

QUAMBONE PASTORAL CO. PTY LTD

ABN: 76 097 265 355



16th November 2025

PO Box K35
HAYMARKET POST SHOP NSW 1240
Via email: ipart@ipart.nsw.gov.au

Dear Sir/Madam

RE: PRICES FOR WATERNSW FOR REGIONAL AND RURAL BULK WATER

Thank you for this opportunity. I'd like to apologise in advance if my thoughts negatively affect IPART staff self-esteem.

Australia is a free market non-subsidising internationally trading economy especially in agriculture.

I believe IPART is conflating full cost recovery and pricing, and then promoting your pricing to the general public of New South Wales as a fair and just market price for Water. In actual fact, it is a very limited (in definition), partial in size, and manipulated by self interested lobby groups and resulting in the transfer of a very valuable renewable Crown asset Water to very few entities at a small percentage of the actual cost of the department services, the market rent of the buildings, dams weirs etc, the cost to downstream land holders and communities along rivers and wetlands who have had the water originally taken from them, the environmental effects on flora and fauna (RAMSAR, int'l Bird agreements, Int'l free trade agreements) and the removal of evaporation from rivers and wetlands which is causing climate change resulting in drying and heating in the inland downstream communities.

By not having total full cost recovery and the market sale of water at the Available Water Determination (AWD), irrigators are able to sell their produce below the true market cost of production- especially when considering forward contracts, which irrigation is perfectly designed for.

Forward contracts with entities (such as Woollies, wineries, Feedlots, Flour Mills etc) ask irrigation producers for a price which can be worked out from their profit and loss statements where all the costs are listed by farmers accountants, then it is only a matter of adding a profit margin.

The problem is that THE defining cost of a irrigation business is 'Water'. This is not included in the 'profit and loss statements'- as zero values are not included and heavily subsidised costs are the wrong value. These subsidised Forward Contract prices are at the beginning of the production season, and set the price for the remainder of the season as buyers can say "I have just bought product just down the road at this price, you'll have to match it or no sale".

Once you understand buying it cheaper 'just down the road' and your subsidisation of product 'just down the road' you realise that dryland agricultural production is having to compete with below the true cost of production (irrigation product). This can be seen over the years in dry land vineyards, dairies, fruit growing, natural fibre production, barley, sorghum, and other grains and vegetables. In the continuing Cost-Price squeeze in agriculture this additional subsidised competition is causing/has caused otherwise viable farming families to become unviable resulting in farm liquidations, community and social harm, and unfortunately suicides.

Your subsidisation and the gifting of Water at the available water determination (AWD) has been going on for at least 50 years.

Last year, as a result of the Water buybacks, ABARES was asked to estimate the market value of temporary water in the Murray Darling basin. Its conclusion is that the southern Murray basin prices would rise to an average of \$540 per megalitre.

So, logically, one second before the AWD you believe the irrigation lobbyist and subsidised the cost recovery value and didn't comment on the transfer of valuable Crown assets, then, one second after the AWD ABARES says the average value of the water is \$540 per megalitre.

You, IPART, with your combined academic knowledge must've known of these two combined subsidies and the negative flow on effects economically, socially, and environmentally to our nation, our international treaty agreements (free trade biodiversity, RAMSAR etc. Etc.) to protect, restore and return environmental sustainability. To maximise net economic returns to the Australian community, not foreign communities.

These subsidies have been going on for at least 50 years with IPART, bureaucrats, lobbyist, and politicians colluding in a cartel type manner creating a type of Ponzi scheme. This Ponzi scheme will collapse as soon as the public realise that the irrigation industry is receiving billions of dollars of assets each year, for over 50 years, and is greater than the state debt. As a result of the huge state debt the state governments are unable to afford essential workers.

I am including my submission to the investment industry and regional development committee which includes my references and further explains the problems and includes the solutions. You will find this on the page below.

Once again I apologise if I've upset your staff but my community has suffered over years a increased cost price squeeze, farm failures, bankruptcies etc etc and to hear that you can't recover cost from the irrigation industry because they don't feel like paying them is unconscionable.

