Murrumbidgee Valley Food and Fibre Association

Summary

MVFFA advocates for policies that promote the resilience and profitability of family irrigation farming businesses, inland MDB communities and their diverse, related processing industries.

MVFFA agrees with the ACCC that the water market, particularly in the Southern Basin, is inadequate and does not align with domestic and international market requirements for agricultural produce.

The MVFFA membership believes the goals of land and water management, including water markets, have never been agreed. Therefore water markets have not been designed to achieve goals. Instead there has been a chaotic evolution of governance, rules and regulations undermining social and economic capital.

The deregulation of water, in and of itself, has not been the problem. As the ACCC has identified, there are benefits associated with moving water around between different commodities and usage. Rather the problem is the way it has been done. The consequence is that family farmers and their communities have been forced to participate in the "irrigation hunger games". Risk is not fairly shared in the system, with traditional farmers bearing the costs and the brunt.

A market architecture and supporting institutional framework must be designed after goals for land and water management have been agreed at the relevant scales – local, state and national. Imposing additional layers of regulation is not a solution.

Areas of agreement

The ACCC has identified key issues in the water market which the MVFFA agree need solutions. These are:

- 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

MVFFA represents business owners in the Murrumbidgee Valley. Many of our members are directly engaged in irrigated agriculture, producing a wide range of agricultural commodities. Our membership also includes those engaged in related businesses including processing, marketing and provision of professional services, from towns and cities within the Murrumbidgee Valley. Our focus is on water policy at all levels of government because the ecological, economic and social sustainability of communities like ours is dependent on how water is managed.

- 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. A serious additional consequence of these problems is that many water users do not believe that the markets and key institutions are fair or working to the benefit of all water users. There is not a level playing field. Impediments to informed and confident trading by many irrigators caused by these problems is likely to impede investment that is important for efficient agricultural production.

The issues the ACCC has identified with market information include prices, supply, demand, delivery, logistics and market participants.

For organisations like MVFFA, the most confronting part of the ACCC report is that it identifies in some detail and confirms what many of us have tried to articulate since the 1990s. It is of great concern to us that major economic policy and water policy agencies have long denied or downplayed that poor design of what the ACCC has coined “market architecture” is open to manipulation and is not fit for purpose in terms of a market.

The market offering has been crudely divided into two

i) the actual physical water, incorrectly assumed to be homogeneous and
ii) the regulatory/physical capacity to deliver.

For a well-functioning market to operate it is imperative that we start out by really understanding what we want or need. What does the ideal system look like to the “end users” and “paying customers” and our communities in the Southern Basin?

The institutional shambles that, as irrigators and their communities, we have been witnessing and asked to cooperate with for around 3 decades has, very unfortunately, not resulted in the promised result of improved, equitable allocation of resources or led to benefits to our diverse agricultural economy. It has, instead, been risking the long term social and ecological fabric of productive irrigation communities and their ‘value add’ industries.

Shambolic governance and the exponential rise of overlapping, impractical and counter intuitive rules and regulations have resulted in an alarming degradation of timely and reliable water access and reliable water quality and thus the ability to produce for our diverse domestic and international markets.

Irrigation farming in the Southern Basin was originally designed as a relatively secure business, producing long term reliable volumes of food and fibre with associated, vertically integrated manufacturing. It has increasingly become high risk and unreliable in circumstances where there has been short term market failure right across the spectrum. The process of "water reform" and turning water into a separate tradable property right has been a major driver in loading excessive delivery, financial and quality risks onto our primary producers.

The rice industry is a well-publicised case in point. This industry was the basis of regenerative land management and cooperative investment up until approximately 25 years ago. The local industry has been getting displaced and disrupted by industrial scale monocultures and downstream development. This is a sub optimal outcome for us and for Australia, partly because the successful investment in building irrigation communities and developing human capital by governments and taxpayers over many decades has been systematically squandered in favour of questionable short term financial goals.

