

**Submission
No 56**

INQUIRY INTO WATER AUGMENTATION

Name: Ms Jeanine Bird
Date received: 5 September 2016

Submission to the
Standing Committee Inquiry
into the
Augmentation of Water
Supply for Rural & Regional
New South Wales

■ Jeanine Bird
Leeton NSW
August 2016

Submission to the Standing Committee Inquiry into the Augmentation of Water Supply for Rural & Regional New South Wales

Terms of Reference

The Terms of reference for this Inquiry are:

1. *That General Purpose Standing Committee No. 5 inquire into and report on the **performance or effectiveness of the NSW government agencies that are responsible for the augmentation of water supply for rural and regional New South Wales, and in particular:***

a) investigate the requirement for a water equation (demand and supply out to the middle of this century) for rural and regional New South Wales

b) examine the suitability of existing New South Wales water storages and any future schemes for augmentation of water supply for New South Wales, including the potential for aquifer recharge

c) review the NSW Government's response to the recommendations of the June 2013 report by the Standing Committee on State Development on the adequacy of water storages in New South Wales

d) examine the 50 year flood history in New South Wales, particularly in northern coastal New South Wales, including the financial and human cost

e) examine technologies available to mitigate flood damage, including diversion systems, and the scope of infrastructure needed to support water augmen-

tation, by diversion, for rural and regional New South Wales

f) examine social, economic and environmental aspects of water management practices in New South Wales and international jurisdictions, including the following case studies:

i. Broken Hill town water supply/Menindee Lakes system

ii. South Western NSW water management practices

iii. North Western NSW water management practices

g) the efficiency and sustainability of environmental water being managed by different State and Federal Government departments and agencies

h) the management, appropriateness, efficiency and reporting of:

i. inter-valley transfers

ii. conveyance and loss water

iii. carryover iv. the management and reporting of the water market, and

i) any other related matter.

2. *That the committee report by 27 October 2017.*

Submission

- Augment: to make larger; enlarge in size, number, strength, or extent; increase; improve
-

August 2016

The Committee,
Legislative Council of NSW
General Purpose Standing Committee No 5,
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<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2390#tab-timeline>

To Whom It May Concern:

WATER is something which needs to be managed efficiently, because it is essential to our survival, our environment, and our future food security. Once, our Nation had a vision to capture water in times of plenty, in order to produce food and fibre, provide food security, protect our environment, and generate power. The Snowy Mountain Scheme was born, yet since then, particularly in the last 30-40 years, Australia has barely moved forward in the water storage stakes to keep pace with an increasing population and water demands. Where other nations recognise this, and are building more water storage, we continue to disregard the need or plan accordingly.

Where our system and management was once the envy of the world, we now have rather a mess because we haven't kept pace with the "planning" which those who might wish to control water do; and have allowed ourselves to be manoeuvred into a position where water has become commodified, or monetized to the extent that our producers using water for *productive* means are in direct competition with *traders*.

Not entirely of the State's making, it has been the lack of understanding of our Commonwealth Constitutional role, and that of the State's Constitutional role and responsibility, which has contributed to this state of affairs.

Nevertheless, the performance and effectiveness of the NSW Governmental agencies responsible for planning, increasing and improving storage capacity to meet the future needs of our rural and regional areas, and our contribution to the State's GDP, has been sorely lacking.

a Investigate the requirement for a water equation (*demand and supply out to the middle of this century*) for rural and regional New South Wales

I have researched the planning which the United Nations (UN) does in relation to “water management”, and am in the process of setting it out in a schematic which can be readily followed, and which research “to date”, is annexed to this submission¹.

The EQUATION I’m setting forward is not what the Committee will expect, but it is highly relevant to how we determine a proper equation, what it is, or should be; WHO are the beneficiaries, and who SHOULD BE the beneficiaries. I fear these issues have very much been lost in the current environment, and I am attempting to set out why, so that we might endeavour to understand how we got to this point, and determine whether we want to continue to be herded down that road, or avoid it in future planning.

The concern is that nations have been coerced into accepting the “water policy” recommendations, or water “equation” logistics/algorithms of a particular group, which includes banks and private corporations, who are very involved in amassing water titles, trading, and extraction rights globally, and whose only motives are profit.

A Sophisticated Form of Insider Trading

My contention is that this is a very sophisticated form of “Insider Trading”, and both Australia, and it’s States have been caught up in this to the detriment of it’s citizens; and to the benefit, or profits of the global corporates. Not only that, it has dictated water (and trade) policy to the nation, and States, via conferences, information, data, and “advice” along the lines of “world’s best practice”. I believe that we have bureaucrats and politicians who have fallen for this, and this type of “planning for the future” is not something which has been, or is going to be, beneficial to our State and Nation.

A few of the following facts and evidence of long-term planning:

- **1947** - Australia signatory to General Agreement on Tariffs and Trade (GATT - effective 1948). Much “damage” causing restructure and readjustment to our industries in Australia came from the Uruguay Round in 1986. Australia chose to adopt these policies, and “lead the world” with tariff reductions, slashing agricultural subsidies, and allowing full access to developing countries’ textile and clothing industries, resulting in most of our manufacturing industries eventually closing or crashing, with impacts all around, such as our wool crash (‘89).
- In **1977**, the World Bank funded a UN Development Program (UNDP), the Water and Sanitation Program (WSP). This was the first global water partnership, which stated aim was to improve water and sanitation for third world countries.
- In **1995**, the World Bank co-founded and funded the **Global Water Partnership (GWP)**, which consisted of “56 organizations, including governments, multilateral banks, U.N. agencies, professional associations, and the private sector. Based on the principles of **integrated water resources management (IWRM)**, the program’s mission is to **support improved water resources management and development at the local, national, regional and/or river basin level.**²”
 - In **2002**, it divided operations with the Global Water Partnership Organisation (GWPO) becoming the support system for the Global Water Partnership Network whose role it was to

¹ Global Planning & Co-optive Agenda to Control Water - J Bird August 2016

² Source: Rana, Saeed; Kelly, Lauren. 2004. *The Global Water Partnership: addressing challenges of globalization - an independent evaluation of the World Bank's approach to global programs* - case study (for the World Bank)

create Regional, Country and Area Water Partnerships; and programs in Water Resource Management!

- In 1995, the [General Agreement on Trades and Services](#) (GATS) followed Lima², GATT and the GWP by agreeing to liberalise services (eg: telecommunications, energy, water), and in particular, GATS paved the way for the water trade.

We have already seen the implications of these “adopted policies”, particularly in the liberalisation or privatisation of telecommunications, and right now, with the NSW Government privatising the energy sector. This is a typical example of the requirements filtering through the UN and those private corporates who sit at their table; and which has certainly been a large factor in water management.

The Magic of “Unbundling” Utilities

Generally, in the grab for control of public utilities, undeveloped nations are required by the International Monetary Fund (IMF), World Bank or Private Financial Institution (*often loaned to it by the International Finance Corporation (IFC)*) as a loan condition to privatise their utilities, and hand them over to a global corporation for “expert management and advice”. Developed countries are feted at conventions, and a great deal of funding is put towards “research” and promotion of practices which would have the same result. It’s more likely to be achieved through various UN Trade Agreements or being party to World Trade Organisation (WTO) working groups, where politicians and bureaucrats can be heavily influenced, and hurry back to implement, because it’s promoted as world’s best practice.

Utilities aren’t just privatised, though. The magic “**unbundling**” is what separates the profitable from the unprofitable sectors of the utility - say water, or power - and the “profitable” sector is privatised, with control, or a lot of it, going to multinational corporations, or International Financial Institutions (IFIs), many of which have “war chests” of capital to invest (this is particularly true for water).

The crime is that “user pays” is touted as the way to go, so the “unprofitable” sector stays with State or National governments (in Australia’s case), and the users, or the taxpayer citizens, pick up the tab for this sector. Furthermore, they are also hit with higher charges for the service than previously, because the control of the profitable sector is now all about return on investment (ROI) for the global corporate.

Twice the Price

The poor taxpayer is now the unhappy recipient of “*twice the price*” - as the “user pays” more for the service, and also for the unprofitable (often infrastructure) maintenance through taxes.

Not only have the citizens been effectively defrauded of a public utility they once “owned”, which their taxes funded and maintained, but any profits go overseas in sophisticated networks of cost-shifting, thus evading tax, or income for “our” governments to run the unprofitable sector. Very often, these sectors are run down through lack of money, then the “need arises” to sell the rest, or float on the open market, so not only are the citizens paying for this, they pay more for the service, have no asset, and have, in effect, exported their jobs.

The annexure³ attempts to set this out schematically, with some back-up evidence.

All of this would not be possible, had not State governments ceded their banking power to the Commonwealth, and the Commonwealth given the right to issue the currency of the nation to private

¹ Source: Rana, Saeed; Kelly, Lauren. 2004. *The Global Water Partnership: addressing challenges of globalization - an independent evaluation of the World Bank's approach to global programs - case study* (for the World Bank)

² Lima Declaration on Industrial Development and Cooperation - 1975 [UNIDO - UN Industrial Development Organisation]

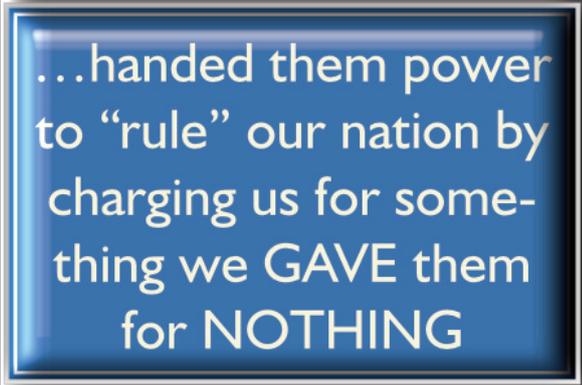
³ Global Planning & Co-optive Agenda to Control Water - J Bird August 2016

banks (in fact, a banking oligarchy), who make a lot of profit at the taxpayers expense because of their preferential terms of trade.

If the State of NSW resumed their banking powers of issue, the problem of running the utilities for the benefit of the CITIZENS WHO ONCE 'OWNED' THEM, could go away, with prudent management, negating the need to "raise capital" or attract "foreign investment". It would not be doing anything that the banks aren't currently doing, but the State need not pay interest - and especially not to a private organisation. It is, in effect a transfer of jobs and industry as well, which could benefit our State GDP.

In Whose Interest?

It is rather strange that we legislate to give private institutions the power to create our nation's credit (which costs them next to nothing), and then pay them greatly inflated interest, for something we as a nation could do in any case; and indeed, once did with not only the Commonwealth Bank, but our State Banks. What we have actually done is hand them the power to "rule" our nation by charging us for something we gave them for nothing! They make enormous profits, because they say they are beholden to their shareholders. However, it is the shareholders (citizens) of the nation who the government/s should be responsible to, and if ever there was a way to remedy the state and national budgets, it would be to re-assume this power. Of course, the difficulties in this would be enormous, because banks are not about to give up this free ride, and will hold the country to ransom, simply because they can, and because of the cross-ownership in various banking stocks. *(See tables next page)*



...handed them power to "rule" our nation by charging us for something we GAVE them for NOTHING

Banks and global financial institutions are part of the problems which face us in making decisions about infrastructure, or the augmentation of water supply to take us through the next 50+ years.

The Complex Web of Cross-Ownership

Not only are there international financial institutions sitting at the "World Bank table", many of them, aside from investing in water, also own a good portion of our Big 4 Australian banks — and second tier banks; and have been planning to control water for many years. They have been seated at the World Bank's table, privy to, and complicit in the forward planning to pave the way for global stakes in water and utilities or services for themselves. If individuals exercised power like this in Australia today, a case would be made for insider trading, but being global corporate entities, their individual net worth is often bigger than whole countries; and so, they get away with it, AND the profits.