If I can be of further assistance, please do not hesitate to contact me.

Dugald Bucknell

QUAMBONE PASTORAL CO. PTY LTD

ABN: 76 097 265 355



1st May 2025

The Chair
Investment Industry and Regional Development Committee
Parliament House
6 Macquarie Street
SYDNEY NSW 2000

Via email: investmentindustry@parliament.nsw.gov.au

Dear Sir/Madam

RE: INQUIRY INTO THE IMPACTS OF THE WATER AMENDMENT (RESTORING OUR RIVERS ACT 2023 ON REGIONAL COMMUNITIES

Thank you for the opportunity and the extension of time to make a submission to this most important inquiry, and correct the misconceptions held by many communities and politicians that have been peddled by large self interested industry lobby groups.

My family has lived on or beside the Macquarie Marshes floodplain since 1912, and have actively been involved in progressing Australia's national interest since the early 1800s.

I would like to begin with some facts:-

1. All water in rivers, lakes and aquifers, occurring naturally on or below the surface of the ground are vested in the Crown, in other words - owned by the people of New South Wales.
2. The Commonwealth used its external affairs powers to force an agreement between the states and the Commonwealth and created the Commonwealth Water act and water agreements.
3. Water resources are over allocated and/or overused (statement of fact in 'objects' & agreed with by SA Royal Commission)*
4. As a result of the Commonwealth Water Act and the basin agreement, the New South Wales government has to also comply with the Objects of the Commonwealth Water Act* especially the "Relevant International Agreements to the extent to which those agreements are relevant to the use and management of the basin water resources".

As a result of the **Water Amendment (Restoring our Rivers) Act 2023** the Federal Government asked ABARES (Australian Bureau of Agriculture Resource Economics) to examine the

impacts on irrigated agriculture of using buybacks to meet outstanding recovery under the 450 GL target. The resulting paper is very enlightening especially table1*

ABARES studied three scenarios: 125GL, 225GL and 325GL recovery. The higher Water allocation prices for temporary transfer are most enlightening and indicate the price will rise from \$474 to \$545. This is not a permanent transfer water license, but rather temporary or annual Water license allocations. One would imagine that increasing the recovery to 450GL would increase the average price of temporary water to closer to \$580 per megalitre.

Acknowledging that the average price of temporary water will approach \$580 per megalitre is the cornerstone of my argument.

Water is only being bought from willing sellers so the remaining irrigators will own a product that has a much greater value, and as a result their permanent Water licenses will also increase exponentially in value, much the same as when Gold increases in value the price of gold mining shares also increases in value. With this in mind, the asset value of all irrigators is increasing, not decreasing, as is being falsely communicated by the Industry.

The state governments (who own the Water on behalf of the Crown) do the Available Water Determination (AWD). The water value immediately before the AWD is of zero \$0 value, however immediately after the Available Water Determination ABARES states the average value is approximately \$550 per Meg.

In the Murray Darling Basin the Sustainable Diversion Limit (SDL) is 11,630 GL of which NSW Murray Darling Basin SDL is 6656 GL, so in 100% allocation years the NSW Government at the AWD is giving the irrigation industry water to the value of \$3,660,800,000. ($6656000\text{meg} \times \550) An asset that can instantly be sold.

The ABARES values are reported in \$2022–23 dollars.

The practice of giving water to the irrigation industry has been going on forever, however if you start from 1975 and go through to 2025, and bring that into today's value in real terms, we are talking about 50 years of \$3,660,800,000, or a total of \$183 billion in the NSW Murray Darling Basin alone.

If you added the remaining rivers in NSW, it would be easy to come up with \$250 billion.

My understanding is that the NSW state debt in 2027 is expected to be \$236 billion. In other words, all politicians collectively over half a century, have given the state debt in value, to the irrigation industry, an industry which is predominantly owned by overseas interests or entities who are taxed in overseas jurisdictions.

For example, I understand that the Canadian Pension Fund (Canada's PSP Investments) owns a substantial percentage of water entitlements in the Murray Darling Basin. Canada's PSP Investments can instantly cash its annual allocation if desired and take the proceeds back to Canada to help fund their mounted police and other essential workers, whereas in New South Wales we do not have enough money to pay our essential workers in this cost-of-living crisis.

