

To: Lucy Weston, Regulatory Analyst,
Water Essential Services Commission
Level 37, 2 Lonsdale Street,
Melbourne 3000

From: Roger Hall



Subject: Goulbourn Murray-Water pricing enquiry

Dear Lucy,

I wish to put this submission in for consideration because I believe that the Goulbourn Murray – Water pricing proposals are both extremely unfair and discriminate against smaller water users.

Preamble

1. Owners of land under Torrens title own the land to the centre of the earth as a right granted under the title. This includes the right to claim royalties on any minerals mined on this land and I believe the right to use any water from aquifers under the land. Any change to this would have had to have Royal assent, and as The British Monarch ceased to exercise this right in 1989, any changes to this right would be required to be done under Australian constitutional law, which I believe would require a referendum to be legally valid. This has not happened, thus calling into question the legality of charging for groundwater at all.
2. Under Australian Constitutional law, for the State government to sell assets belonging to the people of Victoria such as water, permission to sell would require the permission of the people of Victoria which also did not happen. Bear in mind, that Australian politicians are *servants of the Australian people* and do not have the right to act against the wishes of the majority of people or against constitutional law.
3. Management of the Victorian water assets and infrastructure on behalf of the government by private enterprise was approved by the government, but not by the people of Victoria. By giving private enterprise the responsibility of managing the water assets the government effectively shifted costs from State revenue to the water users by not funding the management costs of the water management firms. This was not approved by the water users and added an extra cost to them. This cost is reflected in the water fees and charges. This also raises the question of where does the money go to that they collect from water users, which rightfully belongs to the people of Victoria.
4. Under commercial law, people should pay for what they get, and not have to pay for what they do not get. This is not reflected at all in the GM-W fee structure.
5. There is a concept in the fee structure that the water users are the only beneficiaries of the water they use. In an ideal system where the water charges could be passed on to the

beneficiary of the use of the water (as in food or fibre produced using the water) this may be reasonable, however the commercial reality is that this is far from the case. Many producers are forced to sell product for less than the cost of production, often because of buyer collusion and their economic survival is precarious to say the least. This is a critical point, because as a group the farmers are amongst the oldest workers in the community, and as old farmers leave the land or die, there are few young ones who have the will or skills to take their place. This is because of the unprofitability of farming. It does not take much effort to realise that if things continue as they are, there will be insufficient food produced to feed the Australian people, and importing food will not be an option because other countries require their food production to feed their own people. To elaborate on this point, in the last 10 years, farm costs have trebled, while income is still at 1980s levels or below. Farmers are locked into the global trading cost structure which means we are competing against, often heavily subsidised farmers from other countries, many of which do not have to pay for their water at all, and mostly with cheaper costs of living than Australians.

6. This preamble is to point out that farm costs are critical to farm economic survival, and for GM-W to claim farmers must fund their full operations is not only unreasonable, but will end up in the loss of their customers.

GM-W water fees and charges.

GM-W costs are charged to cover four sections of their business, namely:

Service fee. This is to cover GM-W's cost of keeping their office records and answer customer enquiries.

Service point fee. This is to cover the cost to GM-W of compliance monitoring i.e. reading the water meter and recording the figure in their office records.

Access fee. This is to cover the cost to GM-W of ensuring water is accessed in line with management rules and to provide customers access to water as required.

Resource management fee. This is to cover the cost to GM-W of developing and reviewing their management plans.

GM-W has a number of different types of customers that source their water from different supplies as follows:

Water from large dams, via rivers and channels, which requires considerable effort on the part of GM-W to ensure water is available at the customer's point of supply when it is required.

Water that a customer pumps from a river using their own pump, purchased, installed, maintained and operated with no help from GM-W.

Water from an underground aquifer that the customer pumps using their own pump in a bore-hole, that is purchased, installed, maintained and operated by the customer who covers the full cost with no help from GM-W.

In addition to the above categories of water extraction there are regulated and unregulated water supplies which require different levels of management by GM-W. In our case, we are on an unregulated supply with the high probability of being the only users on this aquifer, and because of the geography and the type of farms our neighbours run, will almost certainly remain the only users.

In their price list they cover some of these categories but have assumed all customers require and get the same level of service and charges are made accordingly.

It is clear from the types of customers that there are vastly different requirements for GM-W input from quite a lot of input to virtually none at all. From a customer point of view I believe this is most unfair, and a customer should have to pay for *what they actually get*, not what they *might get*. GM-W has also discriminated against small users charging them at a higher rate than for larger users.

Further to this, customers are charged a fee for the quantity of water shown on their licence and not what they actually use. In our case, where we suffered devastating financial problems over the drought years (as did all other farmers) we were, and are still unable to install very expensive infrastructure to effectively use all of the water we are legally entitled to. I do not believe it is reasonable to charge for water not used, as per the section on commercial law in the preamble. It is important however that farmers that purchased a water right with their property must be able to maintain their full licence right as it was paid for in the purchase price, and to reduce it will very significantly depress the resale value of the property when the time comes.

The placing of water on the stock market for uncontrolled trading may have made some unscrupulous people richer, but the down side to this is it has increased the cost of water to users which cannot be passed on to consumers. This has put genuine water users at a financial disadvantage. If water is to be traded, it should only be between people that have a legitimate need to access and use water.

Summary.

It is questionable whether under Australian Constitutional law, water can be charged for at all.

GM-W charges are unfairly formulated and are discriminatory.

The charges are not so much to supply water to users, but to maintain the GM-W office system as well. The office system should be paid for by the beneficiaries of the water used which is no longer the farmer, but the consumer of the goods produced with the water used.

The money they collect on behalf of the people of Victoria should be returned to the people of Victoria as the rightful owners of this money.

They should be paid to do the service of delivering the water they do actually deliver, by the owners of the water, and should not be paid for what they do not physically deliver.

Attachments

I have included a number of letters between myself and GM-W in which I tried to put my point of view with a view of getting charges made fairer to users in extremely challenging economic times. They have clearly read my letters, and replied telling me why they will not change their charges but are not prepared to listen to a farmer viewpoint and compromise even a little bit.

The recent bill they sent issued on 24/7/2015 is based on their application for approval of these charges granted on 18/5/2015, and so the survey of grower input into the charges in August is basically a waste of time unless they will change their bills after water ESC's current deliberations. The impression I get about the so called consultation and from my correspondence with them, is that it is a PR exercise only and is not meant to have any real outcomes.

Yours sincerely,



Roger Hall

Note: I regret this submission lacks the professionalism it should have, however the points raised are of great concern to me. GM-W is only one of many costs increasing massively, including rates tax, power, fuel communications etc. but the income does not increase to cover them. We are farmers, past retirement age, and working usually seven days a week to try and cope with the workload to just cover fixed costs, and this is not unusual in the farming community. I hope WESC will take this into account when deliberating what is fair and reasonable in GM-W charges.

Thank you,

Roger Hall