Worse, they are helped by unsuspecting bureaucrats and hot-shot managers climbing the success ladder, rolling out strategic plans and corporate floats to impress other bureaucrats and corporates, and forgetting who they are supposed to be working for. Nothing could be more demonstrative than the recent Murray Goulburn¹ dairy fiasco, where farmers forgot they were a cooperative and allowed themselves to be persuaded to float it, or change part of the structure to more of a company structure; and are now being asked to pay back what they can't afford. Our Rice industry should be mindful of this currently, and thankful that they may have had a lucky escape. Many co-operatives have gone this way in Australia, because the second or third generation of "owners" haven't the historical knowledge, and are not educated about the strength of a co-op, thus sell out in a good year, only to fully comprehend the damage they've done to themselves in the market when a bad year comes.

¹ ABC 4 Corners [15/8/16] overview: <http://www.abc.net.au/news/2016-08-15/dairy-farmers-forced-to-sell-up-in-face-of-plunging-milk-prices/7730638>

We have done the same with our water and dams: we have been hoodwinked into “forgetting” why it was set up in the first place, and coerced into “privatising” because of what really amounts to a “smoke and mirrors” type campaign to convince us that we must take a certain path; yet those very same people are only spending money on doing so, because they desire it. Adding insult to injury is the fact they are buying it with the licence (to issue credit) that we gave them in the first place!

Furthermore, between them, the Big 4 and their subsidiaries hold the security over a very large slice of Australian land and industry.

Who Owns Corporate Australia?

Murray Hunter¹ explored the cross-ownership in our major banks and listed companies by global finance companies in his article [Who owns corporate Australia?](#) [2013]². I venture to suggest it is even more complicated - and complicit - now!

Hunter’s following two tables are a telling picture.

Table 1. Major Shareholders in Australia's "Big Four" banks³:

	Company	Combined HSBC (Nominees)	JP Morgan Nominees	Combined Citicorp
1	Commonwealth Bank	14.10%	11.13%	4.18%
2	National Australia Bank	16.94%	14.47%	3.33%
3	Westpac Bank	15.10%	12.27%	4.60%
4	ANZ Bank	18.88%	15.65%	5.41%

Corporately, it was a similar ownership when Hunter looked:

“When one turns to corporate Australia, one will find that it is very similar to the banks. Both commercial and mining companies ownership are dominated by HSBC Nominees, JP Morgan Nominees, and Citibank Nominees as the top three shareholders of most companies. If one examines company directorships there is a tight cross-linking across commerce, banking and mining in Australia today. Commerce, banking and mining are now part of an oligopoly”.

Table 2. Major shareholders of Australia's largest public companies⁴:

	Company	Combined HSBC (Nominees)	JP Morgan Nominees	Combined Citicorp
1	AMP	19.23%	13.88%	4.6%
2	BHP Billiton	17.36%	13.29%	10.75%
3	Brambles	25.85%	21.73%	8.77%
4	CSL	24.39%	17.43%	6.1%
5	Fosters Group	23.29%	21.23%	6.31%
6	Macquarie bank	19.06%	19.96%	6.08%
7	Newcrest Mining	37.83%	16.57%	4.94%
8	Origin Energy	15.83%	14.10%	5.17%
9	Rio Tinto	19.59%	16.68%	4.89%
10	Suncorp	20.23%	17.09%	7.1%
11	Telstra	18.49%	12.5%	1.36%
12	Westfield	31.44%	25.0%	7.03%
12	Westfarmers	16.31%	13.77%	6.43%
13	Woolworths	16.50%	11.34%	4.025%
14	Woodside	16.19%	11.97%	2.25%

¹ Murray Hunter <https://independentaustralia.net/profile-on/murray-hunter,145>

² Murray Hunter *Who owns corporate Australia?* 27/2/13 <https://independentaustralia.net/business/business-display/who-owns-corporate-australia,5033>

³ *ibid.*

In Search Of A Sound Water Equation

A major problem in looking at a sound water equation is understanding the “vested interests” involved, and how they are able to influence governmental decisions without us really understanding the “how” of it. Nevertheless, the outcome to date can be recognised in energy ownership, and in the multi-layered water management, whereby control will be slowly moved to private ownership, or control, and trading will, if it hasn’t been already, be opened up to massive corporate interests.

Already, we have the OEH overseeing water, holding water, and being able to trade and sell water, thus in a position to corrupt the market, and possibly off-load it’s holding to the highest bidder or a multinational corporate with ready money to buy. States need to be aware of this possibility, and be prepared to ward it off in the event it comes to pass.

We must not forget that banks hold the mortgages of Australia, and particularly in relation to the Murray Darling Basin (MDB) Plan, were acknowledged to have been involved “behind the scenes” at governmental level. This was dealt with in the author’s submission to the Senate Inquiry [2015]¹, sub-titled “*You Can Bank On It*”:

At the first Griffith meeting, Michael Taylor, (then Chair - MDBA) said that the MDBA was *working with banks behind the scenes!* This has proven an atrocious stab in the back for regional communities! Banks of course are very happy to work at a top level because they then have the inside running, and can and *did* put enormous pressure on farmers and small business. Not only that, they were desperate to get their hands onto *water - the security*, by whatever means they could, not least that water was now often worth more than the land. Working behind the scenes would have been crucial to deliver that. Their advantage was time to think about how to do it well in advance of actually squeezing their customers. [End quote]



Now, we must not forget that the very same international banks referred to in the aforesaid tables as having ownership in the “Australian” banks, are **amongst those investing in water globally**.

Therefore, they not only have direct ownership, shares or trading rights of **WATER** both here and globally, but they also have, by virtue of their part ownership in “Australian” banks, mortgages over both **LAND** and **WATER**, since they’ve gone to such lengths to acquire **security over water** (*conveniently separated from land*), and have been very kindly helped (possibly to a huge extent unknowingly), by the MDBA and governmental agencies.

It is imperative that we look into these issues in exploring **ANY** equation, and that whatever we decide on doing, ensure it isn’t putting in the infrastructure, only to “privatise” and have it go to international interests, who are prepared to wait patiently, if necessary, as evidenced:

- “...it takes a considerable time — decades and not years — for **institutional reform** and new initiatives on Integrated Water Resources Management [IWRM] to mature.”²
- “The holistic management of freshwater and the integration of sectoral water plans and programmes within a framework of **national economic and social policy** are of paramount importance **for action in the 1990s and beyond**.”³

¹ Jeanine Bird – Submission No 358: *Senate Inquiry on Social, Economic & Environmental Impacts of the MDB Plan on Regional Communities*. September 2015, p15-16

² Source: **Global Program Review: The Global Water Partnership July 2, 2010** by 2010 Independent Evaluation Group, The World Bank Group **p62: Box 8 – GWP Restricted Funding Accelerated Moves toward IWRM in Africa**

³ Source: Agenda 21 [1992], Section 2, Chapter 18.

- “The fragmentation of responsibilities for water resources development among sectoral agencies is proving, however, to be an **even greater impediment to promoting integrated water management** than had been anticipated. Effective implementation and coordination mechanisms are required.”¹

A Social Vs Economic Equation

I am most concerned that this **Committee of Inquiry** understand the planning which has gone into positioning water to be extracted from the ownership, or rather, **guardianship**, of sovereign nations where it was always considered to be a basic human right, or a “*social good*”. The aim was clearly (and demonstrably stated) to commodify or monetize water and re-brand it as an “*economic good*”, by putting an economic value on it. To that end, billions of dollars worldwide have been spent on “**institutional reform**”, “**integrating sectoral water plans**” into the framework of “**national economic and social policies**” the world over.

Conflicting Political Equations

There are State, Regional and Local strategic or development plans aplenty, all aiming for economic growth, particularly recognising Agriculture as an expanding economic sector.

Conversely, it was a combination of international instruments, predominantly the Declaration for the Establishment of a New International Economic Order [NIEO]² under UNCTAD³; and the Lima Declaration⁴ [1975] where Australia was ear-marked to be a *Food Bowl of the World* (ie, not manufacturing) ... after a redistribution of global industry was to be accomplished by around 2000 through similar mechanisms to those already discussed regarding water control. Mainly we were to “**deploy**” our manufacturing industries to the third world to boost their economies, and allow imports back in without imposing tariffs.

No amount of arguing and pleas to politicians of all persuasions in the 1980’s and 1990’s by many people Australia-wide would accept that it would have the effect of depreciating our own standard of living, and affecting the socio-economic fabric of Australia.. Of course, the drivers of these agreements knew that it would, but it allowed multi-national corporations to tie up our markets and wreaked havoc with Australia’s primary and manufacturing industries. To break our own industries, we set “UN compliant” policies so that orange juice, pork, rice, sugar, bananas, pineapple, fish, clothing etc were imported. We were flooded with bureaucrats and politicians espousing the no-protection mentality as promoted and driven by the UN.

Interestingly, we are a nation where we insure for everything. Banks and financiers *insist* when they loan. Banks also practically own the major insurance companies, and it was only after they began to take major shares that I noticed many long-established country/community events were forced out of existence because they couldn’t afford the insurance. It is ironic that we are comfortable PROTECTING our own homes, cars and assets, but we do NOT protect our INDUSTRIES, because we have been told again and again *and again* that the world needs a level playing field; we must be globally competitive [*even against those who DO*

¹ Source Agenda 21 [1992], Section 2, Ch 18 (18.6) Basis for Action

² A United Nations Agreement under UNCTAD [UN Conference on Trade & Development] Declaration for the Establishment of a New International Economic Order, adopted by the United Nations General Assembly [1974] and subsequent Programme of Action and Charter of Economic Rights & Duties of States [1974].

³ United Nations Conference on Trade & Development [1974]

⁴ The Lima Declaration & Plan of Action on Industrial Development & Co-operation 1975: The UN Industrial Development Organization [UNIDO], Lima, Peru 12-26 March 1975

protect], and we must have the highest compliance standards [*while importing food from other countries who do not!*].

What is it that makes protecting our standard of living - or industries - or WATER SUPPLY - any different to insuring our homes and vehicles?

I consider that the NIEO and Lima and GATT¹ protocols have basically been “successful” in terms of the multilateral and multinational world, although it may **not** be considered so favourably by families of those farmers and small business people who have suicided because of the pressures “restructuring” and “**structural adjustment**” policies brought to bear. Perhaps not, by those farmers who lost their properties after generations of successful farming; or those “innovators” who took risks, and were cut down by the very same **bank and government policies** which are being so actively pursued by those so desperate to control more than they deserve. And perhaps not by those owners and employees of manufacturing industries which were “**deployed**” to the third world by blunt economic and banking policies.

These precepts were particularly embedded in GATT [1947] and more particularly the Uruguay Round [1986]; GATS² [1995], and Agenda 21³, which resulted from the Rio Earth Summit in 1992. GATT came under the WTO umbrella in 1994, but it was GATS⁴ which finally paved the way for WATER to be privatised.

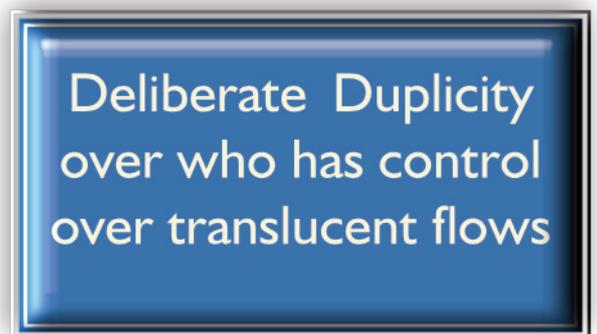
Actions Speak Louder than Words

While many Strategic Plans set out “growth” as aims, in reality, WATER policy at both the State and National levels **prevent growth**, and have driven businesses and farmers to the wall, or out of their chosen businesses (*for want of not being able to plan due to the irresponsible MIS-management of water, in not allocating in advance of seasonal plantings*), which is **totally contradictory** to such Plans!