If NSW taxpayers/voters knew of this gross financial mismanagement there would be riots in the streets - a perverse economic outcome.

The giving of this water to the irrigation industry is a cost of production subsidy, which gives an unfair and perverse advantage to the irrigation industry versus dry land production in NSW and Australia. It is best explained using an example:-

Irrigated oranges use between 10 and 15 Megs of water per hectare - that represents a subsidy of \$8,250 per hectare. ($15\text{mg} \times \550)

Irrigation is great. It has many attributes and one of these is future production predictability and forward contracts are a great management tool for forward production volumes and price.

Grocery stores such as Woolworths, Coles, Aldi etc.. need to know where their supply of food is coming from for the future. So they are more than happy to do forward contracts with irrigated orange growers. The orange growers need to establish their cost of production along with a small margin for profit. To do this, they go to their Profit and Loss Statement normally supplied by their accountancy firm. They will find all the expenses for the last financial year so it is easy to work out a set price for a future contract. The problem is that the state government has given the Water to the irrigator for free, so it does not appear in their profit and loss, and as a result it is not accounted for in the forward contract for their irrigated oranges, creating a very perverse outcome.

This outcome allows a grocery store to set a below true cost of production price in their stores.

It also enables Woolworths to go to all food suppliers and bargain down their price because they can get it cheaper just down the road.

The oranges are effectively being dumped on the market and distorting it for all other producers, especially dry land producers. The above example is not only happening within Australia, but is being done by Australian irrigators on international markets which would be against Int'l Free Trading Agreements, especially to the ire of Donald Trump at the moment.

Most of Australia's agricultural production, food and fibre, is exported around the world to wealthy countries that can afford to pay for it. But here in Australia we have irrigated product that is being subsidised by state governments such as yourselves, to give cheaper food and fibre to Paris London, New York, Vancouver, Tokyo, Beijing, Seoul - all countries that we have free trade agreements with, yet we do not have the money for our essential workers, teachers, nurses, ambulance drivers, policeman librarians etc.

What an incredibly perverse outcome Australian state politicians have created.

Once you understand the example of oranges above, you can transfer that scenario to the production of irrigated Barley in the Macquarie Valley, where it would use about two megs of water. Because it is a winter crop the cost production subsidy would be $2 \times \$550 = \1100 per hectare, and the production is much higher - say seven tons per ha. This allows them to take out forward contracts again with grain traders such as Feedlots and establish forward pricing below the true cost of production.

There's very little irrigated Barley grown in the Macquarie Valley, but there is a large amount of dry land Barley produced. The forward setting of prices enables grain traders to truthfully say they have just bought cheaper Barley just down the road.

The effect of this artificial lowering of prices is to decrease profit, even to below profitability. This has a monstrous effect on our communities. The profits made by these dry land businesses is the money that is spent in our regional communities - in shops, health centres, on entertainment, restaurants - creating jobs and sustaining our schools, etc.

Another incredibly perverse economic and social outcome politicians have created.

There has never been a socio-economic study done on the effects caused by irrigation on downstream communities in the Macquarie Valley. The only study ever done was the **Lower Balonne Floodplain Grazing model report** which found a decrease in carrying capacity of 21.62% plus a decrease gross margin, ie earnings of 29.34%.

When I met the modeller, [REDACTED], I asked him if it was possible to do a study on the Macquarie River, and he said the authorities did not want such a study because they would be suspicious of the results. I then asked him if we could use the lower Balonne study and he said we could use it "indicatively".

I've since asked our accountants to put our own profit and loss statements through the model results for the years 2014 to 2023. Indicatively the loss per year is \$1,417,427.00. After tax that would be \$992,198.60. The lost profit per week before tax is \$27,258.

If a business that relies on the natural production of grass and water can lose \$1.4 million a year one can only assume the loss to the natural environment, flora and fauna, caused by the reduction in water to the Macquarie Marshes.

Another perverse economic, environmental and social outcome caused by giving water for free to the irrigation industry.

