

Public submission to water trading rules issues paper by Sally Richards on 1 May 2009.

Water is becoming a global security issue and this ACCC paper indicates that Australia is ill-prepared. We have not sorted out the complexities of differences in water management at local, State and Federal levels. We seem to consider all available water a tradable commodity and encourage continuing growth, promoting the extraction and exportation of water. The Murray-Darling system is dying and those who have the power to reverse the trend are not paying any real attention to it. If we continue with “business as usual” as proposed in the ACCC water trading rules issues paper, and simply modify a few details at the edges, private Australian and foreign investment will increase and Australian farmers and governments will lose control. The environment and water quality will decline even further with serious social consequences as well as the loss of many species and biodiversity. In the end, there will be limited water of value and what remains will be held in the hands of a few. Before this situation develops any further, I submit that the ACCC, the Murray-Darling Basin Authority and other key organisations need to step back and consider the big picture. Our whole approach needs to be reviewed.

Although the situation is concerning at this point of time, it is not too late to make a radical change in how water is managed. The Murray-Darling Basin and all its water resources are still potentially an ongoing great resource for Australia and, if managed appropriately, could serve Australians for many generations to come. In order to achieve the desired change, it is essential that the Murray-Darling system is not treated like a large number of buckets of water. It is a living system, a series of rivers, lakes and aquifers inseparable from the land and atmosphere within which they are set. Not only our future prosperity but our very survival depends on us recognising the true nature of what we are dealing with. The present inequitable mess is the result of many different historical decisions of individuals, groups, companies, communities and governments at all levels. Restoring the Murray-Darling River and its tributaries back to health must be given top priority. Then, all the other stakeholders can be considered. There is a serious crisis, and the Federal Government and State Governments as well as local governments should act strongly to save the system from further decline, simplify legislation and rules governing access to water and take control of the situation for both our land and its people. This means that all water control and management must be firmly in public hands. Governments are elected to serve the long-term public good and must consider both social and environmental as well as commercial factors. Water trading is not the way to go; we need good government leadership and enforced rules and regulations. This will make commercial as well as social and environmental sense.

Question 6–A What improvements (if any) could be made to the way in which:

*(a) physical constraints (b) environmental limits
are incorporated into water trading rules?*

If water trading is to continue, access entitlements need to be reviewed. Currently, physical constraints and environmental limits are consistently ignored or worked around. After water allocations have been made, delivery conditions should be controlled through responsible on-site monitoring of physical constraints and environmental limits.

Question 6–D What restrictions (if any) relating to carryover should apply to the trade/transfer of water access rights?

In regulated systems, it is reasonable that irrigators keep some water for their own use in the following season. This may be appropriate management practice for permanent plantings. However, trading should not come into the equation.

Question 6–E What are the advantages and disadvantages of imposing an adjustment for conveyance losses on the trade / transfer of a water access right? How should the adjustment be calculated?

This question illustrates the problems faced in communication when a water management system focuses exclusively on commercial outcomes. Conveyancing should probably be avoided whenever possible because the water may enter the system where it is of little or no use to agriculture, communities or the environment, but it is still not a “loss”. Even if it evaporates or runs deep underground, it is still in the system.

Question 6–F Are there any concerns with the arrangements for the trade/transfer of water allocations (‘temporary’ trade) between Basin states?

Question 6–G How could tagging arrangements for ‘permanent’ trade be improved?

Question 6–H Are there areas where the opportunity to trade/transfer water access rights between Basin states could be expanded? What measures would be necessary for this to occur?

Most people are aware of their immediate home surroundings, their neighbours, their local area, state, nation, Asia-Pacific region and planet earth. However, there is some surprising lack of awareness of the catchment areas and links throughout the Murray-Darling Basin. If there were better understanding of the unintended long-term consequences of trade/transfer of water allocations between Basin states and the precedents it sets, few people would engage in these activities. The health of rivers is reflected in the lands they flow through and in the end-of river flows. South Australia is downstream for access to water and water quality. This should not be a problem in a well-managed system, where the communities all along the system understand how to live with nature, its droughts and its floods and never attempt to take out more than is naturally replenishing the water ways.

