

# Privatizing the Murray-Darling Water Basin Will Destroy Australian Farming

by Jeremy Beck, Victorian State Chairman, Citizens Electoral Council; and Allen Douglas

*This article is adapted from one which originally appeared in the September/October 2007 edition of the Australian New Citizen, the newspaper of the Citizens Electoral Council of Australia, a Lyndon LaRouche co-thinker organization, based in Melbourne (www.cecaust.com.au).*

After a farcical one-day “hearing,” and with the full support of the ALP (Australian Labor Party), Prime Minister John Howard rammed a bill through Parliament on Aug. 17, to pave the way for the Federal government to seize control of all of the water in the Murray-Darling Basin (see map). Its purpose is to sell off the already corporatized state water utilities to private companies such as Macquarie Bank, which will then loot consumers of tens of billions of dollars in increased water charges.

The Murray-Darling Basin is the breadbasket of Australia, which accounts for 71% of its irrigated crops, and feeds 61% of its people. At stake, therefore, is the security of Australia’s national food supply, as well as the social and economic viability of regional Australia throughout the Basin. This threatened farm capacity is also vital for millions in Southeast Asia, under current patterns of foreign food trade flows.

The initial phases of water privatization in recent years, coupled with deregulation of the dairy industry, have already caused the loss of 20,000 of Australia’s farms, from an official figure of 150,391 in 1994, to 130,526 today. In reality, there are far fewer farms, because the Bureau of Statistics has changed its definition of what constitutes a farm, from one with \$22,000 of agricultural output per year to only \$5,000, thereby dramatically inflating the number of farms.

Although Howard organized this latest phase, the plot to privatize water began under Labor Prime Minister Paul Keating (1991-96), and it has been a joint Coalition/Labor project all the way, with all of the Labor state governments currently in discussions with the banks to sell their water utilities. Last year, state Labor governments attempted to sell off the Snowy Mountain Scheme—the famed water and power project built in the 1950s.

The propaganda line of Howard and his Water Minister, the merchant banker Malcolm Turnbull, is that there will be “price signals” from increased water prices, to tell the “marketplace” to spur on private investment in improvements in water infrastructure, much of which is over 50 years old. But in reality, under the guise of “overallocation” and similar environmentalist buzzwords, farmers will be largely stripped of the 70% of the Basin’s water they now use; they will be bankrupt-



*The Murray-Darling Basin in New South Wales, is the breadbasket of Australia; it is targeted for privatization by powerful financial interests, at the expense of Australia’s people, especially its struggling farmers, who are being driven to such desperation that many are committing suicide.*

ed, and their water sold to the cities, with little or no new infrastructure investment made. Indeed, farmers’ water allocations have been cut even in the present drought, in favor of “environmental flows” (water left in its “natural” state, for the presumed benefit of the environment) flushed out to sea.

Already, one Australian farmer commits suicide every four

days; that number will soar, as we as a nation become dependent on foreign food. Yet the new Howard legislation itself speaks of “buying back water entitlements and assisting irrigators in the unviable or inefficient parts of schemes to exit the industry.”

There is opposition to Howard et al., but he is bulling ahead. Just before Victorian Premier Steve Bracks and his Water Minister John Thwaites suddenly resigned on July 27, Bracks charged that Howard’s actual intent was to privatize all of the Basin’s water. Caught, Howard bellowed that Bracks was “desperate, stupid, inaccurate, and just totally wrong.” However, even the website of the Prime Minister features the study, “A Discussion Paper on the Role of the Private Sector in the Supply of Water and Waste-water Services.” Echoing Bracks, New South Wales (NSW) Minister for Lands and Regional Development, Tony Kelly, declared on Aug. 2, “I am just a little bit worried this is all about making water another commodity so that Macquarie Bank can be able to buy and sell it and make an absolute fortune.”

In brief, the plot to benefit Howard’s owners, Macquarie and others in the international financial networks, began in the 1990s with their asset, Prime Minister Keating and his Labor government. In 1994, Keating initiated the water grab, through an agreement of the Council of Australian Governments (COAG), and as part of the same National Competition Policy which led to the other privatizations in gas, electricity, transport, and telecommunications. It picked up steam when the Murray-Darling Basin Commission (MDBC) started interstate water trading in 1998, and accelerated rapidly when Howard created his National Water Initiative (NWI) in 2003, and later, the National Water Commission (NWC) in December 2004, to implement the Initiative. Its final phase is the legislation just passed by Parliament, with the full backing of Kevin Rudd’s Australian Labor Party.

