



11 March 2016

Water Access Entitlements Register Consultations Working Group
Foreign Investment and Trade Policy Division
The Treasury
Langton Crescent
Parkes ACT 2600

Dear Sir/Madam

Waterfind is a long-time advocate of improving water market information, and therefore supports all efforts to improve transparency within the Australian water market. Establishing a National Register of Foreign Ownership of Water Access Entitlements (NRoFOoWAE) is thus welcomed by Waterfind in principle.

However, Waterfind is of the opinion that creating a NRoFOoWAE is not something that should be prioritised by the Australian Government as a standalone register, or even if combined with the Agricultural Land Register as proposed in the Consultation Paper, without further developments to establish an overarching National Water Register, of which NRoFOoWAE could be a part of.

Specifically, Waterfind believes that in relation to water market transparency there are wider and frankly more important issues than registering foreign water asset ownerships. In the absence of Commonwealth administered register the States have gone and developed their own water registers with often great results. However, at present there is no focal, well-functioning nation-wide water market information service.

Waterfind appreciates that the National Water Market System (NWMS) project undertaken by the Australian Government was supposed to fill this void by synchronising state based water registers and increasing their capacity. Waterfind supported the goals of the NWMS, but acknowledges that after considerable expenditure the project was not delivering the results that were initially identified.

Although the NWMS program has been discontinued by the Commonwealth, the Bureau Of Meteorology (BOM) still collects water market data from different states through the information systems created for the NWMS. This data is made publically available through the NWMS website, and the raw data could be downloaded in a useful Excel format. However, the currency of the downloadable data in the project website has not been maintained anymore. Although the program itself did not achieve its goals and there are quality issues with regard to the completeness of the data, the NWMS data was



very useful for water market participants and e.g. the only source of trading information for many non-established trading regions. Thus Waterfind is concerned that the significant work and \$56 million investment that was undertaken through the NWMS program is at risk of being unutilised.

In its response to the *Water Act 2007* Review the Government acknowledged that that "access to timely, high quality, water trading data is essential to the functioning of Australian water markets". Furthermore, recently the ACCC recommended in its Review of Water Charge Rules Draft Advice that "the Australian Government should work with Basin States to improve the accuracy and consistency of water trade reporting". Taking this into account, Waterfind considers that if establishing a NRoFOoWAE is now prioritised over wider development of a National Water Register, irrigators and other water market participants might not look at this favourably as there is a clear and recognised need for better water market information.

In fact, Waterfind would argue that in order to establish an effective NRoFOoWAE, a prerequisite for this is an all-inclusive National Water Register. Waterfind therefore strongly suggests that instead of standalone development of a NRoFOoWAE the Australian Government should prioritise the redevelopment of the legacy of the NWMS project, and either improve the existing portal or develop a new one as soon as is practicable in order to provide more efficient water market information services for all stakeholders via a National Water Register. As mentioned, a NRoFOoWAE could be a part of this National Water Register.

Secondly, if and when a NRoFOoWAE is established one way or another, in Waterfind's opinion it would absolutely need to include irrigation rights held within Irrigation Infrastructure Operators' (IIO) bulk licences, not just Water Access Entitlements (WAE) as proposed by the Working Group. As stated in the Consultation Paper, 21% of water entitlements on issue in the Murray-Darling Basin are held by the IIOs, which in its own right is a good enough reason why they should be included.

However, when this is broken down to a valley specific level, it becomes even more evident why irrigation rights should not be excluded. For example, in the Murray and Murrumbidgee Valleys more than 63% of High Security entitlements and more than 57% of General Security entitlements are owned by irrigators within the largest IIOs¹. Therefore, excluding them from the NRoFOoWAE would arguably undermine the whole foundation of the register.

Waterfind would like to remind the Working Group that irrigation rights within IIOs are very much equivalent to WAEs. Exclusion of irrigation rights would create a two-tiered approach and would be counterproductive towards the objective of improving transparency. Water markets have in the past witnessed enough opacity – hence creating a new opaque register is definitely not something the Australian water market needs.

¹ This includes water held in the Murrumbidgee Irrigation, Murray Irrigation, Coleambally Irrigation, Western Murray Irrigation and West Cororgan Private Irrigation District Water Access Entitlements, thus excluding smaller private irrigation districts and joint water supply schemes.



Waterfind is happy to provide the Working Group further details on any of the issues discussed in this letter or on water markets in general.

Sincerely

A handwritten signature in blue ink, appearing to read "Alister Walsh", is positioned above the typed name.

Alister Walsh
CEO
Waterfind Australia