



Dr Valerie Yule

14 December 2010

House of Representatives Standing Committee on Regional Australia  
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Dear Committee members,

The Impact of the Murray-Darling Basin Plan in Regional Australia

The following submissions consider the socio-economic impact in the future of putting the immediate plans of the regional communities, including agricultural industries, local business activity and community wellbeing, ahead of the health of the Murray River. These plans must be redrawn to fit in with the needs of the river, for the sake of their future. It is not a matter of balance, but of survival.

- It includes an account of the history of water supply in Victoria, and how if early measures had continued past the 1960s, there would not be the ownership difficulties and prospects of litigation today.
- Water-saving measures are briefly mentioned, particularly for individuals in townships.
- The warnings of events overseas when socio-economic interests at the time won over against maintaining the sustainability of their environmental basis.

Yours sincerely

Dr Valerie Yule

Daughter of Sir Ronald East, for 30 years Chairman of the State Rivers and Water Supply Commission of Victoria.

December 2010

Warnings past and present of what happens when people over-use the resources  
which sustain them

We should be warned by the history of the irrigation systems and rivers of the past that dried up in the Middle East, North Africa, Central Asia, and Central America. There were salt deserts of man's own making, helped by climate changes.

In our own time, because too much water was taken from it for industry and cotton-farming, the Aral Sea in Central Asia, the world's fourth biggest inland sea and a rich source of income for four countries, is now practically dried up and its surroundings saline, within forty years.

The great Newfoundland cod fisheries, described in Kipling's *Captains Courageous*, once seethed with fish. In the 1980s marine biologists warned about the heavy fishing and recommended an annual target of 125,000 tonnes of cod. The community outcry about the economic and social damage made the government raise the target to 235,000 tonnes. Stocks fell below a sustainable level and in 1992 this rich natural resource closed down. 30,000 jobs were lost and Newfoundland's economy rapidly declined.

In the future, the situation and our technologies may improve, and we can take more water from the Murray.

In the present, we must accept we are limited by our land and water, and the swings of drought and flood and plan for our limitations

My father, L R East of Victorian State Rivers, is pictured in a famous photograph straddling the great Murray River near Nyah, in 1923 in an Australian drought. Even after the dam-building that followed, he warned irrigators and others frequently about their desire to take too much water from the Murray.

Talk of 'balance' is a mistake. The whole future of the economic and social needs of the people of the Murray-Darling basin depends upon the environmental health of the Murray, in drought and in flood.

Dr Valerie Yule

Summary of L R East papers No 11, and extension

HISTORY OF VICTORIAN WATER SUPPLY

SUMMARY

Victoria at the beginning of the 20<sup>th</sup> century was one of the most progressive places in the world. Among other things, it made the coasts, riverbanks, waterways and Water the property of the Crown. Water rights were leased to irrigators and others, not sold. Imagine the trouble that would be saved if we had not backtracked in the late 1960s, and had not sold the water rights! Private ownership of water causes trouble all over the world.

In Victoria, in 1884 Alfred Deakin's support and royal commission on water supply led to the world-first Irrigation Act of 1886 designed by water engineer Stuart Murray, which restricted riparian rights of landowners by vesting in the Crown the sole right to use and control practically all surface waters. The 1906 Water Act vested in the Crown the beds and banks of all streams despite opposition from landed interests. The State of Victoria led the world in laws to keep the beds and banks of all streams and coasts owned by the Crown (except what was already alienated, as at Portsea). Irrigators paid for the water they used. Graziers leased the riverbanks annually. Since Premier Kennett these laws have been seriously eroded. The State Rivers & Water Supply Commission which sprang from the 1886 Act has also been disbanded as 'no longer needed' and its work fragmented.

State Rivers fought a running battle to try to prevent irrigators demanding too much water, and misusing water. It tried to save environmental flows, and institute drainage to prevent salination. 'State Rivers' did not realise the value of swamps and set about draining them to reclaim land and prevent mosquitoes; they did not realise all the effects that dams could have, although they tried to minimise adverse consequences. Nevertheless, Victoria led the world.