The NSW DPI’s Strategic Plan plan aims for “30% growth in value of NSW primary industries by 2020⁵,” similar to NSW 2021⁶ plan’s core goals of improving the performance of the economy and driving economic growth in regional NSW. Yet the paradox is that the NSW Government is duplicitous, ensuring that this cannot happen while water is withheld from productive use, or put down the river as translucent flows when clearly, it is not required by the environment, as is currently the case.

Duplicity & Complicity

Furthermore, in the duplicity stakes, there appears to be deliberate complicity by both the NSW Government and the Federal Government over who really has control over translucent flows - the very same flows which could be put to better use in order to achieve the abovementioned goals.



There will be many submissions to the Inquiry about the physical complexities of water management. I do not intend to deal with those in detail, as there are people better able to comment on that than I.

¹ GATT - General Agreement on Tariffs and Trade [1947, 1994]

² GATS — General Agreement on Trade in Services [under the World Trade Organisation (WTO)] April 1994 – Marrakesh Declaration, Uruguay 1994 (Ent in force Jan 1995)

³ **Agenda 21 — the “action” Agenda for the 21st Century** for the UN, other multilateral organizations, and individual governments around the world to be executed at local, national, and global levels [Rio Earth Summit, 1992]. **Updated — Paris Dec 2015** [UN Framework Convention on **Climate Change**]

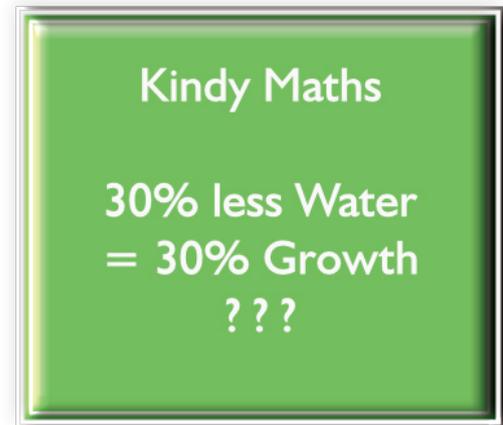
⁴ *GATS, Water and the Environment – Implications of the General Agreement on Trade in Services for WATER RESOURCES – Oct 2003 : Center for International Environmental Law (CIEL) & World Wild Fund for Nature (WWF) International Discussion Paper, Oct 2003 - Aaron Ostrovksy, Robert Speed and Elisabeth Tuerk*

⁵ NSW DPI Strategic Plan 2015-19 http://www.dpi.nsw.gov.au/__data/assets/pdf_file/0007/593512/nsw-dpi-strategic-plan-2015-19.pdf

⁶ http://www.ipc.nsw.gov.au/sites/default/files/file_manager/NSW2021_WEBVERSION.pdf

Who Has Motive?

I am most concerned that the NSW Government reviews the motives of some of the players, and ensures that OUR water equation actually allows for a 30%+ growth in agriculture, and builds more storage to ensure we have the capacity to support people, production, and the environment for the next 75-100 years **AND** that it remains securely in the hands of the NSW government on BEHALF of the people of NSW. This is particularly relevant currently, as again, there is talk about selling off the Snowy.



Follow the Money Trail It Wins Every Time!

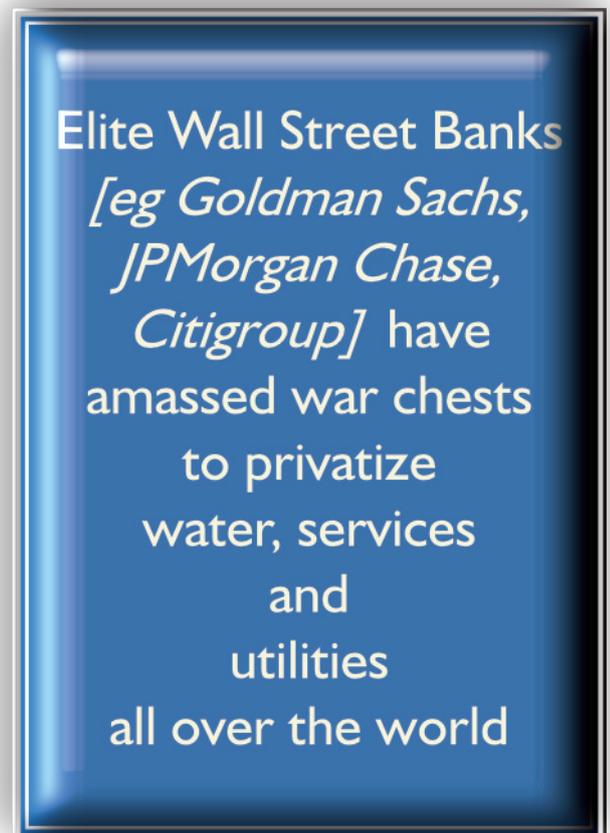
Finally, I can only emphasise this with this extract from a 2012 article titled “The New “Water Barons”: Wall Street Mega-Banks are Buying up the World’s Water”¹ (my emphasis), focussed on the effects for local and state governments around the world:

Water Grabbing Is Unstoppable

Unfortunately, the global water and infrastructure-privatization fever is unstoppable: many local and state governments are suffering from revenue shortfalls and are under financial and budgetary strains. These local and state governments can no longer shoulder the responsibilities of maintaining and upgrading their own utilities. Facing offers of millions of cash from Goldman Sachs, JPMorgan Chase, Citigroup, UBS, and other elite banks for their utilities and other infrastructure and municipal services, cities and states will find it extremely difficult to refuse these privatization offers.

The elite multinational and Wall Street banks and investment banks have been preparing and waiting for this golden moment for years. Over the past few years, they have amassed war chests of infrastructure funds to privatize water, municipal services, and utilities all over the world. It will be extremely difficult to reverse this privatization trend in water.

Are we immune? Have we already been compromised? Can we hobble the horse mid-gallop before it bolts too far?



¹ <http://www.globalresearch.ca/the-new-water-barons-wall-street-mega-banks-are-buying-up-the-worlds-water/5383274> [2012]

The Final Equation Vs Conflicting Equations

Understanding the conflicting political equations is crucial to getting the final equation correct, but we really need to take into consideration the **conflicting equations** of those we should consider our competitors, since Governments should be there to serve the people of a nation. In this case, we need policy to:

- a. Provide **FOOD** and **WATER** security for Australians, in this case, NSW
- b. Provide a policy framework which ensures small business can operate profitably, thus generating employment and true growth
- c. Ensure family farming enterprises, in particular*, can operate profitably (**family businesses are still the backbone of farming in Australia - corporate farming has cycles of getting in and out, whereas families endeavour to stay in for the long haul*)
- d. Not be shy of fighting the “user pays” mantra - every business has sectors which are “unprofitable”, and which it has to “subsidise” in order for the whole to be profitable, or meet it’s stated objective. Eg: if businesses operated strictly on the “user pays” concept, not one would do tax or GST returns, or collect group tax, because it simply doesn’t pay. In the case of government, building dams or water storage to accommodate future needs does not have to “pay”. As government is supposed to exist to **serve the needs** of the community, then it’s role is to provide services which don’t necessarily have to be “profitable”
- e. Ensure any equation has the capacity to remain in true “public” hands, without **selling, unbundling, or divesting** of it in future, regardless of what is promoted as “world’s best practice” by those who want to profit at our expense. (*Research the history of the Commonwealth Bank, and State Banks, then resume using State banking power of issue to accomplish public works*).
- f. Work to unwind the **Water Act** and **Basin Plan**, just as with **Brexit**, the United Kingdom has moved to extricate itself from the EU. The **PURPOSE** of a water augmentation plan needs to fit the requirements of the **CITIZENS** of NSW, not **UNELECTED** international bodies, or indeed, corporations! Currently, the Australian Government has it **TOTALLY** the other way around, as they have confirmed¹ (highlighted in box below).

In summary, the general purposes
of the Water Act and
the Basin Plan are:
to give effect to relevant
international agreements¹

¹ First on the list: Australian Government Response to the Senate Legal and Constitutional Affairs References Committee Report: *A Balancing Act: provisions of the Water Act 2007* P4

“External” Barriers Blocking Augmentation

In light of the previous [boxed] quote, the State Government will find barriers contained in many different international instruments which will prevent ANY AUGMENTATION from being implemented, which may well be the reason that the Report referred to in (c) is collecting dust. Predominantly though, GATS (the General Agreement on Trade in Services) has been the instrument to set water trading parameters globally.

To illustrate this, I intend to quote from a document prepared by the *Center for International Environmental Law [CIEL]* and the *World Wide Fund for Nature [WWF - previously World Wildlife Fund]*. The WWF is a Foundation partly funded by the World Bank, and CIEL [often with the WWF] appears to be contracted by the World Bank to review its many programs. CIEL is a US not-for-profit with offices in Washington and Geneva, and concerns itself with practically all aspects of international and comparative environmental law and policy.

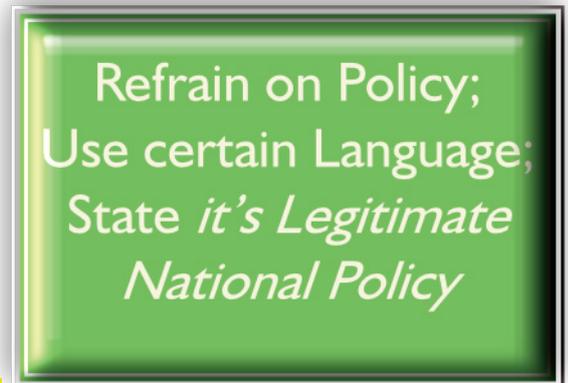
The title of the report from which the following excerpts will be taken is “**GATS, Water & the Environment - Implications of the General Agreement on Trade in Services for Water Resources**”, written in 2003, which illustrates the degree of planning which is implemented globally to meddle in national affairs. Lately, there has been a lot more media reporting of nations as “Nation-States”, no doubt to ensure we are gradually introduced to an idea which was floated decades ago; and perhaps because we need to start thinking of ourselves as part of a global government - which the UN considers it’s been setting up; particularly set out in the NIEO¹ Declaration, and confirmed with a plethora of international instruments.

Excerpts from *GATS, Water & the Environment - Implications of the GATS for Water Resources*:

[italic or bold emphasis is as per original document; colour and font size this author’s]

New commitments on domestic services should be entered into with caution. Where new disciplines on domestic services cannot be avoided, WTO Members should

- *limit the scope and breadth of future disciplines;*
- *refrain from using language on necessity;*
- *include statements that the conservation of water, water courses and wetlands – and the protection of the environment and conservation of natural resources in general – are legitimate national policy objectives, the effective pursuit of which will not be constrained by international trade rules;* and
- *ensure that future annexes or disciplines contain effective safeguards and exceptions for environmental policies, as well as specific language for water preservation policies.*



[P12]

...However, water rights granted as property rights can be detrimental because they can lead to overuse of water with no means of regulation. In addition, water rights as property rights can be a burden to governments who will have to pay for compensation if they want to alter those rights

¹ NIEO - New International Economic Order: A United Nations Agreement under UNCTAD [UN Conference on Trade & Development]: the *Declaration for the Establishment of a New International Economic Order*, adopted by the United Nations General Assembly [1974] and subsequent *Programme of Action and Charter of Economic Rights & Duties of States* [1974].

