

23 SEP 2020

CANBERRA

The Murray Darling Basin plan was introduced to federal parliament in 2007 by a water minister who was also the environment minister. He was a person known to be gullible to the new religion of environmentalism. As a result the plan has a stark environmental bias.

For the plan to operate, prior changes had to be made, which included the unbundling of water rights from land title. Water could not be purchased for environmental purposes until this was done.

This then opened the way for non farmer water owners to trade water as well as farmers. This was the beginning of the water market.

In Victoria the first of two very corrupt decisions was made, to benefit all water purchasers to the detriment of the landholder. That is the water rates and charges attached to this water stayed with the land owner. Many of these farms have changed hands with no irrigation water to generate income, but high water charges on these farms in perpetuity.

The water charges should have gone with the water which can generate income.

The second very corrupt decision made in Victoria, just prior to the introduction of the plan in 2007 was the introduction of a 30% carryover water policy.

Ostensibly as quoted in your interim report this was done to help farmers manage their water risk in dry years. This was a blatant bureaucratic lie. The increase to unlimited carryover in time and volume followed. What irrigation farmer can carryover two or more years of their water right? They cannot carryover even one year of their own water right. But the environment can and did. This resulted in the figures shown in your graph 13.8 on page 449. This was altered to a 100% for one year carryover policy, for very obvious reasons.

Before I outline why all carryover water has to be removed before a fair trading system and fair water allocations can happen, I refer you to a question I asked in Shepparton.



What do I own when I own a megalitre of water right? You refused to answer the question.

I do not see any reference in your interim report as to the legal definition in Victoria of what you own if you own a water right or water share.

Prior to unbundling we farmers owned a water right attached to our farm. If we owned 100 megalitre water right this did not guarantee any water. If the storage was empty the allocation was zero. If the storage was full the allocation was 100% plus another 100% could be bought at the price quoted, known as sales water. This was an annual allocation.

I believe the legal definition is we own space for up to 100 megalitres of water if the water is in storage.

With the unbundling, our 100 megalitre water right was converted to 100 megalitres of high reliability water shares plus 48 megalitres of low reliability water shares.

If the storage was empty we would still have zero allocation against our 100 megalitre water shares. The conclusion is we do not own water, but we own the right up to a 100 megalitre annual allocation if the water is in storage.

Before you can make any recommendations I believe you need to clarify the legal definition of water rights.

It is my opinion that carryover water cannot be legal. If the 100 megalitre water right entitles annual allocations of zero to 100% based on the ownership of 100 megalitres of storage space. Then you cannot change the ownership of 100 megalitres of storage space to 195 megalitres of storage space which is happening under the 100% carryover rule.

If the conclusion is that carryover is legal it should be removed completely as it is destroying irrigated agriculture. Firstly it enables all non farmer water right owners in Victoria to increase their storage space allocated to them for their 100 megalitres of water shares to 195. Very few farmers I know are able to carryover their own high reliability water shares, but many buy from traders,



to carryover. The sum total of the huge volumes carried over is demonstrated in your graph 13.8 on page 449.

If the environment and other non farmer water owners use zero of their 100% allocation in just one year and then use 95 megs of their now 195 megs each year there after they have increased their storage space to 195 megalitres from the 100 owned in perpetuity assuming 100% annual allocation.

The stated objective of the so called scientists who designed the plan was that there would be strong healthy river flows even in drought years. 100% carryover was introduced in Victoria so this can happen. It has happened in the last 2 drought years. By using carryover to nearly double their water in storage the environment has already ended up with a huge percentage of the water.

They receive all the water which enters downstream of storages. So in a flood year, 2011 and 2016 they do not draw on their storage water they have bought. But a farmer even in flood years draws quite a bit of his water, which comes off his storage space water.

I believe in Victoria the environment own about 40% of high reliability water shares, which is storage space. The only way this can be addressed is to remove all carryover and in flood years the environment be allowed very little withdrawal of their storage space owned.

With out this happening Victorian farmers will never get an allocation of their low security water, which is about 700,000 megalitres. The inability for any low security water to be allocated at all has forced farmers into the water market to buy this water they used to have and needed. Even in flood years no low reliability water has been allocated.

Unfortunately water traders who supply this water have used the carryover policy to black mail farmers into buying at a high price.

Thousands of dairy farmers have quit and many like myself are now using hay and grain grown on rainfall rather than try to grow our own cow feed.

Many corporate orchards have tried to buy their water a year ahead but of course the sellers can black mail their price on a take the price or we carryover the water.

Finally carryover regulations are forcing all farmers to buy water on a manipulated market, and that is water not allocated to them because carryover gives so much storage space to the environment and non farmer water owners. A farmer who has never sold any of his high or low water shares has received a maximum of 67% allocation of the water he owns even in storage spill flood years, since carryover was introduced.

Finally I say to you if you want irrigated agriculture to survive you must recommend all carryover regulations be removed in every state.

If you want the environment to control so much water and water traders the freedom to manipulate markets then you will be another inquiry supporting the abolition of irrigated agriculture.

John Brian

