

# ACCC summary of findings

05/08/2020



It is important as irrigators in the Murray Valley that we jump on board and support the ACCC interim review into water markets, before their final report at the end of the year.

This report is different to many others because the ACCC actually has power to operate outside the Water Act and many of the issues they mention align with those being pursued by SRI.

We feel this is a real opportunity to get some positive and beneficial change and we urge as many of you as possible to jump on board and make a submission - it can be as long or as short as you want, all it has to do is illustrate how you have been affected and what changes will benefit your business and the community.

Below is a list of key findings in the report:

- Exploration of potential market architecture reform including accountancy of conveyance losses and transmission loss applied to trades and delivery of water, along with investigation into the under-developed state of trading rules for unregulated systems in northern New South Wales including floodplain-harvesting.
- Water market intermediaries such as brokers and water-exchange platforms operate in a mostly unregulated environment, allowing conflicts of interest to arise, and opportunities for transactions to be reported improperly.
- There are scant rules to guard against the emergence of conduct aimed at manipulating market prices, and no particular body to monitor the trading activities of market participants.
- There are information failures which limit the openness of markets and favour better-resourced and professional traders who can take advantage of opportunities such as inter-valley trade/transfer openings.
- Differences in trade processes and water registries between the Basin States prevent participants from gaining a full, timely and accurate picture of water trade, including price, supply and demand.
- Important information, such as allocation policies and river operations policy, which can significantly impact water pricing, are inadequately communicated to the irrigators and traders who rely on these to make business decisions.
- There is a disconnect between the rules of the trading system and the physical characteristics of the river system. For example, on-river delivery capacity scarcity, conveyance losses and adverse environmental impacts are not considered in the processing of trades that change the location of water use, except through some blunt and imprecise rules, such as limits on inter-valley trade/transfers.
- Overarching governance arrangements, which result in regulatory fragmentation and overlapping of roles of different governing bodies, contribute to many of these problems, or prevent them from being addressed in an effective and timely way.
- As trade volumes have increased and locations of trade have changed, problems with the current arrangements have begun to emerge.

The full report can be accessed on the ACCC website at:

<https://www.accc.gov.au/focus-areas/inquiries-ongoing/murray-darling-basin-water-markets-inquiry/interim-report>.

Submissions must be made by August 28 and can be sent to [waterinquiry@accc.gov.au](mailto:waterinquiry@accc.gov.au) or via post to:

Director, Murray Darling Basin Inquiry, ACCC,  
GPO Box 313, Canberra ACT 2601

It is a numbers game and the more submissions they receive, the better it is for all of us and the future of our farms.