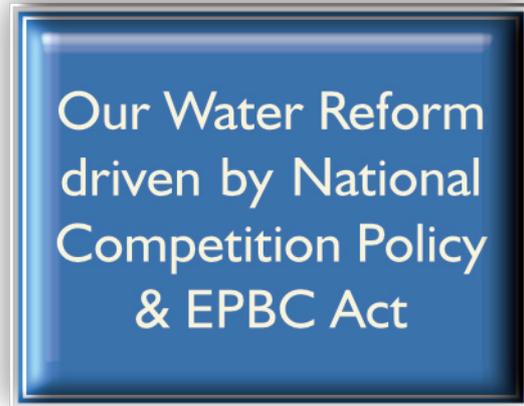
² Report: “GATS, Water & the Environment - Implications of the General Agreement on Trade in Services for Water Resources” - CIEL & WWF 2003

E Australian Water Policy

The Australian national government (Commonwealth) relies heavily on its external affairs power to enact environmental legislation, most important of which is the *Environment Protection and Biodiversity Conservation Act 1999* ('EPBC Act').²⁷

The EPBC Act establishes a referral, assessment and approvals process for activities likely to have a significant impact on matters of "national environmental significance." The Act also provides for the identification of "key threatening processes" and for the preparation of various management plans, including recovery plans, threat abatement plans and wildlife conservation plans.²⁸

Australia's water reform agenda has been driven by the federal government as part of the National Competition Policy. This policy, so far as it relates to water, is underlined by requirements for changes to water pricing, the establishment of secure, tradeable water entitlements, and the allocation of water for the environment.²⁹



In pursuit of this goal, Australia has implemented a catchment-based water planning process, culminating in the development of catchment management plans. Within the catchment plans, Australia has introduced fees for water use (to be paid by services providers), in some instances increasing over time to the level of full-cost recovery. In addition, tradable water licenses not attached to land create a market whereby the actual costs to society of water use are better reflected. Water licenses are guaranteed for a set period of time (between 5 and 10 years) and changes to a license can constitute a "taking", requiring compensation, unless the change arises from review at the end of a license period.

Regulation of discharges into watercourses is generally covered by separate environmental protection legislation, with licensing requirements for would-be polluters and standards prescribed in terms of permitted pollution levels.³⁰

Refs pertaining to above:

²⁷ Environment Protection and Biodiversity Conservation Act (1999) (Austl.). Available at: <http://scaleplus.law.gov.au/html/pasteact/3/3295/top.htm>

²⁸ *Id.*

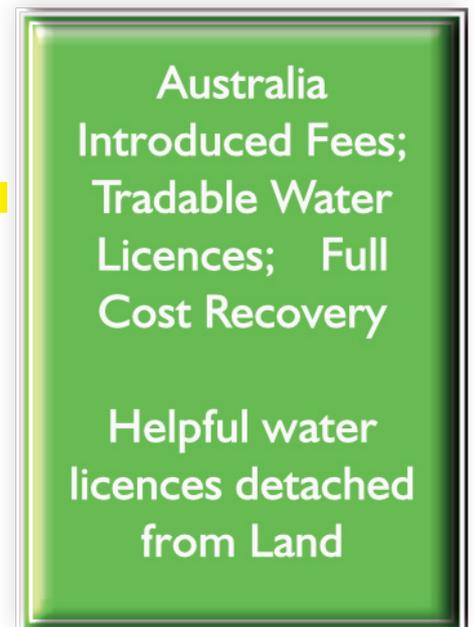
²⁹ National Competition Council, The policy is contained in the agreement of the Council of Australian Governments on Water Reform (1994). Available at: <http://www.ncc.gov.au/publication.asp?publicationID=99&activityID=39>

³⁰ See for example Environment Protection Act (1994) (Austl.); Environment Protection Act (1970) (Austl.); Protection of the Environment Operations Act (1997) (Austl.).

[Pgs 5-6; and expanded on from p50; author's bold or italic emphasis]

This paper highlights the following 12 areas where potential for conflict between GATS disciplines and domestic policies to protect and conserve water, wetlands and ecosystems is emerging.

1. The GATS covers a broad range of regulatory entities responsible for water management and conservation issues.
2. The GATS affects policies that regulate the granting of water rights.
3. The GATS market access provision (Art. XVI) prohibits certain policies that aim to avoid over-exploitation of water resources by establishing certain quantitative limitations on service provision.
4. The GATS market access provision (Art. XVI) creates legal insecurity for policies that aim to protect water by establishing quantitative caps either on the water available for economic activity or on the impact that operations of service suppliers have on water.
5. Future disciplines on domestic regulation may limit how regulators establish and verify the necessary professional qualifications for service providers whose activities affect water.



6. Future disciplines on domestic regulation may constrain WTO Members' abilities to use **licenses, permits or technical regulations** and standards to protect and preserve water, including to regulate discharge of pollutants or to operate facilities.
7. Future disciplines on domestic regulation may constrain WTO Members' abilities to **include environmental considerations when setting licensing fees and determining financial aspects of concession contracts in the water sector.**
8. Future disciplines on domestic regulation may constrain WTO Members' abilities to require potential license holders to **conduct thorough sustainability impact assessments** and to furnish the respective documentation.
9. The GATS might be (mis)used to eliminate policies that aim to preserve water by **regulating the use and ownership of land with springs.**
10. The GATS **domestic regulation** negotiating mandate (Art. VI.4) may result in future disciplines that unduly constrain regulatory prerogatives across the board.
11. The GATS **national treatment obligation** (Art. XVII) may unduly constrain regulatory prerogatives across the board.

12. The GATS **environmental exception** (Art. XIV) constitutes an inadequate remedy for the challenges that the GATS poses for **domestic water management.** [End quote from "GATS, Water & the Environment etc]

Extensive, Careful, Targetted, Well-funded, Long-term Planning

Therefore, it is obvious that there has been, and is extensive, careful, targetted, well-funded, long-term and prolific planning from bodies **OUTSIDE** of Australia in relation to WATER resources and other utilities or services **IN** Australia.

Such planning impacts on our law, because the Commonwealth government has used the External Affairs power of the Constitution [S 51 (xxix)] to get around what would normally not be able to be circumvented, if the Constitution had been upheld as it was originally intended. Quick & Garran¹ warned long ago that we needed to beware that this power was **NOT** abused, saying it "**may hereafter prove to be a great constitutional battle-ground**²"; yet, we have not been vigilant enough: we have had the High Court rule that it is lawful particularly in the **Tasmanian Dam**³ **Case** - the watershed for opening up our nation to outside interference in what should be State and National issues.

...a sophisticated network of international arrangements directed to the personal, economic, social & cultural development of all human beings

In the Tasmanian Dam Case, two judges warned of the dire implications, both of which, in hindsight, can now be seen quite clearly. I wrote of this in my submission to the most recent Senate Inquiry⁴ [quote]:

This abuse of the External Affairs Power⁵ was foreshadowed in the Tasmanian Dam Case by dissenting High Court Judges Wilson J and Gibbs CJ.

¹ The Annotated Constitution of the Australian Commonwealth - John Quick & Robert Randolph Garran 1901 (originally published 1901, 1995 ed), p631

² Ibid. p631

³ Commonwealth Vs Tasmania – landmark decision by High Court 1/7/1983

⁴ Jeanine Bird – Submission No 358: *Senate Inquiry on Social, Economic & Environmental Impacts of the MDB Plan on Regional Communities*. Sept 2015, p18

⁵ S 51 (xxix) – Constitution - Commonwealth of Australia

a. Judge Wilson said: “ ... *It is no exaggeration to say that what is emerging is a sophisticated network of international arrangements directed to the personal, economic, social and cultural development of all human beings. The effect of investing the Parliament with power through section 51 (xxix) in all these areas would be transfer to the Commonwealth of virtually unlimited power in almost every conceivable aspect of life in Australia, including health and hospitals, the work place, law and order, education and recreational and cultural activity to mention but a few ...*”

b. Justice Gibbs said, speaking of the same thing: “.... *There would be no field of power which the Commonwealth could not invade, and the federal balance achieved by the Constitution could be entirely destroyed ...*”

Yet, Justice Lionel Murphy (*arguably Australia's greatest humanist*) was concerned that the external affairs power would be insufficient to implement some treaties, and that: “... *Australia would be an International cripple unable to participate fully in the emerging world order ...*”

a. Note: Australia is committed to World Government because we signed the New International Economic Order¹, a fact that Lionel Murphy was well aware of. [End quote]

Imperative We Understand Issues Driving Water in any Augmentation Plans

Therefore, it is imperative in looking to our future water needs, we understand the planning which has gone on externally, with a view to influencing the legal framework in Australia so that water is transformed from a *social need or good* which is a basic human right, to an *economic good*, with an attached tradable value.

This has been achieved in Australia via our being signatory to various international instruments, particularly through the Federal Government's Water Act and MDBA, which purpose was by their own admission, “*to give effect to relevant international agreements?*” ie: *not for water augmentation for their own citizens' benefits, but to benefit international financiers and multinational corporations with funds to buy, trade or securitize water to their ultimate benefit or profit, over and above the Australian citizens who elect their representatives to represent THEIR interests.*



Non-Performance & Ineffectiveness - A Constrained Inquiry

This Inquiry may find itself at the very least, hindered - or it's recommendations totally ignored - because of our international obligations. Indeed, if I haven't presented enough information here to illustrate that, it was certainly confirmed when Tony Burke threatened the States that he had the power to over-ride³ them if they didn't sign off on the Murray Darling Basin Plan (c. Sept 2012): “*However, I have never ruled out using the uni-lateral legal powers I have under the Water Act.*”

¹ A United Nations Agreement under UNCTAD [UN Conference on Trade & Development] *Declaration for the Establishment of a New International Economic Order*, adopted by the United Nations General Assembly [1974] and subsequent Programme of Action and Charter of Economic Rights & Duties of States [1974].

² First on the list: Australian Government Response to the Senate Legal and Constitutional Affairs References Committee Report: *A Balancing Act: provisions of the Water Act 2007* P4

³ <http://www.adelaidenow.com.au/news/south-australia/tony-burke-warns-he-will-override-state-to-implement-new-murray-darling-basin-plan/story-e6frea83-1226466791889>

How can this Inquiry ensure an outcome that serves the people who live here and vote for them, as opposed to serving inter-national or multi-national interests?

Water is SO critical to our survival, production (food security), and environment that it should NOT be given over to vested interests, no matter how noble their altruistic statements sound.

Review the NSW Government's response to the recommendations of the June 2013 report by the Standing Committee on State Development on the Adequacy of Water Storages in New South Wales

It is my understanding that this Report is, on the whole, a very good report which made sound recommendations, yet is gathering dust. Similarly, it doesn't appear the NSW Government has actually responded.

Non-Performance & Ineffectiveness

Therefore, the “**performance or effectiveness of the NSW government agencies**” must be rated **dismal**, since a lot of time, effort and money was put into the Report - NOT just by paid bureaucrats and politicians, but UNPAID contributors to the inquiry who spent time and effort OUTSIDE their normal day job/profession/activities to make a contribution.

