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**To:** Waterstudy  
**Subject:** Submission on Rural Water Use and the Environment.

High Catchment Committee

Wodonga and North East

District Committee

Victorian Farmers Federation

1779 Indigo Creek Rd.

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To The Water Study

Productivity Commission

LB2 Collins St East

Melbourne Vic.8003

Submission on Rural Water Use and the Environment:

The Role of Market Mechanisms.

The High Catchment Committee has represented the interests of farmers in North East Victoria on Water Issues since the introduction of "The Cap". We appreciate the opportunity of presenting our views to the current review of Rural Water Use.

Our submission relates to the Market Mechanisms of the Victorian Dept. of Sustainability and the Environment [DSE] as implemented by Goulburn Murray Water [GMW] that have particular interest to farmers in the North East, generally speaking those customers of GMW above Yarrawonga Weir.

According to GMW statistics their customer base consists of Gravity Irrigators 13 105; Surface Water Divertors 7 809; and Ground Water Divertors 2 885. The total number of Surface and Ground Water customers, 10 664, is not much less than Gravity customers though they provide a smaller proportion of income and have a lower public profile. As a large proportion of this ten thousand is in our area of interest we seek appropriate consideration of our concern with our ability to trade our water licences.

The basis of our submission is the belief that both Federal and State Governments through CoAG support the principles of facilitating the operation of

efficient water markets; "user pays" and "minimising cross subsidisation." In our opinion DSE and GMW do not recognise these policies and hence do not apply them to customers in the North East . We submit that if these policies were applied it would

firstly have a significant effect on water use between regions;

secondly produce significant benefits to the environment

and thirdly rectify current injustices.

The effects of recent Victorian Legislation and subsequent regulations which we believe were not intended by Parliament and were not foreseen when the legislation was passed, prohibit trading, distort prices and impose a heavy burden on North East farmers. We propose some adjustments which we believe will mitigate the current inequitable situation. This particularly applies to farmers without access to regulated rivers and who must finance all the necessary infrastructure involved with small dam construction, most of which are by current definition fed by spring and thus designated as groundwater.

The issues which we see as influencing current policy are as follows.

1. Many farmers in the area have title to their land which specifically gives them title and rights to the ground water on their property. These "Torrens Titles" are not necessarily ancient titles, some having been given by the present Queen Elizabeth 11. How secure is "Torrens Title"? In the irrigation areas there is currently a move to separate the title to water from the title to land and the expectation is that by giving "Torrens Title" to water it will facilitate trading and security for finance. If the security of "Torrens Title" on which much of our economy depends is removed it is equitable that adequate compensation be paid. This has not been accepted. Where our right to water, expressly defined in our titles is removed, it automatically removes our right to trade but adding insult to injury we are now required to annually pay for the water that is clearly our right by title.

2. In the High Rainfall Areas "springs" are a most common occurrence and it is rare to find a commercial farm that does not have many springs. These tap a local small catchment usually with porous soil where water emerges on meeting an impervious layer. Springs emerge from a "perched water table" where the water level is higher than the water course to which the spring water might ultimately flow if of a sufficient volume. The distinction between a perched water table and a deep aquifer is well recognised by geologists. This in no way conflicts with the generality that ultimately water, whether rain, run off, springs, wells, deep aquifers, streams, rivers and evaporation are all linked.

In order to further our knowledge of water resources it is reasonable to licence or register all commercial water storages and record their capacity, and probably their estimated annual usage, as this should be less than their total capacity to

allow for evaporation and seasonal uncertainty. Under the principal of "user pays" it is appropriate for the Water Authority to charge for the full cost of this initial application, subsequent inspection and recording, as well as any supervision necessary for safety reasons. Thereafter it is difficult to justify further charges. The Authority provides no infrastructure, has no input into the supply of water and gives no service. All costs of construction and maintenance are provided by the farmer. All risks of supply are likewise on the farmer. Many catchment farmers have expressed resentment that the only cost attributable to them is the annual cost of the stamp on their account. . Currently catchment farmers with small spring fed dams who pay groundwater licences are cross subsidizing other irrigators as well as being penalised by being unable to trade.

3. New regulations defining what constitutes a waterway state that any catchment containing a spring or "absorbent soil" constitutes a waterway and therefore requires a licence to construct a storage. A fee must be paid to the water authority for any commercial use. The amount of the annual "bore licence" will be calculated on the capacity of the dam.

4. Where a number of users draw water from the same aquifer it indicates that it is of a significant size and depth. Provision is rightly made to proclaim a "Ground Water Protection Area" and regulate aquifers that need restrictions to maintain sustainability. In our area there are three such proclaimed areas and appropriate fees under the principle of "user pays" should and do apply. Likewise where necessary restricted licences within a "Permitted Annual Volume" [PAV] are required, these will need supervision and an appropriate fee should apply. However such restricted aquifers are identified and the cost of administering them is identifiable and should not encumber all licences.

In common English language a "bore" is made by a rotating tool and a water bore is usually made by either a rotating or percussion boring machine. It is usually of a depth greater than could be dug manually as a "well." A bore traditionally taps a deep aquifer, with no immediate surface indication of water and of a size covering more than one property. For many years a bore licence has been required before constructing a bore. This is desirable to record data and if necessary to protect other users of the deep aquifer. As recognised above the true cost of a bore application and licence should apply.

The Farm Dams Act and associated regulations specify that existing surface run off commercial dams could be either "Registered" or "Licensed". Registration is to be a once only event and requires no on going charges. Licensing requires an annual fee and entitles the licensee to trade. This indicates that government believes that once registered, there need be no further cost input on its behalf. Licensing requires an annual fee and entitles the licensee to trade. Despite frequent criticism from Government inquiries of tardiness in implementing trading, it is still not possible to trade from licensed dams despite the fact that the justification for issuing a licence (as distinct from registration ) is that it allows trading. A variety of excuses are given totally ignoring the acceptance of the principle that all water sources are inter related and when licensed, there is a

legal right to trade. In public forums when tackled on the refusal of a right to trade the DSE response amounts to the reply that it is a difficult matter and we haven't yet got around to dealing with this issue. We believe that the Productivity Commission could apply financial pressure to the Victorian Government to expedite trading of all water licences.

5. Both State and Federal Governments are moving towards a policy to regard drought as a normal farming risk. Drought can be equally devastating in both high and low rainfall areas as the 2003 drought showed. One of the traditional measures taken in the North East to mitigate drought is to create an adequate water storage, both for stock requirements and to be able to irrigate a small area when unusually dry circumstances arise. Because of the high and usually reliable rainfall irrigation from spring fed shallow dams are used only occasionally in dry years.

Currently a farmer with a spring fed dam is required to pay a yearly license based on the capacity of the dam whether it is used or not. Because he is not allowed to trade when the water is not needed, he is therefore tempted to use water inefficiently since he has been forced to pay for it anyway. By allowing the trade downstream it benefits the immediate environment by its increased flow.

We believe that these issues indicate an inequitable position for catchment farmers, do not promote the efficient use of water, contribute to the detriment of the environment and are in place contrary to best practice. We believe a review of policy which enforced our right to trade, implemented "user pays" and minimised "cross subsidization" would provide widespread benefits to the Nation and promote a more equitable society.

Yours faithfully

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