There is and always has been enormous potential to improve productivity and market diversity through a clear focus on land and soil management, water management and adaptable, cooperative and diverse irrigation farming as opposed to the methods which have been widely encouraged since deregulation, which for producers, are increasingly proving to be high risk, high cost and even environmentally destructive.

The real socio-economic and environmental strengths in our wonderful, inland, purpose built, irrigation communities and indeed Australian agriculture in general is in its long term diversity and the spreading of water demand throughout the water season.

We all recognise that the CAPITAL value of the water asset has increased via this process, but the real value of Irrigated Agriculture to the Australian Economy is the continuity and diversity of irrigated agricultural production, which in economic terms is more valuable to the Australian economy than the specific capital value asset of water.

In practical terms for producers, the higher "capital" asset of water has only increased leverage capabilities for irrigation businesses via borrowing. It has therefore made the real business of production of a diverse range of agricultural commodities even more vulnerable and risky. We do not produce water and water is not an end product of our businesses. It is an essential input to the success of our businesses.

The difference with water and the related need to define goals is in its nature as an essential service.

Coming to definitions, the market currently assumes that water is homogeneous in quality and the ACCC has identified this is not the case. The systems and the 'market architecture' delivering the water do not deliver a homogeneous product, and there is no reliable information about heterogeneity. Farmers can pay $800 per ML on the market and be delivered water laden with blue green algae or other toxic substances. There is little or no accountability for poor quality water or poor delivery. Other essential market inputs in Agriculture have very important and very clear requirements for product quality, volumes and delivery.

The ACCC has clearly identified that there are some serious gaps in the collection and reporting of market data driven largely by Basin States and the multitude of water delivery authorities such as Basin State approval authorities, who are local monopoly service providers (for example Water NSW, OEH and IIOs in NSW) in their respective regions. In the ACCC's own words:

"this has prompted a technological 'arms race' between a limited number of market participants who have the expertise and resources to help ensure they are at the 'head of the queue' and able to capture the benefits."

And further:

"provision of trade services can have distributional impacts on market participants generally, and can create space for specific market misconduct—such as insider trading—to occur"

As per MVFFA's original submission to this inquiry:

Between market speculators and government behaviour, the water market has been effectively shorted which means the prices are then inflated. This prices out long term iconic industries like Dairy and Rice as the actual producers can't produce and make a reasonable profit. Even though the marketing arms of these companies can survive, the flow on effect to our producers and their communities, including job losses in mills, factories and through the logistics chain is of real concern to all of us. The main driver for that is the lack of timely and affordable access to water entitlement and the inflated price of temporary water. While water traders and various government entities may have done well out of this situation, MVFFA questions if it makes long term, financial sense to endanger our ability to produce export earning, paddock to plate, global staples like rice and dairy.

MVFFA Checklist

This prompts us to ask, yet again "What are the long term goals for water use in Australia and how does a water market facilitate achieving those goals?"

MVFFA has developed a checklist of six criteria against which we can judge water management including water markets, outlined below.

1. **Clear goals** - The goals of water management, including water markets, are poorly enunciated or not enunciated at all. It is not possible to design a well-functioning market unless the goals of the market are clearly defined. Three decades of 'water reform' history indicates that the Commonwealth has imposed a highly unrealistic and simplistic goal of allocating water to 'the highest value use' yet what is considered 'high value' in terms of irrigated agriculture and our domestic and international markets, long term, is not clear. MVFFA submits the goal should be to allocate water resources to 'the use which has the highest value to society in the long term'.
2. **Effective legislation and regulation** – Water markets and the broader framework of land management in which they nest have inconsistently evolved and have 'cobbled together' rather than being properly designed to achieve a set of agreed goals. ***MVFFA submits that adding additional layers of regulation is not the solution to this issue.***
3. **Clear definition of the resource** – The definition of the water resource has been crudely divided into two – water itself and the regulatory/storage capacity to deliver it. The time has come for a clearer definition of the marketable resource and what is needed to improve its

use. Definitions must include the delivery and the quality standards of the physical product as all other markets do.

