

SUBMISSION

To Department of Sustainability and Environment
Attention Sustainable Water Strategies Branch
Subject Sustainable Water Strategy Northern Region Discussion Paper
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WATER

IS IT

- A RENEWABLE NATURAL RESOURCE?
- LIQUID CURRENCY?
- AN OVER EXPLOITED NATURAL RESOURCE?
- FOR THE SOLE USE OF THE PRIVELEGED?
- A NATURAL RESOURCE TO BE SHARED AND USED FOR THE BENEFIT OF ALL?

The main focus of the discussion paper appears to focus mainly on the gravity irrigators, a privileged minority who are only one of a number of stakeholder groups in the Northern region. Other stakeholders including catchment landholders, urban/industrial users, unregulated water users and environment, all seem to be left out of any meaningful discussion or consideration.

- **CATCHMENT MANAGEMENT**

If there is to be any success in developing a meaningful long term management strategy for water in the region, there needs to be an in depth understanding of past, present and predicted catchment management and land use practices, as it is the catchment that yields the water that the region relies upon. To date catchment landholders have been treated unfairly in the debate and the regulation process of water and land management practices.

The climate change scenarios don't account for changing landholder management strategies in the catchment, they will adapt accordingly to maintain or even increase production and maximise use of decreasing rainfall. I might suggest that in the future there will be considerably smaller inflows into streams than the modelling allows for, with or without climate change. Therefore the need for a much better understanding of the future dynamics of the catchment is required, with potentially, considerably less water available for regulated usage.

Environmental and urban/industrial demand on top of this means the discussion paper has not really got to the crux of the water issue, namely there needs to be a massive reduction in entitlements in the gravity system.

The clearing of native forest and woodland in the catchment since European settlement has added considerably to water yield and inflows to the river systems (as well as roads and other hard standing areas), in the region we are discussing, potentially greater than 700,000 ML, in fact much more than the catchment landholders harvest in farm dams and unregulated stream licences. The difference in this yield should be automatically granted to the catchment landholders and communities to use. If landholders in the catchment are not allowed equitable access to water, then management strategies and land allocation to differing economic uses will follow. The potential to harvest this water in the future will grow as land managers/holders adapt to remain viable. Such practices as planting deep rooted perennial pastures, keyline ripping, soil modification to absorb more water, absorption/contour banking, crops that naturally utilize rainfall more efficiently, forestry etc will occur, all impacting on inflows. It would be very inequitable to control or regulate these activities when the clearing of this land has produced much of this water, and at the same time allowing gravity irrigators to use market forces to determine how they use water and what crops they grow. In part, forestry has become a market force in the catchment as a result of the regulation of farm irrigation dams, hence the inability to grow crops that can compete with forestry, thus market forces will allocate land to its most profitable use.

It would be grossly unfair to regulate forestry activities by making them buy water for the following two reasons;

- The native forest that existed prior to European settlement used similar amounts of water.
- Impact on the value of land that has been denied its fair share of water, especially when the clearing of it has increased inflows into the river system.

Catchments need to be assessed to determine how increased inflows of higher quality water might be achieved. As a result some landholders might be paid or compensated for loss of income, to manage land in such a way to increase yields. Land clearing needs revisiting to determine the best environmental outcomes, for example, it may be more beneficial environmentally to clear some parcels of land to increase yields than the negative impacts of such an action. Native forest management more in line with pre European settlement might yield more water, that is, more fuel reduction burning, especially in certain soil and forest types, opening them up, obviously alpine ash stands are not included in this category as burning them reduces inflows.

- **REGIONAL DEVELOPMENT**

The present proposal of compulsory acquisition of water and piping out of the region to Melbourne, is very short sighted. Socially and economically it is not only detrimental to the region but also to Victoria and Australia as a whole. The continuing concentration of population in and around Melbourne is not a socially

desirable outcome with all of the associated living, transport and cost problems etc. It would be a much better social and economic outcome to decentralise population and industry to the region where the water is, allowing the region to enjoy the economic benefits of its natural asset, rather than the loss of it. The expenditure of money on the proposed pipeline should instead, be on infrastructure to support and encourage a much larger regional population, promoting a number of growth areas. Surplus wastewater could readily be used in the adjoining agricultural industries. In fact it may be better to re allocate some more water (say another 500,000 ML) from gravity irrigation to urban and industrial development within the region. This allocation of water would have a much larger positive economic impact on GDP/GNP than its present use, benefiting Victoria as whole, by adding to its overall wealth and productivity.