Now, however, we have the privatisation of water, and the messy business of trading in it, the problems of litigation, the extension of privileges to encroach on banks and coasts, and the inability to control the Murray-Darling Basin river flows in the public and environmental interests. The economists with their water trading complexities assume that the market will find the best use of water – no way, it is just who can pay the most. Population growth is encouraged without considering the limitations imposed by water shortages.

<http://adbonline.anu.edu.au/biogs/A050368b.htm>

<http://home.vicnet.net.au/~ozideas/water.htm>

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In the 1850s, reasonably good storages were built in parts of Victoria in connection with the great Mining Boom, and some of the works built for the Coliban (Bendigo) mining rushes were now being used to develop agriculture. By 1860 some enterprising landowners were irrigating, and farsighted people were advocating storages and channels for the plains between the rivers.

Pioneers in Victoria began water works with Trusts and Local Bodies under government direction.

1886 Alfred Deakin visited America and a result was a comprehensive Water Act in Victoria, which gave a certain amount of control of all supplies of water in the State.

Under the Act a number of local Trusts were established through Victoria and the first serious attention directed to the question of water for irrigation.

One of the 1st irrigation plans in Australia and certainly the earliest with large-scale high-lift pumping was 1887 by Mr George Chaffey who later played a great part in developing California's Imperial Valley

**Victoria was fortunate that in the earliest days of self-government, legislators gave much attention to matters affecting water. All political parties have pressed on with water conservation.**

1905 Victorian SR & WSC constituted. (US equivalent is Bureau of Reclamation) All following governments until 1965 have given practically unqualified support to the Commissions' program of water conservation and distribution. Owing to its advanced legislation, the State of Victoria made most early progress in water supply and irrigation development. **The Water Act of 1906, known as the Swinburne Act, disposed of the Old World doctrine of riparian rights and declared that the use and control of all water in any river, stream or watercourse and in any lake, lagoon, swamp or marsh should vest in the Crown. This really removed all private claims to the use of the water which from that date has belonged entirely to the Crown and there is no litigation as in many other countries.**

until recently

This Act also abolished all local Irrigation and Water Supply Trusts, which had proved a failure, and placed full control of all their works under a newly constituted body, SRWSC, which was made responsible for future development, subject to control of Parliament as to policy and provision of funds. In Irrigation Districts under this Act of 1905-6, **water is allotted as a water right to irrigable lands, and is supplied by measure, charged most cheaply where supply is by gravitation, dearer where pumping is necessary, and charged whether the water was used or not, the object being to secure a reasonable revenue apart from the vagaries of the weather.**

**Landowners were also charged the same amount per year whether they filled a 500 cubic yard tank or a 15,000 cubic yard tank, in order to induce landowners to provide tanks of ample capacity. In Victoria a tank of 2500 cubic yards for each square mile was required to be safe for a dry year.**

A most vigorous policy was adopted to conserve water. Dry visitations that were the dread of early land settlers were being met and conquered.

Early settlers in the practically waterless Wimmera and Mallee used log-tanks, shafts, wells and catchment tanks. (West Australia can make natural rock catchments, where runoff from granite goes by concrete drains to storages of reinforced concrete with roofs - runoff often exceeds 95%)

The Wimmera-Mallee scheme began as the largest of its kind in the world, with 7757 miles of channel reticulation carrying water from the Grampians 300 miles to the dry northern areas, supplemented by supplies gravitated across the northern plains from the Goulburn system, a distance of 200 miles. Irrigation area population was increasing, dry-farming areas population was decreasing. Wimmera Mallee scheme was unique. No parallel in the world to fill tanks and town water reticulated supplies. Water was pumped from the Murray to the Mallee.

5,000 miles of channels over 2 million acres of agricultural country, and half a million acres were irrigated each year. So closer settlement was possible, independent of weather conditions.

**By 1926 "We have not only removed from our landowners a great menace (drought) but also let the world know that we have not only overcome one of our greatest deficits but are becoming a shining example as one of the best water provisioned countries of the Empire."**

By 1938 the Commission controlled 33 large reservoirs and a host of minor storage equal to more than 250,000 gallons for every person in the State. 238 towns and townships had reticulated water systems. Drinking water was supplied to 40% of the total area of agricultural lands in the state thru channels, bores or pipes. 12 million acres were made habitable.

