

MEDIA RELEASE

Governments must act on ACCC water market report

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The Commonwealth and States must act fast to implement the ACCC's recommendations to reform the Murray-Darling Basin water market to better support food and fibre production.

The Australian Competition and Consumer Commission (ACCC)'s final report released today highlights what irrigators have known for years, that the water market has been allowed to evolve and operate with scant regulation to the detriment of water users and rivers.

"It is no surprise to irrigators that the ACCC found comprehensive reforms are needed, particularly in the southern Basin," said NSWIC CEO Claire Miller.

"Confidence in fair and efficient markets is essential. We call on Governments to immediately act on the ACCC's recommendations to address the deficiencies in water markets."

Ms Miller said an independent Water Markets Agency to oversee the market was long overdue, along with other measures recommended by the ACCC such as formalising delivery shortfall arrangements, more transparency on water allocations and conveyance losses, and implementing water market data standards, an information portal and education program.

"It is not much comfort the ACCC found no evidence of market manipulation when it also found such conduct is difficult to detect given information gaps, no prohibition on behaviours such as insider trading, and brokers and exchange platforms operating in largely unregulated space.

"Water trade is an important risk management tool for irrigators. But the ACCC got it right: irrigators do not trust that the water markets and key institutions are fair or working to their benefit. That in turn undermines the confidence to invest in efficient agricultural production.

"The Basin's water market is a world-first. What started as a small informal system has now grown to a large, interconnected set of markets valued at over \$1.8 billion per year.

"But while water markets have grown in size and importance to farmers and the consumers who rely on the Basin's agricultural produce, the regulatory framework has not developed at the same rate, and that needs to change.

"NSWIC calls on Governments to treat reforming the market with the same urgency they displayed buying back water for the environment more than a decade ago. It is important that Governments also adequately fund the market reforms to avoid squeezing the margins even more on farmers trying to make a return on using water to grow food and fibre."