### The Privatization Scam

Privatization has a simple premise: The less water there is, the more can be charged for it. Thus, there has been no serious Federal government attempt to expand water supplies throughout the entire, horrific, drought-ridden period which began coincident with Keating’s initial moves toward privatization in 1994-95, through to today. Water supplies to farmers have been shrinking throughout that period, not solely—or perhaps even mainly—due to drought, but to government action or inaction, including, most recently, the cut-off of water allocations, and the diversion of ever-larger quantities into environmental flows.

The whole process of privatizing government assets, including water, was begun internationally under the Thatcher government in Britain (1979-90), and was designed by the Mont Pelerin Society, the granddaddy of all right-wing, deregulationist, pro-globalist think tanks internationally. The Mont Pelerin Soci-



Pratt Water

*The Murrumbidgee irrigation area in the Murray-Darling Basin. Prime Minister John Howard, the Labor Party, and the Greens want to turn off the spigots.*

ety was set up after World War II by the British Crown and its chief financier, Harley Drayton, to organize against the type of strong national government represented by President Franklin Delano Roosevelt in the U.S., which would not kneel to the financial oligarchy. Given the Crown’s role in privatization, it is lawful that the president of the Murray-Darling Basin Commission is the Rt. Hon. Ian Sinclair, a member of Her Majesty’s Privy Council. On behalf of, and answerable only to the Crown, the Privy Council is the ruling body of Britain and its still-existing empire (“Commonwealth”). Upon induction, all members swear sole allegiance to the Crown, and an oath of complete secrecy regarding any Privy Council business—which includes any financial business of substance throughout the empire.

### Bankrupting Agriculture

The preconditions for privatizing water are, first, to separate the ownership of water from the land, so that it is “tradeable”; and then, to jack up its price so that it is profitable for the new water barons. The first took place several years ago, and helped lead directly to the second, in large part, through huge government purchases of water, which forced up the price dramatically.

Chris Lahy, a dairy farmer from the Murray Valley, recently described the process: “As soon as they separated land title from water title, it allowed trading. This happened just after 2000, about 2002. When the water title was separated from land, we saw water prices go up by virtually 300%, from your modest \$30 per megalitre, up to an average of \$100 per megalitre; and, in the drought times, we were paying \$200 or \$270 for water; and at that price, it was unsustainable, and you could not grow or produce anything that was going to make money. That was going to send you broke. For us, on our farm, \$175 a megalitre, once you got to that point, there was no point irrigating anymore because the cost of buying water and delivery exceeded your income.”

The Basin Commission gives each state a water alloca-

tion, which it then divides up among its users, a process easily open to abuse, particularly as states are under pressure to increase environmental flows. Lahy described how it worked in New South Wales: “100% water allocations were reduced by the NSW state government, in real terms, by 13% down to 87%. That 13% was to allow for evaporation, infiltration, and environment. That water was taken away from farmers’ allocations without a single cent of compensation nor discussion. Then what started happening, at the end of the season, was that parcels of water that were tagged ‘environment’—they

were selling it back to us. What the hell is going on? These guys are taking our allocation and selling it back to us!”

A June 30, 2007 *Sydney Morning Herald* article by Daniel Lewis and Marian Wilkinson summarized why prices are soaring, and the tap is increasingly being shut off for farmers, through the actions of the Basin Commission, the National Water Commission, and the host of government-funded radical environmentalist authorities.

“With farmers, management authorities, and governments laying claim, the battle for water in the Murray-Darling Basin

## The Players in the Scam

All of the chief personnel involved in Howard’s “water reforms,” from the Murray-Darling Basin Commission through his National Water Commission, are either hardcore privatizers or radical environmentalists. Notably, Howard stacked the Basin Commission and the National Water Commission with former officials of the radical right-wing, Big Business-financed National Farmers Federation (NFF), and with environmentalist fanatics, notably from the notorious Wentworth Group of Concerned Scientists. (As in the global warming scam, Big Business is in bed with the environmental lobby, which it has heavily financed.)