**Big storages.** Hume on Murray.

Goulburn River- Eildon and Waranga.

Macalister River in Gippsland. Glenmaggie.

Grampian mountains with storages at Lake Lonsdale, Wartook, Fyans Lake etc.

Mornington Peninsula reticulation. Domestic & Stock scheme being undertaken 1926, and was starting on the Bellarine Peninsula.

**Dr John Langford in 1994 criticised the book 'Water Resources: the next 100 years'.** 40% of our irrigation enterprises are not viable unless we get more horticulture; they can't survive because of the market conditions and real prices for meat and wool are going down. Water is 40% of their costs.

NSW still had shortages of water because they had over-allocated to the rice farmers. We know what they are destroying - we don't know what they are creating.

**Melbourne Water** was going to be compartmentalised into 4 bits, headworks remaining public and 3 regional distributors, which was really profiteering because the ratepayers have no choice about what they pay = lots of profit.

**"Nothing is being written down, to make sure there are no fingerprints."**

Langford was involved in the Dartmouth dispute because the Snowy had not taken out enough insurance. He suggested that all 15 parties add up the damage and divide by 15 rather than continue the court case - but nobody listened to that sensible suggestion.

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December 14 1995

### Country Town Water Supplies

The Premier announced that country town water supplies, which are user-pays, were to be sold off. Melbourne Water is not being privatised until the transfer from rate values charges to user-pays is complete.

A basic reason for the sales is so that the government and politicians will no longer have any responsibility for assured water supply to country towns.

The private monopolies can be disastrous for people and the economy.

- Prices to customers will rise to include profits, and must pay for all development and emergencies. There have been millions of complaints about privatised British water this year, while the Boards and their directors took gross profits.

- If there is foreign ownership, as in Britain, local control and concern is lost. They would be unable to cope with Australian conditions, unique in the world in its degree of variability, and its unpredictable droughts and floods, such as the great Federation Drought of 1895-1903, which can be repeated. It is worth noting that the consultants brought in to advise on splitting and selling Victoria's water were from UK and New Zealand - countries with vastly different conditions:

- The rural sector of the Australian economy does not have an assured future - (one submission to the population enquiry even calmly discussed importing food to ensure a larger population.) While 'user-pays-costs' for water can cut waste and force inefficient farmers out of the industry, 'user-pays-costs-plus-profits' could be financially disastrous for our declining country towns.

- The lessons of history. The old 19th century country water trusts were mostly inefficient, the divided control of regional resources did not work, and the fragmented expertise was insufficient. Everyone should remember the history behind the pioneering 'world-first' water acts of 1886 and 1905 that made possible the development of country Victoria. The great principle of the 1905 Water Act was that all rights and control of rural water was vested in the Crown, inalienable to private interests.

- Efficiency can be achieved within the public sector without selling off to possibly inefficient private owners (The SEC was vastly improved before privatising. Some local councils were highly efficient, some grossly inefficient before the commissars were brought in to the great cost of the efficient ones.)

- Water is not an expandable commodity in Victoria now that the major feasible storages have been completed, population is expanding, saving water becomes more expensive to achieve (e.g. pipes rather than channels.) and science as yet has no solution.

Both local and central government control and planning are essential to prevent catastrophes and lack of co-operation when interests differ.

- The organization of rural water supplies is a complex matter, including environmental protection, who should receive water from various sources, and the discharge of water of lower quality. It requires co-operation, not competition between districts, and it requires a central supervision. The government must be able to answer for it and be called to account.

- Private sale agreements lock up situations for 24 years or more to safeguard the private companies, so flexibility is impossible, and governments are at risk of high compensation payments to them for any natural disasters - the compensation guarantees just legislated for Transurban in building and running City Link could help to bankrupt this state. If the companies fail, the taxpayer must pay up, since water is vital. Gross environmental risks may therefore be taken.

The government of the day does not care about this when it sells, because it makes temporary profit, and governments come and go every 3-4 years.

Some local individuals may anticipate private profit/higher salaries in joining the private companies, but country towns need to defend their true interests urgently and now.

All over the world, in every country, big corporations are moving in to reap the profits from privatising public assets, in the same way that Australian industries are being taken over.