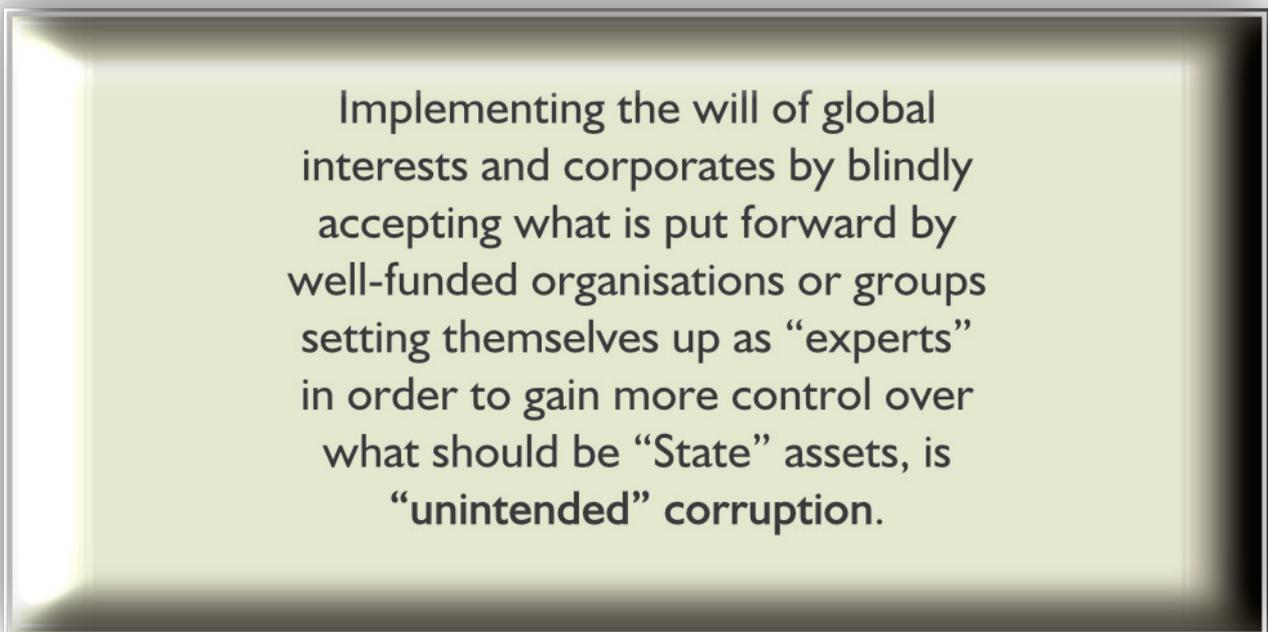
The wealth of experience on the ground which could make a huge difference to the outcome, is continually being **ignored by government, and seems to be a national trend.** The only outcomes for those community, farmers and business people on the ground is:

- a) A **waste** of valuable time sharing their experience and knowledge freely;
- b) More **red tape** imposed by bureaucrats who are simply justifying their existence;
- c) More **tax** required to pay bureaucrats who, rather than acting on the Report, are working for “another agenda”, which **doesn't** include a benefit to the community which they are supposed to be serving;
- d) The **imposition** of further levels of government and governmental impediments to deal with, taking yet more valuable time which could be spent producing and contributing to State GDP;



- e) **Bureaucrats** who will not take the time to LOOK at, or UNDERSTAND what is included in the report, and/or make recommendations to work towards; but who think up ridiculously impractical ideas and get away with imposing it to the detriment of the State's production and GDP.
- f) **Politicians** who take the word of bureaucrats, and are swayed by ideas presented as "*world's best practice*" from UN agencies or global "think-tanks", rather than listening to their constituents, many of whom have a lifetime's experience in dealing with issues, and understand what is required, particularly to benefit their communities
- i) **Corruption**, both intended and unintended, which benefits unelected people, lobbyists, and/or corporations (*both local and global*); or politicians and "mates" who might set up specific corporate instruments to benefit themselves, or channel funds into their own, or party, accounts.
 - i) Examples include the Australian Water Holdings Pty Ltd fiasco, which is currently being investigated by ICAC; or NuCoal's Doyles Creek mine, and Cascade Coal's Mt Penny and Glendon Brook mines, which licences which were revoked due to political corruption allegations.

Sadly, these cases are ones of "intended" corruption. However, implementing the will of global interests and corporates by blindly accepting what is put forward by well-funded organisations or groups setting themselves up as "experts" in order to gain more control over what should be "State" assets, is "unintended" corruption.



f Examine social, economic and environmental aspects of water management practices in New South Wales and international jurisdictions, including the following case studies:

- i. Broken Hill town water supply/Menindee Lakes system*
- ii. South Western NSW water management practices*
- iii. North Western NSW water management practices*

I will comment on the main thrust of (f), as it pertains to (ii), and generally, from a National, State, and International perspective.

I will also insert excerpts from documents so that readers can gain an understanding for themselves, from a variety of reports and writings, which build the picture and show how external planning is impacting on our internal (ie State and National) economy in every social, economic and environmental area of our lives.

International Aspects Impacting on Regional, State and National Policies

As per my response to (a) it is crucial to understand, firstly, the international players in water, their influence on nations the world over, and their policies in relation to water.

GATS POWER TOOLS

New global trade rules in services provide foreign-owned, for-profit water corporations with a set of power tools to pry open markets around the world. Under the World Trade Organization's [WTO] General Agreement on Trade in Services [GATS], member countries commit themselves to a program of "progressive liberalization of all services," including public services like water. While the GATS rules do not specifically require countries to privatize public services, they do lay down rules that create conditions for ongoing deregulation and privatization!

! Polaris Institute: Global H2O Grab

Then, it is imperative that we examine how our nation has been influenced, how water got to be privatised; and what the social, economic and environmental impacts have been on our **State's citizens, infrastructure, and governance** by giving due weight to the former information.

I trust I have already drawn a picture of some of the financial players in the water market who have shares/ownership in our banking system; and their association with the World Bank, the IMF, the IFC. I intend to look at some of the international financial institutions who are players, and multinational corporations who seek to change the way nations deal with water by various means.

The Annexure also endeavours to set this out schematically, although it will not be a complete scoping at the time of the submission.

Some Examples of World Bank and IFC Coercion to co-opt Water

An extract from the 2014 article: “World Bank Wants Water Privatized, Despite Risks”, sheds light on relationships which are not exactly “arms length”:

The World Bank Group pushes privatization as a key solution to the water crisis. It is the largest funder of water management in the developing world, with loans and financing channelled through the group’s International Finance Corporation (IFC).

Since the 1980s, the IFC has been promoting these water projects as part of a broader set of privatization policies, with loans and financing tied to enacting austerity measures designed to shrink the state, from the telecom industry to water utilities.¹

GATS WARNING

At risk [from the GATS] is the public ownership of water resources, public sector water services, and the authority of governments to regulate corporate activity for environmental, conservation, and public health reasons

Canadian trade lawyer Steven Shrybman in a March 2001 legal opinion on the GATS

The Global Politics of Land Grabbing¹

The contestation and appropriation of water is not new, but recent global debates on land grabbing are bringing increased attention to a water perspective in these discussions. Water grabbing takes place in a field that is plural-legal, both locally and globally. Formal law has been fostering grabs, both in land and water. Meanwhile, today’s formal water and land management have been separated from each other – an institutional void that makes encroachment even easier. Ambiguous processes of global water and land governance have increased local level uncertainties and complexities. Powerful players can navigate their ways through such uncertainties, making them into mechanisms of exclusion for poor and marginalised people. As in formal land management, corporate influence has grown in water management. For less powerful players, resolving ambiguities in conflicting regulatory frameworks may require tipping the balance in favour of the most congenial one. Yet compared to land governance, global water governance is today relatively less contested from an equity and water justice perspective, even though land is fixed, while water is fluid and part of the hydrological cycle – and therefore water grabbing potentially affects greater numbers of diverse water users. Water grabbing can be a powerful entry point for contestation, which is needed to build counterweights to the neoliberal corporate business led convergence in global resource governance discourses and processes. Elaborating a human right to water in response to water grabbing is urgently needed.

¹ The global politics of water grabbing - Franco, J., Mehta, L. and Veldwisch, G.J. (2013) 'The Global Politics of Water Grabbing', Third World Quarterly, Vol.34, No.9, pp.1651-1675

Again, an extract from “The Politics of Water in Bolivia” by Jim Schultz²

“The promise of private investment has turned out to rely on market-rate pricing that the poor cannot afford.”

¹ Anna Lappé - <http://america.aljazeera.com/opinions/2014/4/water-managementprivatizationworldbankgroupifc.html>

² The Politics of Water in Bolivia - Jim Schultz, Executive Director of *The Democracy Centre* in Cochabamba, in “The Nation” <https://www.thenation.com/article/politics-water-bolivia>

“World Bank water officials claim all the best intentions when they make the push for water privatization. The bank has argued that poor governments are often too plagued by local corruption and too ill equipped to run public water systems efficiently. **Handing water over to foreign corporations, the bank has said, opens the door to needed investment and skilled management.**

...yawning gap between
World Bank theory &
how things actually
work in the real world

“However, to borrow a phrase, the road to bad public policy is often paved with good intentions. Bolivia's experience with **bank-forced water privatization is a striking example of the yawning gap between World Bank theory and how things actually work in the real world** for the poor families who have to live with the results.”

From “**Activists Slam World Water Forum as a Corporate-Driven Fraud**”¹

Water rights activists blasted the World Water Forum, held in Turkey in late March of 2009, as a **corporate trade show promoting privatization of water**. Three hundred Turkish activists gathered near the forum’s entrance and were faced with the overwhelming force of between 2,000 and 3,000 police. The forum opened with Turkish police firing tear gas and detaining protesters, who were shouting “**Water for life, not for profit.**”

According to its website, the **World Water Forum is “an open, all-inclusive, multi-stakeholder process” where governments, NGOs, businesses and others “create links, debate and attempt to find solutions to achieve water security.”**

However, the Forum’s main organizer, the **World Water Council**, is **dominated by two of the world’s largest private water corporations, Suez and Veolia**. Critics contend that the Council’s links to Suez and Veolia, as well as the large representation of the business industry in the Council, **compromise its legitimacy. Corporate interests that make up the World Water Council are in constant contact with the World Bank and other financial institutions.** Each Forum is set up as a **quasi-United Nations event**, to the extent of issuing a Ministerial Statement at the Forum’s close **promoting global policy approaches to water and sanitation.**

.....This story matters because the growing water crisis is one of the most pressing threats of our time. But the **only international body that presumes to speak for global policies and practices is one whose members are making billions** as depleting water sources become market commodities and **who deny water to those who cannot pay for it.** It is a fundamental issue of democracy and of justice in deciding the future of policies that will affect the whole world.

The “Water Grabbing” phenomena

The World Bank has found ways to bypass governments

Much has been written about *water grabbing* in third world or undeveloped countries; however, in both retrospect, and currently playing out, we have seen/can see how it applies to Australia, implemented via a plethora of agreements and the external affairs power of the Commonwealth Constitution.

A definition of water grabbing from the *Hands Off the Land Alliance*²:

Water grabbing refers to situations where powerful actors are able to take control of or reallocate to their own benefit water resources at the expense of previous (un)registered local users or the ecosystems on which those users’ livelihoods are based. It involves the capturing of the decision-making power around water, including the power to decide how and for what purposes water resources are used now and in the future.

¹ <http://projectcensored.org/23-activists-slam-world-water-forum-as-a-corporate-driven-fraud/>

² Hands Off the Land Alliance - March 2014 [revised edition; first pub. 2012] - J Franco; T Feodoroff; S Kay; S Kishimoto; G Pracucci
Box: GATS Power Tools: Polaris Institute 2003 <https://ratical.org/co-globalize/GlBH20grab.pdf>

Thinking of water grabbing as a form of control grabbing means going beyond the narrow, proceduralist definition of ‘grabbing’ as ‘illegal appropriation’ since the means by which new powerful actors gain and maintain access to and benefit from water resources often involve legal but illegitimate dynamics.

While the contemporary wave of water grabbing shares much in common with earlier resource grabs and enclosures of the commons, it is distinct in that the mechanisms for appropriating and converting water resources into private goods are much more advanced and increasingly globalised. Water now features prominently within a global resource grab that is driven by processes of commodification, privatisation and large-scale capital accumulation.



A staggering one-fourth of all World Bank funding now goes directly to the corporate sector

From Corporate Accountability International’s Report [April 2102]
*Shutting The Spigot On Private Water: The case for the World Bank to divest*¹

The first section of this report (“Overview of privatization,” page 6) summarizes the past two decades of experiments with water privatization, reviewing the empirical outcomes and the extensive literature which has discredited the claims of private water advocates that corporations will bridge the water gap. Even a cursory review of the relevant theoretical and historical scholarship demonstrates these results could have been predicted—and that the rationale for promoting water privatization is not based on sound scholarship or justifiable expectations. Historical experience and technological conditions demonstrate that water is a natural monopoly; planning, not competition, will engender efficient infrastructure systems. The report takes a closer look at the privatization of water in Manila, which has been used by the World Bank and other private water advocates as a “success story” to market similar models around the globe. On closer examination, the “success” of Manila is entirely financial: while the World Bank’s plan allowed one of the private utilities (and the World Bank itself) to earn a strong financial return, the implications for water access, quality, affordability and equity have been anything but successful.