The single most important figure in determining water allocations in the Murray-Darling Basin, has been Dr. Wendy Craik, chief executive of the Basin Commission since 2004, and executive director of the NFF from 1995-2000. The NFF itself has endorsed Howard’s new legislation, though it’s obvious that it will decimate regional Australia. Their endorsement is not surprising, since the NFF is known by most farmers as “No Family Farms”; it was founded in 1979 to help push free trade and deregulation throughout the economy, as it is now doing with water. The full story of the NFF is told in the Citizens Electoral Council’s 1998 96-page pamphlet, “Stop the British Crown Plot to Crush Australia’s Unions” (see [www.cecaust.com.au](http://www.cecaust.com.au)).

However, since the Murray-Darling Basin Commission could not force changes in water flows and allocations, Howard founded the National Water Commission to establish the infrastructure and policies for such mandatory changes, and two of its seven ruling Commissioners were top figures in the NFF: Peter Corish, the national president of the NFF from 2002-06, when he left to join the NWC; and longtime Howard hit-man, David Trebeck, the founding deputy director of the NFF, and the mastermind of the 1997-98 plot to bust the Maritime Union of Australia (MUA).

NFF personnel also co-wrote the Workplace Relations Act 1996 as the precursor to the present, anti-human Work Choices Act. Many think that Craik is the obvious choice to

head up the new Basin Authority, which will dictate what her Commission could only suggest.

The founding of the NFF occurred at the same time as the accession to power of the Thatcher government in Britain. Members of the blueblood, Anglophile Australian Woolgrowers and Graziers Council (AWGC) founded the NFF to lobby for free trade and to bust up the farmer-labor alliance policy of longtime Minister of Trade, the legendary John “Black Jack” McEwen. McEwen’s policy was for rapid economic growth generated by a program of “Protection All Around,” for both agriculture and for manufacturing. The AWGC’s executive director was David Trebeck, soon to be the founding deputy director of the NFF. Money poured in from Big Business to finance NFF actions against the unions.

Besides the NFFers, another Howard appointee is Prof. Peter Cullen, a member of the Wentworth Group, which advocates outright cutting off water supplies to agriculture and similar genocidal actions. In fact, contrary to Howard’s phony pledge of “no forced reduction in allocations,” Cullen calls for precisely that, as in *The Australian* on Jan. 10, 2007. Among his other posts, Cullen is a member of the Natural Heritage Trust Advisory Committee, which specializes in locking up land in perpetuity.

The Wentworth philosophy is most famously expressed by the quack “scientist” Tim Flannery, who demands that Australia’s population be cut back to 6 million (from 21 million today), and by fellow Wentworth member Prof. Mike Young of the University of Adelaide, who calls for compulsory acquisition of water allotments because “the market is too small,” as in his recent discussion paper. In fact, “buying water on the market should come before spending on water infrastructure, to allow the market to show which irrigation systems warrant future investment and which should be scrapped,” Young told *Stock & Land* on June 12, 2007. “Some [farming] systems will inevitably be abandoned as water flows from them, with associated impact on rural communities,” but, he chortled, “this would be a sign that the market is working.”

Still another Howard appointee to the NWC is Chloe Munro, who oversaw the electricity sector “reforms” (i.e., wholesale privatization) under former Victorian Premier and Mont Pelerin Society stooge Jeff Kennett.

has reached fever pitch.

“Competition for water in the Murray-Darling Basin has gone from a non-event monopolized by farmers to an aggressive multi-billion-dollar game in a few short, remarkable years. In Australia’s food bowl, irrigators have been crowded by the likes of RiverBank, the Murray-Darling Basin Commission, the National Water Commission, Water for Rivers, catchment management authorities, the Living Murray, the Achieving Sustainable Groundwater Entitlements Program, the National Water Initiative, the Australian Government Water Fund, and the New South Wales Wetland Recovery Plan.

“So many vehicles for restoring water health and security in response to so many suffering farmers, thirsty towns, stressed rivers, aquifers and wetlands. Now the Prime Minister, John Howard, has trumped the lot with his \$10 billion national plan for water security....

“All this competition for water means it looks more like liquid gold than ever before.”