- **GOVERNANCE & MANAGEMENT**

Before more public funds are expended on a modernisation program, of a system originally publicly funded and now found to have serious problems, there is a definite need to throw everything on the table for discussion, unfortunately the discussion/debate to date has been controlled and manipulated by gravity irrigators solely to their benefit, without due consideration to the benefit or otherwise of the community as a whole. Water is possibly the regions/nation's scarcest natural resource, more so than fertile land, yet there is so little control over its use and irrigator alike, unlike land which comes under many and varied regulations viz planning permits and zoning to mention only two, I fail to see how it could be left solely to market forces to regulate the usage of water, when it has such far reaching social and economic ramifications and impact. There are also no real mechanisms for the trading of water back upstream into the unregulated system where greater efficiencies of use exist. Unregulated users are penalised if they trade water, a percentage is lost to environmental flows for no compensation when regulated users don't have such an impost. If the best use of this scarce resource is to be achieved, some assets both public and private will have to be retired, as well as being stranded. The problem of stranded private assets is possibly the hardest to address, however this should not be allowed to inhibit progress to achieve greater efficiencies. There possibly needs to be some compensation for private assets that are stranded, however market forces should generally prevail.

There needs to be much more government funded research and education into greater efficiencies of water use and distribution systems, in all aspects of its use, including, agricultural, urban and industrial. The Federal government should be solicited to adopt tax policies and incentives to encourage users to achieve better outcomes.

The discussion paper and water licence holders see that irrigator licences are a right to water, and where it is to be reduced or taken from them, compensation should be paid. Precedent has already been set for no compensation to be paid by previous government actions. The Snowy river community has never received compensation for their losses to the water taken from them, nor was there compensation paid to landholders when clearing regulations were introduced, even though many landholders had purchased land believing they had a right to

clear it, increasing its value and productivity. When something such as water is denied/restricted to the catchment landholders/communities, then there must be an opportunity cost for what they have forgone, as such if the water is so valuable and is being put to its most economic use, then there should be a capacity to charge a levy on the user to compensate the opportunity cost

The term 'water right' is an incorrect term to use into the future, if we are to address the many issues to maximise this scarce resource at a social, economic and environmental level. Maybe a good start would be for the water distributing authorities to actually talk in quantities of water available for distribution, rather than percentages. Each water user should only hold a percentage (in fraction) of distribution by the water authority, in other words a reversal of present language, Maybe we should call it a "water allowance". This would make it much easier to withdraw water that has been over allocated, and provide for the environment, without having to pay compensation, after all land clearing was stopped for environmental reasons without compensation. System inefficiencies or losses should be included in the titleholders licence, that is decrease the actual usable amount by the loss associated with delivery of the allocation. This would set up a market force to move water to the areas where the transmission losses are smallest. To prevent undue stress on entitlement users this should be progressively introduced incrementally to full losses, say over ten years.

Traders should not be allowed to purchase and deal in water as a commodity like shares on the stockmarket, and profit from manipulating supply, such trading will not create any benefit except to the trader, and would most likely negatively impact the goal of achieving the best outcomes. Planning in particular, needs to be such that investment in fixed assets, both public and private, is done with a vision for the future, not locking the community into an inflexible situation as in the past, because the only vision has been to harvest all available water, and then some, and supply it solely to one stakeholder group, the gravity irrigators.

- **CONCLUSION**

All stakeholders need to be considered and treated with an even handed approach, unlike in the past, where gravity irrigators have had the lions share of the water resource, and the main say in why, where and how it is all to happen. There is a definite need to recognize our growing population and the need for a fairer distribution of this resource; an historical basis no longer fits the future. Irrigators will continue to find efficiencies if pressured, particularly if the market or governance progressively increases the price to reflect its scarcity, thus reducing its availability to them, and redistributing efficiency gains to other stakeholders with competing needs and presently under resourced. Because water is such a scarce resource and will become even more so in the future, the management and distribution of it must remain in public hands. The only private ownership should be at the point of use, any other private or corporate involvement should be only on a service provider basis (tender service provision) under government direction and control. Assets such as dams and major distribution systems should not be privatised as has been done with other former public assets such as power and communications etc.

Band-aids, or an ad hoc approach to the present problems and management of water and the distribution system, will only lead to much greater pain in the future, and a waste of capital, there is a definite need to correct past decisions and make major changes now, to meet the social, economic and environmental needs of the next 100 years.

This submission is compiled from the following experience and knowledge of the writer.

- Presently own and operate a 565ha beef and wool property in the Upper Murray since 1984.
- Owned and managed an earthmoving company since 1971 to 2006, work included irrigation storages & channels in North East Vic & Southern & Northern NSW. Forest plantation establishment in Vic., NSW, ACT & Qld. Land clearing, road construction, major wastewater treatment works and rural & urban subdivisions.
- Close working relationships with engineers in the various disciplines on many of the above projects and particularly with the NSW and Vic Soil Conservation Departments.
- Observations from travel and study of agriculture and earthmoving in New Zealand, Asia, USA, Argentina and Uruguay.
- Inaugural Chairman of Upper Murray Economic Development Board.
- Shire Councillor Tumbarumba Shire NSW and Shires Association member KNP advisory committee 1977 to 1980.