



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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MEDIA RELEASE

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Windsor supports Heffernan's call to keep speculators out of the water market

Independent Member for New England, Tony Windsor, has come out in support of Liberal Senator, Bill Heffernan's call for speculators in the water market to be excluded from the trading of water to make paper profits where a productive use for the resource is not the prime intention of the trade.

Mr Windsor said Senator Heffernan's proposal was to ensure that city based speculators with no connection to the use of water could not interfere in the market.

"I believe that Bill Heffernan has raised a valid issue of concern within the water using and country communities," Mr Windsor said.

"There is real concern that so called water barons would spring up under the National Competition Policy and Council of Australian Governments' guidelines on water reform and profit from the capital gain on water licences without necessary regard for productive water use or the social impact on country towns."

The push since the 1995 COAG agreement has been that Resource Security and Tradeable Entitlements are the same item. This is a continuance of a policy line that seeks to avoid governments, both State and Federal, bearing financial responsibility for the unsecuring of a major asset – namely access to water on reliable terms.

Tradeable entitlements is a term lifted out the 1994 COAG paper from a section that talks about the need for the establishment of a new property right.

"The failure of both governments to recognise a definition of property rights (ie resource security), one of the key tenements of the original State/Federal COAG arrangements, makes a mockery of any attempt to have a market in water that will function correctly."

"To have a system where the 'property rights' can be varied at the stroke of a pen removes the certainty that a true market requires and provides the ideal climate for water barons to create artificial water shortages which in turn can create windfall capital gain profits to the investor.

"This may be well and good for city or overseas investors but is it in the interest of country people?" Mr Windsor asked.

Mr Windsor said he had spoken on a number of occasions to Senator Heffernan and would work with him to create a better outcome.

Mr Windsor said the recent release of a company prospectus to attract investors in a water company with the sole objective to trade water indicated that city based investors could see a margin in trading water.

"That margin could well be a direct transfer of dollars from the country to the city, something we can ill afford," Mr Windsor concluded.

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