

Introduction: Former prime minister Paul Keating once said "... always listen to self-interest because you know it is genuine." Having been an irrigation farmer for over 30 years should qualify me, so pay attention!

Background: My wife and I run a 120 ha dairy farm in the Goulburn Valley, milking 160 cows. Until this year it included a 12 ha apricot orchard which was leased out. Despite the vagaries of weather; international commodity prices and inventories; and exchange rates; it has been a reasonably profitable operation. The exceptions have been 1982/3, 2002/3, 2006/7 and this year. All drought years with low water allocations; obviously our viability is directly linked to water availability.

We rely on water supplied from Eildon, via channels dating back to the early 20th century. In common with many other farmers in our area we have made significant improvements to our on-farm irrigation infrastructure with laser-grading of paddocks, increased channel and drain capacities, ditto bay outlets and access crossings, as well as planting thousands of trees. Our first rudimentary recycle system was installed by my parents in 1970, so that no irrigation water leaves our farm. This has cost us lots of money and effort, which until recently we have regarded as an investment in the future.

One of the stated strategic objectives of the discussion paper (p2 executive summary) is to "support an economically viable and an environmentally sustainable irrigation industry". Unfortunately nothing in the paper suggests how this might be achieved. The inference is rather that the irrigation industry may have any water which might be left over after every other water user's needs, if not wants have been satisfied.

Table 1; Political Influence

1. Urban
2. Environment
3. Industry
4. Food-growing (Irrigation)

Priority for water supply

1. Urban
2. Environment
3. Industry
4. Irrigation (Food-growing)

Contribution to GNP

1. Food-growing
2. Industry
3. Environment
4. Urban

Climate Change /Resource Allocation: If we assume the future will be drier than the recorded long-term average and we further assume that all users will need to reduce their consumption, should not environmental flows also be adjusted? The climate is ever-

changing and the environment adapts. Human intervention has already changed ecosystems and we can't go back. Lake Eyre was once an inland sea but no one seriously considers making it one again. I suggest that environmental allocations be a proportion of inflows as should irrigation allocations. In this way environmental flows would reflect nature rather than an immutable contrived figure.

Groundwater is in serious danger of being depleted as a resource, and I believe recharge rates are little understood. Anecdotal evidence suggests marked drops in water levels, to the point of many bores running dry, or falling to a level where water can no longer be extracted. In our own case we installed a spearpoint system in 1983 when the static height was about 3m from the surface. We were given an allocation of 350 megalitres. As we did not use this amount and despite the water table rising to 1.2m from the surface we relinquished 150 meg's about 10 years ago. Since then in only one year

have we been capable of extracting our full allocation and the level has dropped to below 8m, making it unobtainable. The good part is that the salinity threat has also subsided. However new groundwater allocations are still being made in our immediate area. As there is less and less ground being irrigated recharge rates will also drop, substantially. Another consideration with groundwater is that the more trees we plant (ie agroforestry) the less recharge there will be.

Water trading: While I am not against water trading I consider it has been opened up too much. Trading within an area (temporary and permanent)can be of benefit. Opening up new areas, especially in high use, high evaporation areas is leading to under-utilised assets in the area of origin. Furthermore, owing to evaporation, seepage and other losses 1 megalitre leaving Eildon or Hume is no longer a megalitre when it reaches the Sunraysia or South Australia. Often this water is going from a gravity system to a pressurized system, leading to energy and greenhouse concerns.

Transferring water permanently from an area is leaving large areas of dry which are uneconomic agriculturally because they are mostly in small parcels. Many of these paddocks are merely growing weeds where once they were quite productive. There is no improvement in this outcome when farms are sold for lifestyle. Water corporations are seeking to recoup expenses from a reduced pool of irrigators. They are also obliged to maintain supply merely for Domestic and Stock water.

Managing water scarcity: p64: the 4% limit on permanent trade per season means that in 25 years 100% of the water could be traded from an area. We need to decide if irrigation areas should be condemned to death in this way. There is no suggestion as to what will replace all the industries reliant on irrigation.

Charging (former) irrigators a delivery fee to maintain infrastructure seems an artificial prop and has no regard for either neighbours or situation in the channel system.

P65: governments entering water markets should be restricted to a certain percentage of the overall turnover (eg less than 25%). Perhaps they could pay a

surcharge over and above the going rate (eg 10%) as they are not buying water to make a commercial return. This money could be used to upgrade the system.

P66: non-landholders have no need to hold water shares except for speculation. Unbundling is an ideological concept, not a practical one.

While I can see a place for leasing of water (and have heard of an example) I worry that hedging will end up like hedging in financial markets; where it is an orgy of speculation, producing nothing.

P67: by definition high reliability means just that. Receiving less than 50% of a high reliability water share more than 3 to 5 years per 100 makes it not highly reliable. If allocations are going to be regularly less than 100% they need to be reclassified and not charged as such. A medium reliability share could be considered but it would add further complexity.

P68: in some ways we need to define or redefine what a "normal" year is. Only then can we decide what percentage of high reliability allocation is adequate.

Increasing the communal reserve will not help. I am not keen to cede entitlement as our business is geared to full entitlement. Despite this, every time there is less than 100% allocation we are effectively giving up entitlement.

