

## Speak Up Campaign Submission

### **Have your say on what information about water ownership and water trading is made public in NSW**

#### **Background**

In December 2019 the Speak Up Campaign launched a petition calling for greater transparency in water ownership, not just for the state of NSW, but the entire Murray Darling Basin. As a grass roots organisation advocating for better water policy our members are living and breathing the impacts of water decisions, including poor policy, every day. The water market and water ownership is an area which has caused increasing concern, with adverse impacts on family farmers.

In five short months our organisation was able to collect and submit 12,000 signatures to our petition, delivering them to our local member - Member for Murray Helen Dalton MP. The most telling part of this achievement was that our committee did very little work in collecting signatures, it was the work of passionate individuals who wanted to see transparency in water ownership.

The petition was instigated because, as representatives of the grassroots, we believed that this was one of the last tools we had available to demonstrate the widespread public concern about the lack of transparency in the water space. There is overwhelming despair and frustration in communities across southern NSW and northern Victoria at the impractical, illogical and destructive decisions which have been made around water. We have seen poor direction from every level – local advocacy, IIO's, advisors, peak advocacy groups, politicians, bureaucrats, agency employees, consultants. Poor decision making and policy direction have also been apparent around water ownership and transparency and this needs to be addressed, because those suffering the consequences are the family food producer and communities which rely on them. We have been told there are people in advisory roles, both with government and with advocacy, who have owned, own or made a large profit from selling entitlements. Assuming this is the case, it would seem essential that this ownership was on the public record, in the interests of transparency and to avoid any potential for claims of mis-dealing or even corruption. It is inconsistent that there are regulations around declaring property and shares, but these do not extend to water ownership.

Speak Up has pointed out in previous submissions that a Water Register is a legislative requirement, through the National Water Initiative 2004 and is reinforced in Schedule 3 of the 2007 Water Act. We have heard arguments that information in regards to water ownership and trades are available online. However, to undertake an effective search you need the licence number of the water holding or be a water trader, which the majority of people do not have and cannot access. Therefore, the present system is not providing the transparency that is required.

In this submission we will be address the impacts to family farmers (our Nation's food producers) which have had a flow on effect to the rural communities in which they live, shop, school, get medical support, bank, play sport and socialise.

## Impacts

The Speak Up committee is regularly contacted by concerned landholders who are being approached to “park” water on their accounts to carryover water for those without entitlements to carryover water. For those in southern NSW, General Security (GS) Water Entitlements are required to carryover water, meaning speculators looking to buy temporary water when it is cheap need somewhere to ‘park it’ at the end of the season to carry it over until the next season. This ‘parking’ of water is becoming more prevalent by speculators and is giving a false impression of the water being held by food and fibre producers. There is also a problem emerging with High Security (HS) entitlements, which cannot be carried over. To overcome this restriction, speculators are ‘parking’ High Security water in General Security accounts, offering a financial incentive to GS entitlement holders in the process. This is a direct contravention of the intention of HS entitlements.

The role of carryover was very clear when it was introduced - it was a tool to allow food and fibre producers to manage risks, allowing them to plan for the following season. For example, cereal producers planting in autumn can plan a spring watering and will adjust fertiliser application and sowing rates knowing they have water carried over for spring. For rice producers, carryover is an essential planning tool; crops are planted in late spring and rarely does the farmer have sufficient allocation at planting to manage their needs.

Farmers are land, water and animal managers. They use their keen sense of observation, generational instinct and knowledge to carefully and efficiently produce food and fibre for others. It is a humbling role which is not for everyone and is certainly a calling which is hard to ignore. Farmers are now being asked to carryover water for speculators; we are aware of one farmer who was offered \$65 a megalitre to carryover water this season. What kind of situation do we have where our farmers have so little capital coming off two years of zero allocation that they cannot afford to purchase their own carryover, and to make ends meet they are forced to consider this new activity, hoarding water. For many this is demoralising because they see a precious resource being used for financial gain instead of food production. But they see no choice.

The consequences of not understanding who owns water, who trades water, how much is being traded, where water is being carried over and what characteristics water being carried over holds will not be limited to –

- A false impression that food producers in NSW Murray in particular own more water than they do
- Are carrying over more water than they really are
- Water characteristic changing through the carryover process
- Larger volumes of water taking up airspace in dams as water is hoarded until the price profiteers are happy to accept it
- Farmers becoming water banks and not FOOD PRODUCERS
- Farmers are carefully looking at their gross margins. We have entered an era where farmers are selling allocation rather than growing crops as it is more profitable to hold onto water until conditions become drier and prices go up

The extend of the problem has been widely recognised, yet has not been solved. Australian Competition and Consumer Commission (ACCC) Deputy Chair Mick Keogh told a journalist last year that active traders could “transact millions of dollars of water without an ABN or tax file number,

with the article stating that “in some states there were no water registers at all, and in others the registers were incomplete and hard to access”.

### **Solutions**

As with everything in life transparency is key to understanding and decision making. Transparency in water ownership and trading is essential, critical and not optional. The current level of transparency goes nowhere near meeting the needs of the general public or legislative requirements.

The Cambridge Dictionary defines Business Transparency as –

**a situation in which business and financial activities are done in an open way without secrets, so that people can trust that they are fair and honest:**

The key problem is the community and grassroots have no trust that the process is fair and honest.

To improve the level of transparency in water ownership and trading Speak Up believe the following needs to take place.

### Water Ownership

1. Water ownership must be fully transparent, including volume. The names of all water owners must be publicly available, this must include

- General water ownership
- Members of Parliament and all Government employees
- Companies both home grown and foreign
- Brokers and real estate agents
- Retrospective water ownership
- Water interests of Members of Parliament spouses, children
- Government Consultants

2. Addresses, email address and phone numbers **should not** be made publicly available

3. Account balances of those without a landholding should be made publicly available

### Water Trade

1. All trades made by non-landholders should be made publicly available

2. Trades of greater than 5% of ownership or trades of greater than 50ML from a landholder should be made publicly assessable.

3. \$0 trades between families/landholdings should be made publicly available

4. There needs to be great transparency of water parking

### Conclusion

While they still have a long way to go, Victoria has made a significant positive step forward in delivering on public expectations and legislative requirements. Publicly available information has revealed that the largest water owner in Victoria is the Commonwealth Government, followed by a Canadian Pension Fund and then a Victorian Super Fund. NSW have a long way to go to make this information available and transparent.

The cost burden to implement legislative requirements must not fall onto irrigation companies or water users / owners. This must be Government funded, with no additional sneaky fees and charges being passed on through the current systems.

The lack of transparency in ownership and trade has left the water market open to manipulation and has resulted in unforeseen changes in water characteristics and shifts in intention of management tools such as carryover. This has all come to the detriment of genuine food producers.

Unless the NSW Government uses this opportunity to lead the way in publicly accessible information on water ownership and trade the public will continue to lose trust in the ability of the NSW Government and Departments to deliver honest decisions and policy.

Regards,

Shelley Scoullar  
Admin Officer – Speak Up Campaign  
On behalf  
Lachlan Marshall – Chair