

**Submission
No 11**

INQUIRY INTO STATUS OF WATER TRADING IN NEW SOUTH WALES

Name: Mr Dugald Bucknell

Date Received: 3 July 2022

Thank you for the opportunity to make a submission to what I consider one of the most important problems in the Murray Darling Basin.

In my opinion the marketing, price and trading of allocated water in New South Wales has caused perverse economic, production,, environmental and community outcomes.

This is the main cause of the maladministration, unlawfulness, and political fixes in the Murray Darling Basin.

The implementation of water gifting rules by government over time (70 years) has led to outcomes that were not perceived when they were implemented. The results of water pricing, or lack thereof, isn't in the national, state, or most local community interests, but instead in the interest of a very select few who have received huge transfer of wealth from downstream communities, dry land farmers (who are in competition) and from State Treasury.

Almost all government assets which are being disposed of are sold through a marketing mechanism, auction, expressions of interest, tender etc with additional costs e.g. GST, commission, delivery fees etc added on to the auction price.

NOT WATER.. WHY??

This is a huge loss to state revenue and budget.

The defining difference of the irrigation Industry is water . When a business receives its defining business cost at zero market value in addition to limited cost recovery, it receives a subsidised cost of production as opposed to their competition, in this case dry land farmers, be that Cotton, barley, wheat, vegetables, dairy, beef production etc. This competition coming from within New South Wales or could be interstate competition, which is potentially a constitutional problem.

Result of this subsidisation is that the irrigation industry can sell at a lower price and still make a profit .

If schedule 2 of the Commonwealth water act 2007- "Basin water charging objectives and principles" was fully implemented including environmental externalities the cost of water extraction will be much higher upstream verses downstream.

If These costs were added to the market value of water when sold by the government then water would be much cheaper downstream than upstream

The result of this simple correction would lead to a huge GDP growth, increased jobs, increase downstream community living standards (including aboriginal communities) and big environmental improvements..

Downstream communities have lost huge amounts of water especially small to medium floods which have been taken by dams, supplementary irrigation take, and floodplain harvested.

The Lower Balonne Flood Plain Grazing study found a loss of 22% in stocking rates and in addition a 29% decrease in gross margins.

In my opinion in the Macquarie Marshers floodplain the financial loss is much greater. When the flood plains receives floodwater with natural timing, quantity and quality the environment and grazing industry both boom in production.

And Thus the saying "Fat Ducks means Fat Cattle".

The irrigation industry has a saying "that water should go to the highest value use". I recommend that the government sells extraction water to the highest value use at the highest value with all costs added on after the market sale price has been achieved.

Once again thank you for the opportunity to make a submission.

If I can be of further assistance please contact me.

Kind regards