

10 March 2023

Productivity Commission,
Australian Government

future.drought.fund@pc.gov.au
(submitted online)

Dear Productivity Commission,

Inquiry into Part 3 of the *Future Drought Fund Act 2019*

Hydro Tasmania welcomes the opportunity to respond to Productivity Commission Inquiry into the effectiveness, efficiency, and appropriateness of Part 3 of the *Future Drought Fund Act 2019*.

Hydro Tasmania is Australia's leading renewable energy business. We provide renewable energy to the national grid and trade energy and environmental products in the Australian electricity market. We have a proud 100-year history in power engineering, dam construction and water management.

Hydro Tasmania has over \$4.5 billion worth of assets, an income exceeding \$700 million per annum and employs over 1200 people. Hydro Tasmania is a Government Business Enterprise, owned by the State of Tasmania.

Hydro Tasmania is the largest water manager in Australia utilising over 13,500 gigalitres of water each year for hydro-generation and other purposes.

The Cressy-Longford Irrigation Scheme has been drawing water from the tailrace channel below Poatina power station since the mid 1970s. Six of the 17 irrigation schemes currently operated by Tasmanian Irrigation draw either from or below water storages managed and operated by Hydro Tasmania. It is anticipated that at least three more schemes (i.e. Northern Midlands, Tamar and Don irrigation schemes) will draw their water from Hydro Tasmania operated water management infrastructure in the next 2-3 years.

During a drought, Hydro Tasmania needs to balance meeting the electricity requirements of the broader Tasmanian community with meeting the requirements of irrigators that draw water from or downstream of our infrastructure. We also need to consider the competing 'demands' of the impacts of water use on the aquatic environment, town water supplies, aquaculture and other water users.

Hydro Tasmania values working with partner organisations to advance the understanding of issues such as drought resilience and to develop responses and adaptation measures that will enable the

agriculture sector in Tasmania to make better-informed decisions as we respond to the changing climate.

This submission addresses the consultation questions as Attachment A.

If you wish to discuss any aspect of this submission, please contact me

Yours sincerely,

Gregory Carson
Manager Environment

Appendix A – Hydro Tasmania responses to consultation questions

Are the funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan appropriate and effective?

Hydro Tasmania's considers that the funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan are largely appropriate. They have enabled the TAS Farm Innovation Hub to develop regionally relevant and tailored model to support agricultural practice change and drought resilience in Tasmania.

The Hub has had to hit the ground running and it has proven challenging to initiate projects to deliver early wins whilst simultaneously establishing the Hub, engaging with diverse partners and stakeholders with varied expectations and little certainty regarding the longevity of the Hub.

Do the programs, arrangements and grants focus on the right priorities to support drought resilience? If not, what should the programs, arrangements and grants focus on and why?

The FDF supports a range of work streams (one of which is the various Hubs) which do not appear to be well coordinated at a local level creating confusion and stakeholder engagement fatigue. There is an opportunity for better coordination and communication on FDF activities within Tasmania to manage these issues.

Should the scope of the Fund be broadened to support resilience to climate change? Why or why not?

A broader focus on climate resilience would enable the activities of the Hub and other FDF programs in Tasmania to better respond to the changing realities of farm planning and risk management, and community capacity building needs. Climate change will bring other (opportunities and) challenges in addition to drought.

How could the Fund enhance engagement with and benefits for Aboriginal and Torres Strait Islander people?

No comment

What opportunities are there to enhance collaboration in planning and delivering drought resilience initiatives, including with state and territory governments?

It would be useful if there was greater coordination and planning across the multitude of funding programs for grants. There are a range of programs (including within the FDF) that have calls for applications that have overlapping aims. The submission times are variable which tends to favour organisations that can rapidly pull together applications.

Are there any other changes needed to improve the effectiveness of Part 3 of the Act? Who needs to do what to make those changes happen?

No comment