Following the initial historical overview, the report analyzes the World Bank’s evolving strategy for inserting the private sector into water management and governance—an evolution necessitated by two inescapable lessons from early experiments with privatization:

- 1) After a long-overdue acknowledgment that private corporations will not invest in the infrastructure necessary to substantially expand access, the Bank now promotes “operational efficiency” and management contracts to run the system for a profit, while leaving the entire burden of infrastructure expansion and funding squarely in the public sector.
- 2) Because political opposition to water privatization is so potent, the World Bank has found ways to bypass governments, and even its own internal standards and transparency requirements by funding the private sector rather than collaborating with public agencies charged with water management.



The IFC serves as the “nozzle” ... \$15 of private investments for every \$1 invested

... The next section (“Role of the World Bank,” page 19) undertakes an extensive survey of the many forms of support the World Bank provides for corporate expansion in the water sector. First, the report finds that a staggering one-fourth of all World Bank funding now goes directly to the corporate sector.

The World Bank’s private-sector arm, the International Finance Corporation (IFC), serves as the “nozzle” on the flow of capital, attracting about \$15 of follow-on private investments for every \$1 it directly invests.

¹ *Shutting The Spigot On Private Water: The case for the World Bank to divest* - Corporate Accountability International- Report [April 2102] - Exec Summary pgs 2-3

Direct equity (ownership) investments are a particular focus, as this [intimate alignment of the World Bank's revenues with those of its corporate clients](#) generates an alarming set of perverse incentives for supporting the profits of water corporations, rather than the access outcomes that are the legitimate mandate of a development institution. "Shutting the Spigot on Private Water" enumerates a [range of conflicts of interest which arise when the World Bank, as part owner of water corporations, also holds itself out as an impartial advisor and expert, offering research, government advisory services, public relations and marketing of private water.](#)

Specific examples are given to illustrate the World Bank's new strategy for inserting water corporations into governance, including its promotion of retail water kiosks in South Asia and Africa and the recent formation of a new corporate advocacy group—the 2030 Water Resources Group—housed at the IFC but chaired by the [Chairman of Nestlé, the world's largest bottled-water corporation.](#) *[End extract]*

Is the NSW Government, in pursuing a water augmentation policy, risking being sued by transnational corporations? How can we safeguard against this? What can this Inquiry do to insure ourselves and protect the State and its citizens from being sued? Are we opening ourselves to this by being party to the Trans Pacific Partnership (TPP)?

From [Licensed to Grab: How International Investment Rules Undermine Agrarian Justice](#) [[a Transnational Institute paper- Jan 2015](#)]

Over the past two decades a complex web of more than 3,200 investment agreements has developed, mostly in the form of [Bilateral Investment Treaties \(BITs\)](#). These have become the backbone of a corporate rights regime that protects the US\$20 trillion of Foreign Direct Investment (FDI) that now flows worldwide.¹

These [treaties grant investors far-reaching rights, limiting state control over transnational capital and constraining governments' policy-making space.](#) This trend is all the more concerning against the backdrop of the [global land and water grab](#). In many cases of land and water grabs, FDI – in the form of large-scale land deals packaged as '[investments for rural development](#)' – [captures land and its associated resources.](#) The general rules of the global investment regime are facilitating this process, hereby undermining a human rights-based approach to land governance.

A key provision in many of the investment agreements is [a controversial mechanism that allows foreign investors to sue governments in private international arbitration tribunals outside the regular national court system.](#) Investors' claims through 'investor-state dispute settlements' (ISDS) [have skyrocketed by more than 400% in recent years.](#)²

These ISDS cases increasingly challenge public interest environmental and health policies and include cases (in the global north and south) where the corporate world is using the ISDS framework to limit governments' ability to address land and water grabbing.

From [Corporate Land Grabs Reveal a Hidden Agenda: Controlling the Water](#).²

The [Carbon Disclosure Project's](#) water disclosure project seeks to help businesses and institutional investors understand the risks and opportunities associated with water scarcity and other water related issues. According to its most recent report, issued on behalf of 470 investors with [assets of \\$50 trillion USD](#)



¹ Licensed to Grab - How international investment rules undermine agrarian justice - Pietje Vervest and Timothé Feodorof - Jan 2015

² Corporate Land Grabs Reveal a Hidden Agenda: Controlling the Water - [Shiney Varghese, Institute for Agriculture and Trade Policy - January 24, 2013](#)
www.alternet.org/print/water/corporatelandgrabsrevealhiddenagendacontrollingwater

Aqueduct Alliance and its water mapping project, which aims to provide companies with an unprecedented level of detail on global water risks, seems at one level a direct response to the findings of the global water disclosure reports by CDP. General Electric, Goldman Sachs and the Washington based think tank *World Resources Institute* are the founding members of the *Aqueduct Alliance*. All of them identify water related risks as detrimental to profitability, continued economic growth and environmental sustainability. The water maps, with their unprecedented level of detail and resolution, seek to combine advanced hydrological data with geographically specific indicators that capture social, economic, and governance factors. But this initiative has given rise to concerns that such information gives companies and investors unprecedented details of water related information in some of the world's largest river basins.



Many of these investors, described as the “new water barons” in JoShing Yang’s article "Profiting from Your Thirst as Global Elite Rush to Control Water Worldwide," are the same ones who have profited from speculating on agricultural contracts and contributing to the food crisis of the past few years. The food crisis and recent droughts have confirmed that controlling the source of food—the land and the water that flows under or by it—are equally or even more important.

From News Focus: *The Great Water Grab*¹ - A Special Report On The Privatizing of A Natural Public Resource: “Our Water Is Being Stolen From Us! *The Rich Are Buying Up The Rights For Our Water, To \$ell It Back To Us*”

Unbeknown to most Americans, their most precious natural resource, as in life-giving drinking water, is being stolen, literally right out from under them. If they ever want a drink, they'll have to buy it back, at a considerable price.

....Multi-national corporations and unscrupulous wealthy individuals are buying up water rights for some of the largest aquifers in the US and the world. With water predicted to become a scarcity within 20 years, it would appear that some of the elite wealthy are trying to corner the market on the earth's most precious life-giving resource, water.

American oil-tycoon T. Boone Pickens was one of the first to rush to capitalize on the impending water shortage, investing a meager \$100-million in a scheme that he readily admits will make him an easy billion dollars, if not far more.

An Unfair Power

For Pickens, he can now use the power of *eminent domain* to force landholders to sell to him, or else he now has the legal right to simply take their land from them if they refuse his offer, all allegedly “for the common good” of Texans.

Pickens weaseled for this exclusive power of *eminent domain* because he needs it to force his plan upon Texas landowners, all so that he can build his huge pipeline to Dallas. Many Texans find this to be about as underhanded as you can get to steal someone's land. In Texas, “them's fightin' words,” but then again, who can possibly stand up to the billionaire bully Pickens? Through his newfound power of eminent domain, Pickens has seized land across 11 counties so far.

¹ The Great Water Grab - A Special Report On The Privatizing of A Natural Public Resource: “Our Water Is Being Stolen From Us! *The Rich Are Buying Up The Rights For Our Water, To \$ell It Back To Us*” 12/4/10 http://www.newsfocus.org/water_grab.htm

According to an article in [Business Week](#), Pickens owns more water than any other person in the country through his water rights in the Ogallala aquifer.

Stealing Foreign Water

Not to be outdone by Pickens is another Texas family who may have taken their cue from their fellow Texan. The [Bush family has purchased nearly 100,000 acres of land in Paraguay](#). What's in Paraguay you say? A little town called Paso de Patria which is near the Triple Frontier (Bolivia, Brazil and Paraguay), but is also very near [Bolivian gas reserves and the Guarani indigenous water region](#), within the Triple Border.

The news so far isn't sitting well with county residents because the land that George W. Bush purchased in 2008 just so happens to sit on one of, if not [the largest underground aquifers in the world, the Guarani aquifer](#). Many are asking why the 43rd president needs a [98,840-acre ranch in Paraguay](#)? Did I mention it is [protected by its own U.S. military base](#)? Mariscal Estigarribia air base, is run by US soldiers who have been exempted from war-crimes prosecution by the Paraguayan government. [End excerpt]

Privatization,
Deregulation,
Trade
Liberalization;
Fiscal Austerity

How the IMF &
World Bank
Intersect with
IFIs Water
Policies &
Transnational
Water Corps.

From *The IMF, the World Bank and the Global Water Companies: A Shared Agenda*¹

The IMF and the World Bank claim their mission is to end poverty. Critics claim the policies of the institutions – [trade liberalization, de-regulation, fiscal austerity and privatization](#) — [benefit major corporations](#) and actually increase poverty and inequality in the developing world. More starkly contrasting perspectives can hardly be imagined. This article will provide some empirical teeth for the claim that the IMF and the World Bank promote corporate globalization by examining the [water policies of the international financial institutions and how they intersect with the agendas of the major transnational water corporations](#).

First, in the broadest sense, the international financial institutions (IFIs) promote the corporate agenda through the [leverage of loan conditions](#) and the “seal of approval.” The IMF’s “seal of approval,” connotes that developing country governments have complied with the basic agenda of [privatization, de-regulation and trade liberalization](#). The “seal of approval” exercises powerful sway in cash-strapped and indebted countries, and in all countries dependent upon external capital flows. Without the IMF’s seal of approval, a country can be cut-off from [access to Paris Club debt relief, bilateral and multilateral aid and loans, and private investment flows](#). A major thrust of IMF and World Bank policies and programs is euphemistically called “[public sector reform](#).” A central component of such reform is the [privatization of state-owned companies, including water services](#). The leverage is applied quite directly as [structural adjustment and water sector restructuring loans](#) from the World Bank and the regional development banks require [privatization of water services – concessions, leases, or management contracts](#) with “international operators” or other forms of public-private partnerships in water sector management.

The International Squeeze Impacting Our Water Policy

Sitting at the World Bank table, via the Global Water Partnership [GWP] and the World Water Council, are International Financial Institutions and multinational corporations, all with an interest in our nation implementing policies which give them access to water, or trading rights. They have been successful.

¹ The IMF, the World Bank and the Global Water Companies: A Shared Agenda --Sara Grusky, International Water Working Group <http://www.citizen.org/documents/sharedagenda.Pdf> 2001

Funded by the World Bank and the United Nations Development Programme (UNDP), the GWP incorporates *Agenda 21 (Earth Summit, Rio de Janeiro, Brazil - 1992)*, the action plan for nations (nation-states) to adopt/execute across local, state, and national levels, towards global control/legislation.

In Australia, Agenda 21 is driving things like our recent council amalgamations towards central government; native vegetation laws, environmental and land use planning, land clearing and centralisation, the BOM's "homogenization" of (historical and current) weather data as Jennifer Marahosy has documented, and generally, privatisation of public utilities. This is dealt with through the "means of implementation" involving technology transfer (as per Lima Declaration, GATT, GATS, TPP etc), international institutions and "financial mechanisms" (ie the World Bank, IMF and IFIs forcing nations to privatise national assets due to the need for "better management" and less "corruption"). This is out of the frying pan and into the fire as global banks and "gobbleopolies" with their own corruption spanning globally, assume ownership/control, to the detriment of individual nation's people.

I have already looked at three of these very same international financial organisations which have major holdings in our "Big Four" banks and the top 14 publicly listed "Australian" companies — HSBC, JP Morgan and Citicorp.

Goldman Sachs - What Influence on the Water Act?

Goldman Sachs is now one of the largest, if not the largest, water-centric infrastructure investment fund manager globally, positioning themselves to own/control national water utilities and infrastructure, aquifer, river and lake access, water technologies, waste water utilities/treatment technology, and where possible, as in Australia, water shares with lucrative trading rights. They believe that water is the petroleum of the next century; DOW Chemicals say it's the oil of the 21st Century.