If water users are allowed to carry over entitlement it should be limited to 10% of water share. This should allow for maximum utilization of both water and storage.

Loss management: while irrigation season length could be shortened, there are different needs for different users. For example, pasture growers may need water early in the season to stimulate growth whereas an apple grower may need water late in the season to finish a crop. It might be possible to open/close specific sections at varying times to cater for these needs. Another consideration with regard to a deferred start is the reliance on domestic and stock supply availability, particularly in dry seasons.

It would be better to reduce distribution losses than defer allocations; once again domestic and stock supplies are crucial. Channels could be run at lower levels if irrigation flows are not required. Farmers with stock need water every year, animals just don't understand that they may get more water next year.

Modernisation: some of the distribution system is over 100 years old and has had very little upgrading in that time. As a state asset the blame for this belongs to a succession of state governments of all persuasions, as well as Goulburn Murray Water and its predecessors. Putting that aside, such modernisation as has been implemented or proposed, promises very little benefit for irrigators.

The replacement of Dethridge water wheels with either sill-type or mag-flow meters will neither increase efficiency nor save water. It is argued that the Dethridge wheels are on average (based on a test of 12 wheels) 10% inaccurate, usually in favour of the irrigator. New meters will effectively reduce an irrigator's water share by 10%, but up to 24%.

No credence has been given to irrigators' pleas to have channel levels maintained at traditional levels, some 50mm above current or proposed levels. For maximum efficiency a sufficient height as well as flow of water is essential. It makes a mockery of our on-farm improvements to be faced with a water supplier whose aim seems to be to make life more difficult than it need be.

P74 Foodbowl project: it is a concern that there has been no detailed costing or allocation of funds of this \$1 billion project. It may be underway but there is no detail available.

Whole farm planning is to be encouraged, but without an assured water supply into the future may not be of full benefit.

Rationalisation of outlets may not always be possible because of topography or other reasons. In our own case we have 4 outlets on 3 blocks supplied from 2 separate channels. A road separates the blocks. Removal of any of the outlets would involve significant expense in earthworks, piping and possibly pumping. It would lengthen our channel system with no benefit to us. If in the future the blocks were sold separately, the omelette would have to be unscrambled somehow.

Exit strategies: if water is no longer supplied to an area, much larger areas of land will be required for a viable farm. Judging on our own operation at least ten times the area we now occupy would be needed. To acquire that amount of land would be prohibitively expensive, as would the cost of removing superfluous farm assets. Even if all the houses could be subdivided off and sold there would remain numerous sheds, fences, channels, drains, outlets, crossings.

The delivery fee would need to be abolished if water supply ceases, but once again no consideration has been given to domestic and stock supply.

P75: All water corporations should already be investing in conservation and recycling. They should see it as a normal part of their business and not expect to charge extra for the privilege. We have been doing it since before it became fashionable, not because there was any chance (only Buckley's) of recompense but to utilise a resource that is right under our noses

P79: in donating water to the environment, virtue should be its own reward. However, the possibility of tax deductibility could be explored.

P82: care should be taken in considering different pricing within systems. There is a risk of turning people into second class citizens merely because of where they live. There would need to be some benefit to offset any additional cost. Such benefit has yet to be seen.

The option of increasing fees for additional outlets should only be available where the irrigator would not be disadvantaged by reducing the number of outlets.

I would hope that "reconfiguration" is not code for shifting a cost burden from water authority to irrigator.

The final point I would like to make regarding pricing structure is to remember the KISS principle- keep it simple, stupid. Water accounts now are trying to cover too many aspects of what makes up a water charge to be able to tell how much a megalitre of water actually costs.

P84: Expanding the water grid: there is merit in being able to move water around within a system by using gravity but it loses appeal when it has to be pumped. Pumping water from one catchment to another, apart from being contrary to the federal government's Murray-Darling Basin Plan, is contrary to common sense. This is particularly so when taking water from a lower rainfall area to a higher rainfall area as is the case with the

proposed pipelines to Melbourne and Ballarat. It is even less appealing to transfer water from a food growing region to a toilet flushing one. There is not even a plan to return the "used" water to a productive use which could share the benefit a little more equally.

P86/87: Alternative sources of water: there is obviously political opposition to building new dams in Victoria but a pragmatic government in the future may well consider them, especially in the high rainfall regions south of the divide; eg around the Otways and the upper Macalister.

While surface and groundwater resources are currently stretched there are still opportunities to better utilize what we have. No sewerage water should be allowed to be pumped out to sea, it could all be used in agriculture or forestry. Water tanks should be encouraged if not compulsory. Urban runoff needs to be captured and used.

In irrigation areas a "runoff fee" could be introduced to encourage irrigators to retain and reuse any runoff they generate.

Conclusion: my wife has read this submission and considers it a depressing document. As usual, she is right, but that does not make it less valid. I am concerned that irrigation is no longer part of the plan for the Goulburn Valley and I fear that will be the death-knell of an area which has been highly productive and could still be if allowed.

Finally, despite the time and effort put into this submission, it might be like the curate's egg: only good in parts. Even worse, it could be like the curate's sermon: enough fire in the sermon, but not enough sermon in the fire.

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