As you are all aware originally Water allocations/licenses were tied to the land but the state government in their wisdom decided to separate water from land so it could be commercialised traded collateralised etc. It just forgot to actually commercialise the sale of Water at the available Water determination(AWD).

All other local government, state government, Commonwealth government i.e. Crown assets that are disposed of are auctioned, expressions of interest or tended so that they go to the highest value use, avoiding subsidies and potential corruption and other perverse economic outcomes.

True market value for Crown assets would be returned to the public purse to be used in the budget for social economic and environmental outcomes and even reducing state debt.

The solutions:

When the State Government announces the AWD, the water should be auctioned to Water license holders. Each license holder is able to purchase Water to the maximum of their license volume.

This will ensure that Water goes to the highest value use which ensures that the total production in irrigated agriculture will be maximised. High value and production crops will receive more water and thus productivity will be massively boosted. Low value and production crops which have competed with dry land production will receive much less water and thus be unable to decrease the competitive prices received by those dry land producers which will avoid dumping of product as discussed above.

This will force inefficient subsidised irrigation production to change - possibly back to dry land production, where they can fairly compete unsubsidised.

Avoiding the forward contract prices of dumped product will lift the competitiveness of dry land production in rural communities lifting profitability of these agricultural businesses which will have flow on effects to all rural communities and small towns, making them all more sustainable. Most of these businesses are Australian owned and pay Australian tax.

Agricultural politicians have had the ambition to achieve \$100 billion of agricultural production. This simple change to the pricing of water will probably mean that we surpass \$100 billion very quickly. It will also increase the amount of income in the state budget from the sale of water, also the income/ profit generated across the community will become taxable.

With communities becoming more sustainable, the need for welfare payments will decrease also helping the budgets of state and federal governments.

Woolies, Coles, Aldi etc will still be able to have forward contracts but they will be based on businesses full profit and loss statements (unsubsidised by free irrigation water) so that fruit growers in naturally competitive areas eg Orange, Batlow, North Coast etc can compete fairly in this cost of living crisis - helping communities right across the state.

Water for the Environment which is held as licenses would need to be purchased each year. This will solve the problem of not having enough water to make the Environment sustainable, so that when the Environment needs water, the environment department can purchase water up to the extent of their licenses.

The money involved is actually achieving a round robin effect, i.e. it comes out of the state budget - goes to the Environment department - goes to the water department - goes back to the budget.

This mechanism allows the priorities of the State Water Act to be complied with under section **5(3)abc**, **section9(1)ab** and also, this mechanism complies with the Objects of the Commonwealth Water act, all of them, I suggest you read each and everyone of them to see what I mean. They are attached below.*

Ironically and perversely, if water had always been sold (by an open market system) to the irrigation industry at the available water determination there would be no need for the Water Amendment Restoring our Rivers Act, because the environment, through the appropriate departments would be able to buy 100% of their water allocation in years when the environment needed it, thus making it sustainable.

The need for the 450 gig would be in addition to sustainability.

My second recommendation is that the New South Wales Water Management Act be amended at **section 5(3)** Water Sharing Principles to also include the Objects from the Commonwealth Water Act 2007, and then below, to prescribe an updated list of the relevant Int'l Agreements to the extent which those agreements are relevant to the use and management of the basin water resources.

My third recommendation after implementation of the second recommendation, is to have a Royal Commission into how the Objects and Principles of the Act have not been complied with, the cost to the state of non-compliance, and how to recoup the loss, along with any other relevant matters involving unlawfulness maladministration and political fixes.

In conclusion, although we regard the impacts of the Water Amendment (Restoring our Rivers) Act 2023 as a small, but very positive step forward in realising the importance of the sustainability of the Murray Darling Basin, the massive amount of time spent on trying to rectify and reverse the gross over extraction of water from the MDB would not have been necessary if the Objects and the Principles of the Water Acts had been followed in the first place.

