, those responsible water entities that are able to delegate their functions. For the purpose of the Bill, such entities will be defined as irrigation entities.

The Bill also provides a clear set of criteria which an eligible body must address in their application to request a delegation of one or more functions. One critical element is the requirement for a proposed governance model. This requires an applicant to demonstrate that they have the capability to perform and exercise the proposed functions; have sound

mechanisms in place to ensure disputes within the irrigation district can be resolved effectively; and must estimate the costs and benefits of the proposed delegation of functions.

As I noted earlier, the Tasmanian and Australian Governments have made significant investments to support the development of irrigation schemes throughout Tasmania. Mr Speaker, it is therefore imperative to protect the interests and viability of irrigation entities and scheme assets. To ensure this, the ownership of irrigation scheme infrastructure and water licences will continue to be owned by the irrigation entity.

In order to protect the reasonable interests of government, irrigation scheme participants and the Tasmanian community, the Bill provides reasons why a delegation should not be made. These reasons include matters which would threaten the ability of an irrigation entity to provide its services into the future and matters which would create negative impacts or risks for other irrigators. These reasons also include: where there is insufficient support for a delegation application from a scheme's participants; or where a proposed delegation would create safety risks.

Furthermore, in circumstances where a delegation is mismanaged; not fulfilled; is not operating in the interests of irrigation district members; or is not complied with, the Bill provides a power to the relevant irrigation entity and a limited power to the Minister to revoke a delegation. Introducing powers to revoke a delegation ensures that the irrigation entity can immediately resume management and operations of an irrigator-managed scheme where needed.

Finally, this Bill provides that while an irrigation entity has the power to delegate functions, the power to delegate functions cannot be delegated. This will ensure that an irrigation entity is able to maintain appropriate oversight of the use of the functions of irrigator-managed schemes.

Mr Speaker, the Department of Natural Resources and Environment Tasmania has undertaken public consultation on the Bill, and considered feedback provided by Tasmanian Irrigation, the Tasmanian Farmers and Graziers Association; the Tasmanian Minerals, Manufacturing and Energy Council; and the Winnaleah Irrigation Scheme Limited. Hydro Tasmania and TasWater have also been consulted during the process. I would like to thank those involved for their valuable contributions.

The Bill I present today not only continues to support agricultural producers to be more involved in local irrigation scheme management where this is cost appropriate and feasible it also leverages emerging market opportunities for renewable hydrogen that holds great promise for Tasmania.

Mr Speaker, I commend the Bill to the House.