Goldman Sachs in particular have an amazing record of ex-Goldman, or Goldman Sachs people being in positions of power around the globe for some years, all while they have been on a "water-grabbing" mission: they believe that water consumption is doubling every 20 yrs across the globe, which is confirmed by the UN saying demand will outstrip supply by more than 30% by 2040. Even Wikipedia has a comprehensive list of ex Goldman Sachs people in positions of power. *Some of the standouts — beginning with the Australian players — are:*

POSITION	PERSON
Prime Minister of Australia	Malcolm Turnbull
Governor of the Reserve Bank of Australia (1996-2006)	Ian Macfarlane
Prime Minister of Italy (1996-1998, 2006-2008) and President of the European Commission (1990-2004)	Romano Prodi
Prime Minister of Italy 2011-2013 (technocratic govt: Euro debt crisis); ex Euro Commissioner 1995-2004; international adviser to Goldman Sachs & Coca Cola; Chair Trilateral Commission; member Bilderberg group	Mario Monti
Chief of Staff to the Secretary of the Treasury of the United States	Mark Patterson + several former Secretaries of the Treasury
Deputy Prime Minister of Egypt (2013-2014)	Ziad Bahaa-Eldin
Prime Minister (appointed) of Greece ex Governor of the Bank of Greece (2002-2010). ex Vice President of the European Central Bank. Member of Trilateral Commission (US)	Lucas Papademos
President of the European Central Bank (2011-)	Mario Draghi
Governor of the Bank of England (2013-) and former Governor of the Bank of Canada (2008-2013)	Mark Carney
World Bank President (2007-2012), United States Trade Representative (2001-2005), Deputy Secretary of State (2005-2006)	Robert Zoellick
Governor of the Bank of Greece (1991-1993)	Efthymios Christodoulou
General Manager of the Public Debt Management Agency of Greece (2010-2012) and Deputy Chief Executive Officer of the National Bank of Greece (2012-)	Petros Christodoulou
ex White House Chief of Staff	Joshua Bolten
Under Secretary of State for Economic, Business, and Agricultural Affairs (2007-)	Reuben Jeffery III
Secretary of the Treasury USA (2006-2009)	Henry M Paulsen

Fair to Question PM's Role?

Goldman Sachs is by no means the only player. However, of great concern is now Prime Minister Malcolm Turnbull's role in authoring and ushering in the Water Act of 2007.

I believe it is fair to question Malcolm Turnbull's role in facilitating the ability of global corporations to own water (*and other public utilities*) in Australia. Certainly, he was the architect of the Water Act (2007), and we know from Kay Hull that he changed the Act after it had gone to the party room/Cabinet, and before it was voted in. How much of it "changed" remains subjective, but in the water arena, it is the single biggest destabilising economic event — arguably worse than the GFC — in regional Australia since the ten year drought. The fallout has continued in rural Australia, with productive water being extracted for the environment, which already had more than enough. This is proven (if such proof was required) with the recent translucent flows.

At this point, it is timely to remind ourselves of the [Australian Government's response to the Senate Legal and Constitutional Affairs References Committee Report: A Balancing Act: provisions of the Water Act 2007](#).

Rebutting the need to make public the legal advice on the Water Act (*provided by the Aust. Government Solicitor [AGS] to the MDBA [Nov 2010]*) was justified by Govt. on the basis it "may have implications for other schemes supported by the external affairs and other powers". So, the question is, *what light does it throw on government deals or agreements which have been made behind the scenes; and perhaps which the government would not want known?*

Even more interesting is the admission in response to the Dissenting Report by the Australian Greens¹:

In summary, the general purposes of the Water Act and the Basin Plan are: to give effect to relevant international agreements.

The other four things listed were never really in question in the water management prior to the Water Act, except by those who wanted another agenda - particularly to wrench control of Water from the States to enable international access.

Prof. John Briscoe's submission to the actual Inquiry² makes interesting reading, particularly as he had been an advisor to the World Bank. He was scathing about the need for "reform", as our system was one of the best in the world; and also Malcolm Turnbull's role [p2]:

Australia did something no other country could conceivably have managed

There is no better illustration of this difference of perception than the situation of water management in Australia. Over the last 10 years Australia did something which no other country could conceivably have managed – in a large irrigated agricultural economy (the Murray Darling Basin) a 70% reduction in water availability had very little aggregate economic impact. Before the butts and the butts and the butts, this extraordinary achievement is, in my view, [the single most important water fact of the 21st century, because it shows that it is possible \(with ingenuity and investment\) to adapt to rapid climate change and associated water scarcity.](#) [End quote]

¹ Australian Government's response to the Senate Legal and Constitutional Affairs References Committee Report: A Balancing Act: provisions of the Water Act 2007

² Ibid

Turnbull's Relationships, and Role in Implementing the Water Act Questioned in Light of ...
"to give effect to relevant international agreements"

Briscoe's submission gives an enlightening account of the politics around the introduction of the Water Act within the framework of usurping the Constitution; is amazingly accurate, and scathingly critical of the process, as per this observation [p4]:

But it is now obvious that the commonwealth-bureaucrats-and-scientists-know-better-then-states-and-communities-and-farmers-do model has, once again, proved to be much worse and even much slower.

...very little recourse in the process to the immense, world-leading knowledge of water management that had developed in Australia

.....A corollary of this flawed process (and the ideas incorporated into the Act) was that there was very little recourse in the process to the immense, world-leading knowledge of water management that had developed in Australia during the last 20 years. [End quote]

A Special Model?

The Commonwealth-bureaucrats-and-scientists-know-better-then-states-and-communities-and-farmers-do model has, once again, proved to be much worse and even much slower.

We must ensure through this Inquiry that the NSW Government extricates itself from the same trap.

Governments have gone to great lengths to “brush over” the importance of this abuse of the external affairs power in a very condescending manner; politicians don't really understand it and often adopt a haughty position, scorning the opinions of those who raise it; Agri-politicians similarly discount or disregard it, and yet, it is the single most important — and foundational — issue which has negatively impacted water —and water augmentation — in Australia, which we should really be making an effort to comprehend.

Other Key Players - Financial

In his 2012 article, *The New “Water Barons”: Wall Street Mega-Banks are Buying up the World's Water*¹, Jo-Shing Yang has researched comprehensively and listed major banks and funds, their water war-chests, and their holdings. A list is set out below:

Goldman Sachs
JP Morgan Chase
Citigroup
UBS
Deutsche Bank
Credit Suisse
Macquarie Bank
Barclays Bank
The Blackstone Group
Allianz

HSBC Bank
Merrill Lynch
Morgan Stanley
Credit Suisse
Kohlberg Kravis Roberts
The Carlyle Group
Challenger Fund (Aust)
UBS
Canadian Imperial Bank of Commerce

¹ *The New “Water Barons”: Wall Street Mega-Banks are Buying up the World's Water* (2012) by Jo-Shing Yang <http://www.globalresearch.ca/the-new-water-barons-wall-street-mega-banks-are-buying-up-the-worlds-water/5383274>

Water products offered by major investment banks, water index/funds and water certificate/investment instruments:

ABN Amro Water Stocks Index Certificate	First Trust ISE Water Index Fund (FIW)
Allianz RCM Global EcoTrends Fund	International Securities Exchange's ISE-B&S Water Index
Allianz RCM Global Water Fund	Kinetics Water Infrastructure Advantaged Fund (KWIAX)
UBS Water Strategy Certificate—it has a managed basket of 25 international stocks	Master Water Equity Fund — Summit Global AM (United States)
Summit Water Equity Fund	Water Partners Fund — Aqua Terra AM (United States)
Maxxwater Global Water Fund	The Water Fund — Terrapin AM (United States)
Claymore S&P Global Water ETF (CGW)	The Reservoir Fund — Water AM (United States)
Barclays Global Investors' iShares S&P Global Water	The Oasis Fund — Perella Weinberg AM (United States)
Barclays and PDL's Protected Water Fund based on Barclays World Water Strategy	Signina Water Fund — Signina Capital AG (Switzerland)
Invesco's PowerShares Water Resources Portfolio ETF (PHO)	MFS Water Fund of Funds — MFS Aqua AM (Australia)
Invesco's PowerShares Global Water (PIO)	Triton Water Fund of Funds — FourWinds CM (United States)
Pictet Asset Management's Pictet Water Fund and Pictet Water Opportunities Fund	Water Edge Fund of Funds — Parker Global Strategies LLC (United States)
Canadian Imperial Bank of Commerce's Water Growth Deposit Notes	PFW Water Fund (PFWAX)
Criterion Investments Limited's Criterion Water Infrastructure Fund	Pictet Water Fund
Allianz RCM Global Water Fund (AWTAX)	SAM Sustainable Water Fund
BKB Water Basket	Sarasin Sustainable Water Fund
Calvert Global Water Fund (CFWAX)	Swisscanto Equity Fund Water
Certificate on Vontobel Water Index	Tareno Waterfund
Credit Suisse Water Index	UBS Water Strategy Certificate
HSBC Water, Waste, and Pollution Control Index	
Merrill Lynch China Water Index	
S&P Global Water Index	

Other Key Players - Multinational

From my own research, it appears that the following corporations (which are also interlinked with cross-ownership etc), are all in the water market, and all have huge markets in Australia which would be benefited by water trading or ownership; or the preclusion of farmers having access to water at peak watering times of the year, in order to artificially inflate the price, and increase their profits even further at the expense of our food security, communities, and farmers:

Monsanto
DuPont
Syngenta
Dow
Bayer
Coca-Cola
Nestle

Social Aspects

I believe the social aspects are very well-documented, if not “officially” or through any surveys. However, the region’s loss of productivity due to water being taken out of production, was directly related to the fall in real estate prices; banks pressuring small business, farmers, and home-owners to sell with a huge loss of equity; losses of jobs, and the closure of many businesses.

As a result of the MDB Plan and the fact that there are no clear demarcation lines in water management between State and Commonwealth, this continues to a large extent, even though there have been adjustments. The State and Commonwealth cannot continue to keep passing the buck on things like translucent and transparent flows.

Producers need to be able to plan a season ahead, and there is no good reason why allocations cannot be announced.

When producers do not spend in regional towns, it impacts greatly. The flow-on effect of productive irrigation water is the equivalent of seven times the farmer’s gross returns to the community and local business.

Environmental Water is being used to hold regional communities to ransom, and (especially carry-over) takes up space which could otherwise be made available for production, thus ensuring the survival and sustainability of regional communities AND the environment.

There is much emphasis on the “environment”, which remains to be defined, except by default through the International Agreements so crucial to bringing the Water Act and the MDBA into being. However, there are many on-farm environments which provide annual habitats as a result of the water being in productive use, which are now suffering.

Schools have lost students, jobs have been lost (Leeton is rumoured to be about to lose 30 jobs at a juice factory, after losing around 50 SunRice jobs last year). The fact that our industries are innovative and many can survive should NOT be a reason to keep challenging them, as the flow-on effects to the community are denied.



No Government
has taken
Responsibility for the
Loss of Equity

No governments (State or Federal) have ever taken responsibility for the loss of equity, loss of farms, homes or businesses; mental health issues, or suicides caused by the messy water politics post-MDBA and 2007 Water Act.

Food Security ought to be a major issue, and be valued accordingly by Governments, over and above shifting profits to multinational corporations for short-term gain.

There has been no *science* in withdrawing a water supply on which people have a right to rely, due to the fact that our region was a purpose-built irrigation area.

Banks should not have been allowed access to security over water, which has been commoditised. Unfortunately, since land and water were separated (I believe unconstitutionally), this has become inevitable. Since the “Big Four” banks hold security of 90% of Australian business, it gives them an unholy and unequal power, not just over individual borrowers, but over governments.



Environmental
Water used to
hold
Communities
to Ransom

There is one other major issue, which IS actually a STATE issue, and one which I alluded to earlier: that of banking. Banking and Water have a lot in common, and with the advent of a Carbon Trading System, we will have another quasi-banking system, which will allow us to be held to ransom.