Question 6–I Are there any concerns with the arrangements for the trade/transfer of water allocations (‘temporary’ trade) between regulated water systems within Basin states?

There are too many regulated water systems in place. These need to be reviewed immediately, some compensation paid where necessary and a sustainable number of regulated systems maintained for some crops. Which crops are grown in which areas needs more guidance. Governments should ensure a wide variety of crops in all areas both annual and permanent plantings, so that there is maximum flexibility in the system.

Question 6–J Should trades/transfers between unregulated systems be permitted?

If so, what measures could be taken to ensure that water reaches its intended recipient?

Perhaps some transfer can take place between neighbours within a limited range of the location of the water entitlement in an unregulated system. However, the transfer should always be downstream.

Question 6–K What are the advantages and disadvantages of permitting the trade/transfer of a water allocation:

(a) from a regulated system to a (connected) unregulated system?

(b) from an unregulated system to a (connected) regulated system?

Do these factors differ depending on which system is upstream?

What arrangements would be necessary to facilitate these trades/transfers?

As indicated above, any transfers should be within a very limited area and always from an allocation upstream to a user downstream, not in reverse.

Question 6–L Under what circumstances should a trade/transfer between a ground water system and a surface water system be permitted?

Question 6–O Are third party impacts adequately addressed in relation to changes in location within ground water systems?

Question 6–P How could the trade/transfer of ground water access rights be made more efficient?

Ground water usage is currently over-allocated and poorly monitored. Ground water should be considered a national community bank to be accessed as a very last resort.

Question 7–D Should it be possible to trade/transfer stock and domestic rights? If so, what conditions should apply?

All definitions, legislation and rules relating to stock and domestic rights need to be reviewed. Increased populations, particularly those related to “sea change”, “tree change” and hobby farming are having a significant impact on water resources in some areas. Local and state governments need to pay more attention to managing resources for the environment and for food production before allowing over-population to occur.

I live in the Finniss Catchment area. Since October 2003, when water prescription was put in place, many developments, both domestic and commercial, have taken place. Permission to extract more

water from both the rivers and groundwater seems to be easily granted and monitoring of water use is minimal. The community is still waiting for the promised Water Allocation Plan.

Question 7–E To what extent, and how, should water trading rules provide for the needs of environmental water-holders?

All water-holders are environmental water-holders first; commercial use is only secondary to the health of the system. “Environmental water-holders” should be given top priority. None of their water should be traded. If there is “excess” it must be allowed to flood and flow through the system and into the other connected and important system which is the ocean. The land is accustomed to changes and extremes. It is humans (and particularly economists and accountants) that need to learn to live with the living Australian landscape.

Question 7–G To what extent, and in what way, should water trading rules attempt to address:

(a) salinity (b) other environmental issues

arising from changes in the timing and level of river flows (in contrast to the impacts of water use on land)?

All legislation and rules should address salinity and other environmental issues first, before any other considerations. As indicated above, “changes in timing and level of river flows” is a natural integrated part of the living system. In addition, we need to remember Australian rivers are not channels to the sea: they operate in an entirely different way and naturally store water after floods. Water flows sideways into the landscape; and many rivers (together with their multitude of species) are kept alive by underground springs during periods of dry. When we build dams and weirs, we interrupt the natural healing powers of the land. The system is good, if we learn to live with it.

Concluding remarks

Recently, Korea “bought” a large area of Madagascar to secure its food supplies. The kind of markets being encouraged here in Australia leave us open to similar aggressive international commercial pressures. Food security is not a given and neither is water security. Governments have a responsibility to manage our resources for now and for future generations. Over the years, and more particularly since the 1980s, governments have not taken full responsibility for water management. They seem to have forgotten that they serve all Australians. Water is going to become scarcer and it is essential that more control is taken by governments to manage water. Water cannot be an investment opportunity. It should not be considered a commodity to be transferred and traded. It is part of our landscape, part of our living environment, without it, our environment dies and so do we.