### Calling the Scam, a ‘Reform’

In January 2007, Howard handed merchant banker Malcolm Turnbull the new, tailor-made Cabinet post of Minister for the Environment and Water Resources, precisely for the purpose of overseeing the privatization of the Murray-Darling under the Murray Darling Basin Authority (MDBA). Turnbull is unabashed about his enthusiasm for water privatization. In a speech quoted in *The Australian* on July 26, Turnbull summarized the sweeping powers of the new Basin Authority:

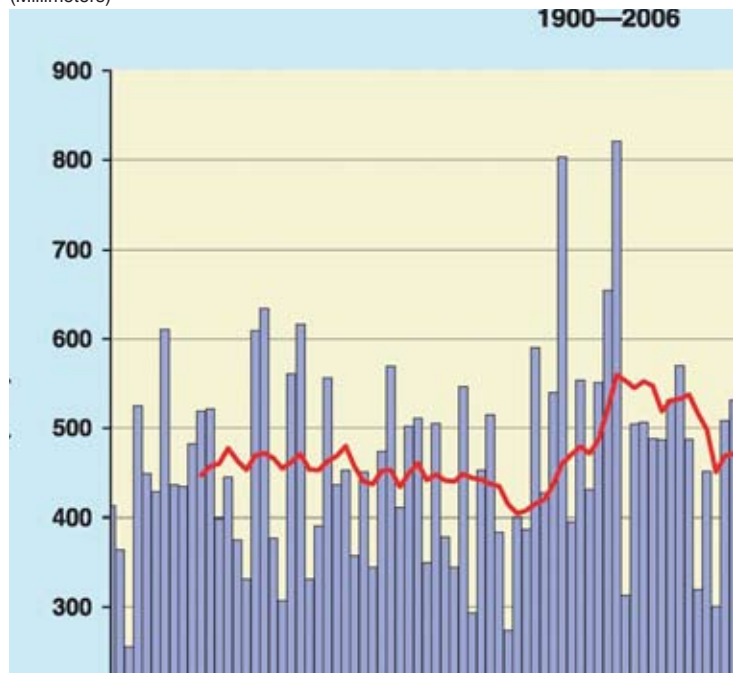
“It will represent the biggest reform of water management in Australia’s history, and it will see the Murray-Darling Basin on the path of a sustainable and secure water future. For the first time, there will be one body setting and enforcing a sustainable diversion limit across the basin that recognizes the interaction between surface water and ground water. There will be a basin-wide approach to establishing a water market and water pricing. The Murray-Darling Basin Authority will set salinity and water quality objectives and develop and implement a Basin Environmental Watering Plan....”

Turnbull said nothing about creating new water supplies, because the Aug. 17 bill is not intended to, but is entirely aimed at privatization. Indeed, the NWC’s chief scientist Dr. Colin Chartres has repeatedly come out against creating new water supplies, for example, by desalination, in favor of solely relying on “rainfall as the primary source of water,” while the NWC’s chairman Ken Matthews has denounced the idea of bringing some of the huge water supplies in northern Australia to the South, as “fanciful.” The intent to privatize is obvious in the act’s objectives. As summarized by the NWC, its key points are:

- 1) water access entitlements and planning;
- 2) water markets and trading;
- 3) best practice water pricing;
- 4) integrated management of water for environmental and other public benefit outcomes;

### Murray-Darling Basin Annual Rainfall

(Millimeters)



*This is not “the worst drought since Federation,” as claimed by Federal Water Minister Malcolm Turnbull. Rather, the Labor government’s failure to build water infrastructure in the face of a growing population, and the present environmentalist scam of diverting water from agriculture for “river health,” makes it seem so.*

- 5) water resource accounting;
- 6) urban water reform;
- 7) knowledge and capacity building; and
- 8) community partnerships and adjustment.

The premise from which everything in the new legislation will flow, is an “audit” of exactly how much water “exists” in the Murray-Darling Basin. That, of course, can be a highly subjective matter, depending on the criteria of those doing the audit, not only as to quantity, but also depending on their calculations for salinity, “climate change,” the need for “environmental flows,” etc., not to mention whether or not they intend to create additional supplies. In plain English, they can say that the water supply is whatever they “find” it to be; determine whatever supplies should be allocated for whatever uses they want (70% currently goes for irrigation); and can thus cut off the tap to farmers at will, causing the price of water to zoom and bankrupting farmers by the thousands.

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is currently doing an audit for the NWC, and—lo and behold!—is apparently going to find out that there is much less water than thought. “If the CSIRO’s water calculations emerge as forecast by Dr. Chartres, they may spell disaster for many farmers in Victoria, South Australia and NSW.... Mr. Howard said the audit would determine the sustainability of irrigation” (*The Age*, July 26, 2007).

Howard already announced in April this year, that the general allocation for the water year from August 2007 to May

2008 will probably be zero. That could result in staggering losses of as much as \$36 billion (\$6 billion in direct production and the rest in associated industries), according to Wayne Meyer, Professor of Natural Resource Science at the University of Adelaide (*The Age*, April 20, 2007), even before considering the much higher prices for food. There is, additionally, a question as to how much Howard himself is responsible for the predicted zero allocation.