#### 1. SOURCES FOR FURTHER INFORMATION

1. Current employees are constrained by regulations and fear for their jobs and cannot speak out about matters that disturb them and that the public ought to know. 2. Retirees should be able to speak without fear. 3. People who have moved into the private sector or who may have great salary increases in privatised companies (cf UK) may not be uninterested parties, however, as they stand to gain. (Nick Greiner of N W Water - English - can walk into Stockdale's office any time.) 4. Dean Brown, SA Premier - a valuable source for information, since his privatisations of services do not include selling off assets, of which he is very critical and has made strong statements. 5. Fohn Barton now at Monash University (? school of business) was connected with Melbourne Water and is very knowledgeable 6. London Economics, English consultants, have put out a confidential report with comparisons of UK and Australian water, with us coming off best, but it is therefore under wraps - ?how find it? Any journalist know?

#### 2. WATER IN VICTORIA

- *Public Health is our Reward* was the motto of the old Board of Works, which did a great job. This reward is far better than private profit, and ensures public benefit.
- Australian water has been better than most urban water supplies in the world, and Melbourne the best, and with least need for expensive water treatment:
  - i. Care to protect the catchments, to keep the water pure - e.g. no logging.
  - ii. Efficient and foresighted sewage disposal, as at Werribee and planned for Carrum. All Melbournians should honour the name of James Mansergh, who designed our sewage system.

#### 3. WHAT HAS BEEN HAPPENING.

- There have been massive transfers of skill base from the public to the private sector - a great amount of experience, skills and knowledge have already been lost, much irretrievably. e.g. headquarters of Melbourne Water from 2000 to 200 staff. Those who can are now private consultants, at Universities, retired etc. but people with maintenance and planning skills have often had nowhere to go where they could use them.
- As an example of dispersed skills, the old State Rivers & Water Commission was so experienced in building bridges that they could put them up cheaper, faster and better than any private contractor could hope to do. Now all that expertise is gone.

#### 4. PRESENT DIRECTIONS

- The private sector aims to cherrypick out all the profitable assets and operations, leaving the public sector with what is not financially profitable, but still essential for the economy.

There is an unwritten pact that in order for the private interests to make profits while the public does not have prices raised to produce those profits, the government will get a less than good return on its part of the operations.

This policy will operate with the BOOT (build, own, operate, transfer) policies for the profitable bits, squeezing the rest of the system so that it suffers.

- Many existing government departments are being so cut, reorganised, cherrypicked, re-labelled, and interfered with that they are having to operate with their hands and feet tied.
- The situation is far too unstable for best and visionary efficiency.
- The welfare of the total society is being completely disregarded - e.g. the city of Moe now exists on welfare, and has increasing social problems through unenlightened means of making the SEC more efficient (as indeed it was overmanned).

## 5 POSSIBLE FUTURE OPTIONS

- Put everything back into the public sector. • The French even if not very good with their British water ownership, keep all their French assets in public ownership but have private operation.
- Retain public ownership of all assets, and contract out or sell some services only.

## 6. FORESEEABLE PROBLEMS

- In other private businesses, the shareholders bear the losses if the business fails. In essential industries like water, the government must be accountable, and pay up.
- When profit is the prime motive, risks may be taken in order to cut costs. and longterm research abandoned, as is proposed for the Werribee tree plantation.
- Fragmented sections of what should be a collective enterprise can lose the plot
- Collective action, not fragmented, and long-term planning is going to be necessary in the future, and it will require capital debt as in the past - to save and ensure high grade water for a larger population, and prepare for the constant risks of extended droughts and unexpected floods . It must be recognized that Australia is unlike any other continent in its climatic risks (tho no major earthquakes or volcanoes).

Our sewage system will require revolutionary and initially expensive technological change to waste less water - 98% of what the system carries is water just to carry the sewage - this water must be harvested, transported, and finally treated again ii. to stop wasting human sewage, which is in effect throwing away the topsoil that produces what we eat.

- A likely force for privatisation is that politicians want to get a coming issue out of their hair. Water prices are going to have to rise anyway, to conserve water and pay costs, and this will be very electorally unpopular if water is still in government hands.

Therefore it should be cost-based to the users. To date the rural sector has had its water under real cost, which of course has been a way of subsidising agricultural produce.