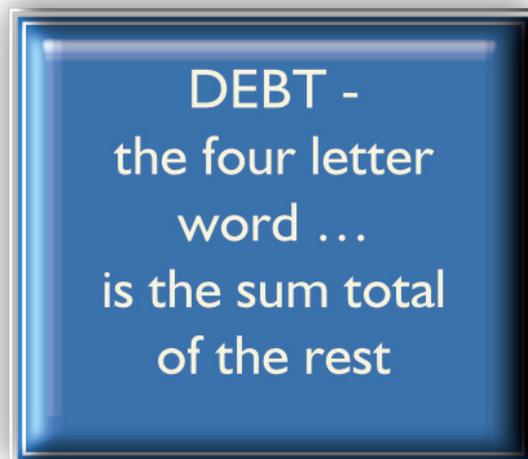
Direct & Indirect Effects - Currency & Water

For Australian producers who actually work to grow crops from seed or harvest; or manufacturers who, for example, may make wine from grapes for domestic and export sales, or any manufacturer producing something **tangible**, there is considerable investment in anything involved with such production. *For example:*

- *Plant and equipment* - whether it's vehicles, tractors, harvesting plant, specialised equipment or state of the art processing lines to sort, process and pack
- *Labour* - general and specialised training invested in staff, employment for regions (growth for towns), opportunity for specialised study; and particularly, industry knowledge-base and expertise
- *Infrastructure* - investment in premises, farms, factories
- *Research and Development* - enabling them to remain competitive, and stay leaders in their fields
- *Intellectual Property* - many are leaders in their fields, and invest heavily in their own IP, and frequently, external IP which adds to their efficiency
- *Marketing* - either individual or corporate; from farmers markets and individual websites, to multi-million dollar global enterprises with extensive specialised and targeted marketing
- *Inputs* - (other than above) eg seed, fertiliser, WATER, fuel, interest, packaging/processing etc
- *DEBT* - the four letter word, which is the sum total of the rest, and almost always necessary to compete

Such investment costs dearly, and are investments in the future productive capacity of the region. Even short-term decisions are made based on long-term predictive modelling, and in this region's case, water availability was factored in.

Being in business is expensive, with large overheads and fixed costs which simply cannot be traded in a single key-board action, as global traders do when trading our \$AUD.



DEBT -
the four letter
word ...
is the sum total
of the rest



Traders Risk
little except
that which can
be traded in a
single key
board action

These traders are usually risking very little, have no overheads or investment in infrastructure, IP, debt, labour etc., no regard for the vagaries of the weather, and don't care what water costs, or whether or not it's delivered.

They sit at a desk trading in front of a computer, having no idea of the physical work, months or years it takes to produce something which they can make or break in a heartbeat.

However, that is the basis that business is being asked to compete on.

Means of Exchange Vs Commodity:

Our Floating Currency

There is a good argument for some protection for our industries, just as we insure our property and vehicles. Australia is around 1% of the world system, barely enough to be of major influence. Yet, we have a floating \$AUD, and it has a split personality:

- On the one hand, farmers, producers and exporters are using it as a *means of exchange*.
- Traders, on the other hand, are using the *\$AUD, the commodity*.

There is barely a relationship, and this polarised \$AUD means that a tonne of wheat is in effect, a tonne one day, and half a tonne the next.

The **Means of Exchange** is in direct competition with the **Commodity**.



Why are farmers and manufacturers expected to accept these terms of trade? It is NOT necessary.

This to my mind, is one of the most crucial issues, and a very sound argument for setting our exchange rate so that it's not at the mercy of global traders - but working hard for our Nation and it's people. (Another option could be a "basket" of commodities as a currency base, but we should have the discussion about smoothing the anomaly.)

Means of Production Vs Commodity:

Water the Vital Input Vs Water the Commodity

Similar to the \$AUD competing with itself as both a means of exchange and a commodity, so now is water.

I personally do not believe that water rights were legally able to be detached from land (it was never challenged), and again, our nation was a victim of a sleight-of-hand action by vested interests and greed. When water became a commodity, our troubles began. Water that was previously (I believe rightfully) attached to land, was, effectively, the environmental flow. Most farmers never used their full water allocation/rights. Once a floating dollar figure was attached to floating water (greed on many fronts), water became a commodity to be traded, and people sold water they never used (previously the quasi "environmental flow"), to those who would use it.



Banks were eventually able to manoeuvre to take a form of separate security over water (which had never been the case), and farmers having tough times were forced to sell their water rights (the *willing sellers*). Land values decrease dramatically, because it becomes just another way of stealing equity. Much of this was seen during the drought, but increased exponentially over and above that, with the MDBA's handling of the MDB Plan.

Some sold because they were forced to, and were called "*willing sellers*" by the MDBA and governments, having no regard for the direct fallout of their actions, *either to sellers, or the flow-on effects to the community they supported and vice-versa*. Others sold to trade or make a profit, either through greed/business acumen, or in an attempt to stay viable or support/cross-subsidise their other day to day activities.

For Traders, it's *Just Another Commodity*

The anomaly is that for producers, water is a vital input, a necessary Means of Production. For Traders, it's just another Commodity. It could also mean a total *loss of sovereignty* over Australian water ownership when other nations or multi-national corporates can buy in and hold or trade water to the detriment of Australia's own food security.



No Direct
Regard for the
Fallout of their
Actions

Producers and our Local Government Authorities (ie for town water) can be held to ransom and forced to pay exorbitant costs for something which is necessary to survive. Not only that, many of these towns were established because of the irrigation system - a system which was *PURPOSE-BUILT* to serve the Australian communities and ensure food security. This was the VISION of our forefathers that we have so greedily sold our souls for, allowing a necessity to become a commodity. We've allowed the *trading away* of that which our

communities are built on. We've allowed *Water, the Commodity*, to be stolen from beneath our feet, which has cost our region dearly in terms of *Water, the Means of Production*.

No Longer Considered Essential to Human Survival

Water, the Means of Production is no longer considered essential to human survival and endeavour, yet is something we pay for whether we get it or not; and something to be allowed to flow out to sea, in environmental flows, which incidentally, have drowned the very red-gums it is supposed to save, killed fish, and eroded river-banks because those people with the expertise and knowledge to manage it properly have been disregarded and discarded.

W*ater, the Means of Production*, built the towns in the MIA; it was the reason for being, the reason for investment in infrastructure; the reason industry thrived and supporting businesses sprung up to support this amazing production; the reason people moved to the region and invested further as years went on, the reason there is so much attached to the irrigation industry built on *water*, delivered very efficiently* by the most amazing gravity-fed system of rivers and channels. (ie **evaporation* should be considered a natural loss that feeds a bio-diverse eco-system; and costs to contain it would arguably be better-spent by building additional dams.)

In one foul *schizophrenic* swoop, *Water the Commodity* mismanaged and misunderstood by several governments and the MDBA, has destroyed equity, businesses and people in the region to some extent or another, and it is something we need to learn a vital lesson from, lest it should be allowed to happen again. We need to have a full and frank discussion about these issues, not sweep them under the carpet saying we need to look on the bright side and bury our head in the sand about what just happened.



One
Foul Schizophrenic
Swoop ...

Just because our businesses are innovative, resourceful and resilient, they can't be expected to continue to survive attacks like this. Many didn't survive, and many are surviving by the skin of their teeth.

At Loggerheads

Water the Means of Production, and Water, the Commodity are at loggerheads, because water was separated from land to be traded. Our region, and in particular, producers, have been the losers because they and industry have invested heavily in infrastructure and overheads to actually produce, whereas Traders have no relationship, association, or debt to infrastructure, employees and a productive region. It is fair game to destroy, because they are just trading as they always do, without understanding the ramifications, or that *Water*

the Means of Production, and Water the Commodity, are two different things, and, commercially and socially, at opposite ends of the richter scale. However, governments, farm and industry organisations need to take responsibility for their part in bringing this about.

Water needs to be de-commoditised, and other countries have had success in bringing that about; the UK has voted on Brexit, and is unravelling. People are unhappy that they are being overlooked by governments in lieu of multinational corporations, who don't even pay tax because they are large enough to cost-shift.

Whilst talking of unravelling the mess we've been drawn into, the State of NSW needs to re-assume its State Banking power which it ceded to the Commonwealth, understand the power, be very vigilant about corruption (partly the reason State banks in Australia were whipped into subservience); and be strong advocates for the prosperity it will bring to NSW.

If we can work towards accomplishing this, by educating the population instead of selling off our assets, we will have a more prosperous State, with excellent water security, increased production, a vibrant environment, and a good return on our social capital.

We need to be careful not to let the bureaucracy or vested interests as in "Yes Minister" fame pull the wool over our eyes. With that, I conclude on a lighter note, letting Sir Humphrey Applebee explain to his Minister the intricacies of Water Trading.

Sir Humphrey's Transparent Explanation to his Minister

Introduction: *Government intervention in the Water market has corrupted the market which has no relevance to the physical properties of water. E.g. Water runs downhill, therefore water in SA shouldn't be able to be traded (inter-valley) for say, MIA water, because it cannot physically run "uphill". It is a "paper trade" ... the money being made by speculators.*

Minister: Humphrey, maybe the people have a point. I mean, they use water, but it's just thin air the traders are playing with. It wouldn't even spill on their desk on the way through. It's ghostly. Transparent. Well, it's not transparent really, is it?

Humphrey: Yes, Minister Water has to be transparent, it IS transparent, but it 's necessary to muddy the transparency or the people might see a phantom through the fog and and the government wouldn't be able to offset the balance of payments with a transparent entry on the carbon credit ledger that, being circuitous, is naturally muddy and can trickle down the ledger and be held in a dam, if you like, until it can flood into consolidated revenue to pay for the next election promises, Minister.

Minister: But, but what is it they are really trading? Where does it come from?

Humphrey: *Ministerrr* *entitlements!* They're trading entitlements.

Minister: What are they entitled to?

Humphrey: Nothing Sir. That's the point of the transparency! In a transparent world, they're entitled to an allocation, but in the muddied transparency, the fog of it is they don't get an allocation. They couldn't Sir, not even the irrigators get allocated an allocation so in the absence of allocations we solved the problem by allowing them to trade entitlements; not that they're really entitled to the entitlement, or the allocation, but it's allocated anyway, because they want to be entitled to something.

Minister: I seeeee so the irrigators don't get an allocation but they can sell their entitlement, and the government doesn't have an entitlement, but sells allocations and entitlements? Do the irrigators pay anyone for their allocations?

Humphrey: (smugly) Yes, of COURSE, Sir. How do you think we pay for the departments dealing with Water and the Environment? It HAS to come from somewhere. We allocate the irrigators and other users an entitlement that entitles them to use the allocation, /Fwe give them an entitlement, or indeed, an allocation. If we didn't do this, we wouldn't be able to allocate the proper entitlements to fund the environment, then you'd have the international lobbyists thinking they're entitled to part of the allocation and wanting in to trade entitlements to translucent flows too. Then you'd have a problem because if you extrapolate that to it's natural extension, there may not be people willing to pay what the traders want for the translucent water, so it would clearly lose it's transpicuous value, and we wouldn't be able to allocate the departments with the entitlements they expect to be allocated.

Minister: On the muddy side of the ledger, you mean?

Humphrey: Yes Minister, but in the most transparent way, of course.



Annexure I:

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[Separate document]

Inquiry Committee Membership

The Hon Robert Brown MLC	Shooters and Fishers Party	<i>Chair</i>
The Hon Mick Veitch MLC	Australian Labor Party	<i>Deputy Chair</i>
Mr Jeremy Buckingham MLC	The Greens	
The Hon Rick Colless MLC	The Nationals	
Mr Scot MacDonald MLC	Liberal Party	
The Hon Gregory Pearce MLC	Liberal Party	