In November 2006, Howard held a “Drought Summit” with the state premiers. Ken Pattison of the Pyramid Hill-Boort Water Services Committee has reported that he told Howard at the time that a disaster was coming, and that he should shut off

water to recreational lakes in South Australia, and hold more back in the Snowy, Dartmouth, and Hume reservoirs, or “face a crisis within 24 weeks.” Howard did nothing. The result was summarized by Wakool Shire Mayor Ken Trewin: “Hundreds of thousands of megalitres of stored water has been squandered to SA [South Australia] where it largely evaporated in Lakes Alexandrina and Albert at the expense of the rest of the communities upstream” (*Herald Sun*, April 20, 2007).

Howard’s new water legislation will devastate the rural sector in the Murray-Darling Basin, a fact that is so obvious, that the Federal government has absolutely refused to conduct the normal “social impact” study for such far-reaching legislation.

## Buying Up Water Allocations; Destroying Dairy Farming

Farmers are under fierce pressure to sell out their rights to water allocations, to one or another of the swarm of competing buyers on the water market, ranging from environmentalist groups such as Water for Rivers and Living Murray, to the Federal government. A June 10, 2007 *Sydney Morning Herald* article, by Daniel Lewis and Marian Wilkinson, summarized why prices for water licenses are soaring, with a devastating impact on farming:

“Cliff Twigg is a dairy farmer who sits on the management board of the West Cororgan irrigation scheme near Corowa, on the Murray. The district has been unsuccessfully targeted by the Living Murray. ‘The Government offered \$1000 [a megalitre] and we just laughed at them,’ Twigg says. ‘They came back and said we will give you \$2000. They wanted 10,000 megs. You will hear some of the deals they are doing are up to \$5000 a meg now.’

“Twigg said he was determined to see no water leave Cororgan and undermine the investment he had made in irrigation. ‘We have only got to lose 10 per cent of our allocation and it’s non-viable. If we don’t get that allocation we are running at a loss. I want to keep water because I want to stay as an irrigator. It’s our lifeblood. You can’t dairy without water.’”

In terms of water allocations, the Murray-Darling Basin Commission is running another scam, in which desperate farmers trade in their “General Security” allocations for a much smaller level of allegedly guaranteed “High Security” allocations, and at a substantially higher price. But then, the Murray-Darling Basin Commission (through the state governments which it directs), delivers only a fraction of the “High Security” water. Chris Lahy, a former dairy farmer, described how it has worked:

“High security water is divvied out to wine grapes, table

grapes, nuts of all sorts—almonds in particular—and vegetable growers. It’s not a great amount of water, but their use per hectare is a lot lower. For example for a dairy farmer, your water usage per hectare was quite high. Then they started putting in a new equation—dollars per hectare per megalitre; so what that meant was it didn’t matter what you do with irrigation water, it was all unproductive, because they say flood irrigation is an evil, because the dollars per megalitre per hectare did not stack up well against high security users.

“But the thing is, the dairy industry says, ‘That’s crazy man, we’re producing milk. Every person in this country has milk in their house—in their fridge—and we need wine to live?’ So we said dairy farmers should be a priority for water delivery, even if we don’t get high security water. Fortunately, they saw the sense in that, and said maybe we should supply something called ‘modified stock and domestic’ or ‘modified water’ for dairy farmers during the drought time; but it still was not enough. It was too little action too late. A lot of farmers just went broke.”

And Howard’s claim that there will be no forced acquisition of water is, of course, a fraud, because desperate farmers will have to sell their water.

Further, when private companies take over the water, they will obviously spend the bare minimum on repairs or upgrading of vital water infrastructure, all the National Water Initiative/National Water Commission propaganda about “full-cost recovery for infrastructure” to the contrary.

University of Adelaide’s Prof. Wayne Meyer pointed out the obvious: “We have public water systems that are 50 to 80 to 100 years old, all in increasing need of upgrading and replacement.” If such repairs/replacement are not done, “there is no way out short of going into catastrophic closure.”

Does anyone seriously think that the bankrupt Macquarie banks of this world are going to pour tens of billions of dollars into water infrastructure? They clearly do not intend to, but to grab the 70% of the Basin’s water now used for irrigation, bankrupt the farmers, and divert that water, at skyrocketing prices, to the cities.