Yours faithfully


Quambone Pastoral Co. Pty Ltd


References:

- South Australian Murray Darling Basin Royal Commission Report
<https://static1.squarespace.com/static/608f6ee3994fb525aa27657d/t/60909819e725855253b5667a/1620088880761/MDBRC+REPORT+31.1.19.pdf>
- ABARES impacts of buybacks on irrigated agriculture (esp. Table 1):
<https://www.agriculture.gov.au/abares/research-topics/water/the-impacts-of-further-water-recovery>
- Lower Balonne Floodplain Grazing Model Report:
<https://www.mdba.gov.au/sites/default/files/publications/lower-balonne-floodplain-grazing.pdf>

4 Meeting the Act's priorities for water sharing is an ongoing challenge

This chapter introduces and provides a rationale for the Commission's key recommendation that the Plan needs to be amended and subsequently remade to meet the water sharing principles outlined in the Act.

In summary, the water sharing principles in the Act explicitly prioritise the protection of the environment and basic landholder rights over extractive use in the making of the Plan. The Act further emphasises that it is the duty of all persons exercising functions under the Act to act in accordance with them. The Act principles are clear - the needs of the river must come first. The Plan needs to be amended and then remade to achieve the priorities in the Act.

4.1 Priorities under the Act are clear

The Act makes it clear that water sharing is not about balancing uses and values, it is about firstly providing for the environment and secondly recognising basic landholder rights above other uses. The relevant water sharing principles are found in section 5(3) of the Act (**water sharing principles**), and are part of a broader set of water management principles.¹⁵¹ The Act specifies that:

- a) "sharing of water from a water source must protect the water source and its dependent ecosystems, and
- b) sharing of water from a water source must protect basic landholder rights, and
- c) **sharing or extraction of water under any other right must not prejudice the principles set out in paragraphs (a) and (b).**"¹⁵²

Further, section 9(1) of the Act provides that "It is the duty of all persons exercising functions under this Act:

- a) to take all reasonable steps to do so in accordance with, and so as to promote, the water management principles of this Act, and
- b) as between the principles for water sharing set out in section 5(3), **to give priority to those principles in the order in which they are set out in that subsection.**"¹⁵³

Persons exercising functions under the Act, as contemplated by section 9(1), would extend to the Ministers, in making a new water sharing plan,¹⁵⁴ amending a plan¹⁵⁵ or extending it.¹⁵⁶

- Commonwealth Water Act Objects

3 Objects

The objects of this Act are:

- (a) to enable the Commonwealth, in conjunction with the Basin States, to manage the Basin water resources in the national interest; and
- (b) to give effect to relevant international agreements (to the extent to which those agreements are relevant to the use and management of the Basin water resources) and, in particular, to provide for special measures, in accordance with those agreements, to address the threats to the Basin water resources; and
- (c) in giving effect to those agreements, to promote the use and management of the Basin water resources in a way that optimises economic, social and environmental outcomes; and
- (d) without limiting paragraph (b) or (c):
 - (i) to ensure the return to environmentally sustainable levels of extraction for water resources that are overallocated or overused; and
 - (ii) to protect, restore and provide for the ecological values and ecosystem services of the Murray-Darling Basin (taking into account, in particular, the impact that the taking of water has on the watercourses, lakes, wetlands, ground water and water-dependent ecosystems that are part of the Basin water resources and on associated biodiversity); and
 - (iii) subject to subparagraphs (i) and (ii)—to maximise the net economic returns to the Australian community from the use and management of the Basin water resources; and
- (e) to improve water security for all uses of Basin water resources; and
- (f) to ensure that the management of the Basin water resources takes into account the broader management of natural resources in the Murray-Darling Basin; and
- (fa) to ensure that the use and management of Basin water resources takes into account spiritual, cultural, environmental, social and economic matters relevant to Indigenous people, including in relation to their knowledge, values, uses, traditions and customs; and
- (g) to achieve efficient and cost effective water management and administrative practices in relation to Basin water resources; and
- (ga) to ensure that the governance of water markets and trading arrangements relating to Basin water resources is appropriate, and that governance measures promote integrity and transparency in water markets; and
- (h) to provide for the collection, collation, analysis and dissemination of information about:
 - (i) Australia's water resources; and
 - (ii) the use and management of water in Australia.