



🔗 Ready to spray: Questions are being asked about how water is traded.

Water

Water trades raise transparency concerns

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THE biggest water brokers in the Murray Darling Basin are trading millions of dollars of water on to their own water licences and accounts.

The Weekly Times can reveal Ruralco Water, Wilks Water and Adelaide firm Waterfind have so far traded 58,627 megalitres on to their own NSW water access licences in 2016-17.

The practice effectively gives brokers ownership of water they are trading on behalf of clients, a procedure banned for property sales in the real estate industry.

But the Australian Competition and Consumer Commission says there are no specific regulations that apply to water brokers, only guidelines.

While the temporary water price for a megalitre of water has varied from \$300 at the start of the 2016-17 season to less than \$40 last month, the seasonal average is close to \$120.

This puts the estimated worth of water traded by the three brokers on their own accounts at about \$7 million.

HAVE YOUR SAY: Should water brokers face tighter regulations? Comment below.

Last month Wilks Water broker's Tom Wilks traded 25,000 megalitres, under a Murrumbidgee to Murray inter-valley trade, from a water access licence held by his company Water Exchange Australia to his wife Skye Bellamy's licence.

The transfers occurred in five 5000 megalitre-lots on February 16, 20 and 21.

Mr Wilks, who is also the president of the Australian Water brokers Association, said he had "parking agreements" with clients to place their water on his wife's account.

"I've been a water broker for 20 years and established a lot of trust," Mr Wilks said. "The water that sits there (on his wife's account) is under the full control of clients."

But Victorian Farmers Federation Water Council chairman Richard Anderson said the practice of brokers holding water on their own accounts meant it was almost impossible to trace who purchased the water and for what price.

"There's a real risk that some unscrupulous intermediary could speculate in the water market, when in fact they're meant to be operating in the best interests of their clients (irrigators) and simply earn a commission," Mr Anderson said.

He said the whole issue raised questions about whether brokers should be banned from using their own licences and accounts to buy and sell irrigator clients' water.

"The bottom line is transparency," Mr Anderson said. "It becomes a lot harder to trace the price of water when it's being shifted on to brokers' own accounts."

OPINION: TIME TO TIGHTEN THE RULES

But Waterfind director Tom Rooney said his brokers, "do not buy, hold and resell water for arbitrage profit, as we believe that this is, in effect, trading against our clients and abusing our unique position in the market".

"The prices reported to clients and state authorities are exactly as contracted by the clients," Mr Rooney said.

To date Waterfind has traded 23,497 megalitres on to its NSW water access licences, with no price listed against the bulk of transactions.

Mr Rooney said: "Transactions listed at a price of \$0 represent movements between Waterfind Client Clearing Licences to facilitate efficient and cost-effective movement between regions, or where a client has elected to hold their water in trust on one of Waterfind's Client Clearing Licences."

The Weekly Times found one of the basin's other major water brokerages, Ruralco Water, traded 10,130 megalitres on to its own NSW water access licence in 2016-17.

Ruralco Water general manager Phillip Grahame said the firm's brokers needed to hold clients water on the company's own accounts to:

POOL the water to minimise interstate fees that would apply to multiple parcels.

FACILITATE transfers to regions where clients don't hold accounts, such as below the Barmah Choke.

ASSIST some trades where clients with NSW licences need to consolidate and shift allocation on to their own SA or Victorian licences.

However, other brokers said they did not hold clients' water on their accounts or licences and saw no reason to do so.

Robinvale broker Paul Smith, of Paul Smith Water sales, said: "In my 24 years of trading, I have never had reason to establish an account to hold water on behalf of anyone".

"And there are plenty of brokers in the industry who do exactly what I do," Mr Smith said.

"When you start bundling up water on to your own account, you lose transparency. It negates the transparency that's essential from a water broker.

"Every document I send to a seller has the buyer's name on it and it's easy for them to call buyers and ask what was paid."

H2OX water broker Lex Batters said his firm never traded water on to its own accounts and said there was no reason to hold one.

"It muddies transparency and makes it harder to see where it (water) goes," Mr Batters said.

"If we can't track it what hope has an irrigator got to check that the price they got for their water matches the price paid by the buyer?"

WATER TRADED ON TO WATER BROKERS' LICENCES IN 2016-17 (TO FEB 21)



WATERFIND traded 23,497 megalitres on to its NSW water access licences, with no price listed against the bulk of transactions.

The trades included:

Waterfind traded 16,897 megalitres, from 53 irrigators, on to its own water access licence (WAL 21514).

No value was recorded against 28 of these trades, covering 14,388 megalitres (85 per cent of the water traded).

Values were only recorded against 25 trades, covering just 2509 megalitres worth \$312,726.

Waterfind also traded 6600 megalitres from one of its own accounts WAL 36843 to another of its accounts (WAL21514).

Waterfind also traded 6600 megalitres from one of its own accounts WAL 36843 to another of its accounts (WAL21514).

No value was recorded against 19 of these trades, covering 10978 megalitres (74 per cent of the water traded).

Values were only recorded against 14 of these trades, covering just 3801 megalitres worth \$415,962.



RURALCO WATER traded 10,130 megalitres on to its NSW water access licence, with no price recorded against the bulk of trades.

The trades included:

Ruralco Water traded 10,130 megalitres, from 37 irrigators, on to its own WAL 5744 account.

No value was recorded against 22 of these trades, covering 8342 megalitres (82 per cent of trades).

Values were only recorded against 15 trades, covering 1788 megalitres, worth \$230,086.

Ruralco Water traded 8353 megalitres of the water on its WAL 5744 account to 24 buyers in NSW, Victoria and South Australia.

No value was recorded against seven of these trades, covering 3289 megalitres.

Values were recorded against 17 trades, covering 5064 megalitres, worth \$811,692.



WILKS WATER owner Tom Wilks traded 25,000 megalitres on to his wife's water licence.

The trades included:

Last month Mr Wilks traded 25,000 megalitres under a Murrumbidgee to Murray inter-valley trade from water access licence held by his company Water Exchange Australia to his wife Skye Bellamy's licence. The transfers occurred in five by 5000 megalitre-lots on February 16, 20 and 21 this year.

No value was recorded against any of these trades.

However since February 1 the following trades have been made off Skye Bellamy's licence (WAL 37142).

3000 megalitres traded off WAL 37142 on February 20 to WAL 9426, zero price listed.

400 megalitres traded off WAL 37142 on February 21 to WAL 9946, \$40 a megalitre worth \$16,000.

500 megalitres traded off WAL 37142 on February 21 to WAL 4936, \$235 a megalitre, worth \$117,500.

A total of 5321 megalitres was traded off Ms Bellamy's WAL 37142 to other licence holders in 2016-17. Zero values were recorded for two major trades, but of the 2036 megalitres where prices were lodged, the value of the trade was \$358,181.

It appears the bulk of the 25,000 megalitres is yet to be traded.