4. **Fast feedback loops** – Once markets are in operation, it is necessary for there to be fast feedback loops at all scales. There are basically no fast feedback loops in water policy. As the ACCC has identified, there is evidence of gaming of the system when anomalies arise.
5. **Equitable access to information** – Water markets are not transparent and there is enormous scope for insider trading. Organisations with inside information due to their monopoly status and their privileged position in the regulatory, representative space, should not be permitted to trade.
6. **Equitable access to support** – The Commonwealth and other governments have pumped billions of dollars in recent decades into downstream development and promoting the idea of corporate or industrial agriculture at the expense of generational businesses who have always been focussed on regenerative, cooperative and mixed farming models coupled with increasing efficiencies based on knowledge of the landscape, soils and community. The encouragement of development with no new water has resulted in a distortion in the allocation of water resources towards property developers, and away from legitimate, adaptable, diverse and important generational farming business models. There are also concerns raised about our Australian tax laws with water ownership, water pricing, permanent vs temporary sales and water trading that we hope the ACCC can also investigate.

Market administration

MVFFA agrees that:

"Improved integration between service providers, such as private exchanges and brokers, public approval authorities and water registers, and IIO registers, as well as between these providers and broader water accounting, trade processing, and information frameworks, would help to address many of these problems."

MVFFA agrees that:

The ACCC has identified that current trade application forms and Basin State trade approval processes are strongly linked to the underlying legislation which defines tradeable water rights in each jurisdiction, 'dealing' types (for example, different types of temporary and permanent trades) and procedural requirements for Basin State trade approval processes. As such, legislation can act as a constraint on Basin State's ability to respond to stakeholders' calls for improved water market information and transparency and to respond flexibly to market developments. The ACCC also notes that there are very limited requirements governing how IIOs keep registers of irrigation rights and water delivery rights within their networks, how they approve trades, and how they collect and transfer market data, and IIO performance on these aspects is correspondingly low. Further, the ACCC is not aware of any record-keeping or data provision requirements which apply to all brokers and exchanges operating in the Basin , with the result that the level of data provided by different private exchanges and brokers differs markedly, is incomplete, and is not well-linked to IIO or Basin State registry data."

MVFFA agrees that:

"There is a need to establish a clear and comprehensive framework governing all entities who process trades—including brokers who provide matching services, exchanges, IIOs and Basin State approval authorities.

- Each Basin State should have a clear legislative mandate to keep a register to record all entitlement trades and all allocation trades.
- Each Basin State water register should have a clear legislative mandate to provide information services based on registry data, and clear publication requirements should be specified (although detailed requirements should be specified in delegated legislation such that they can be changed from time to time as needed).
- IIOs should also be required to establish and maintain comparable registers for both temporary and permanent trades, within, out and into their networks. The ACCC considers this may be by way of partnerships with state agencies.
- Update Water Regulations 2008 (Cth) to more clearly specify data reporting requirements for trade of irrigation right.
- Create the ability to register contracts with water registers and/or annotate allocation trades conducted pursuant to a contract with an identifier such that all allocation trades arising under one contract can be identified together.
- Introduce standardised single party identifiers across the Basin, for example using ABNs.
- Standards and agreed processes for processing trade applications and recording and disseminating trade data should be mandated. These should apply to all entities engaged in processing trades—including exchanges, IIOs and Basin State approval authorities.
- Basin States should work towards harmonising trade application fees for allocation trade in the Southern Connected Basin, while also recognising the National Water Initiative principles for cost recovery.
- Basin Plan trading rule 12.48 should be revised to require prices to be reported for all tradeable water rights; that is, including irrigation rights and water delivery rights, not only water access rights

*fairly, manage the underlying physical constraints of the water supply and river system and allocation of scarce resources.

MVFFA would also add that the physical, deliverable water product needs to be subject to clearly defined quality, volume and delivery standards as all other physical marketable inputs to production are (eg fertiliser, ag chemicals, fuel, seed, feed supplements etc.) As noted elsewhere in this submission, producers can find themselves paying highly inflated prices for temporary water that can have serious quality issues or that can't be delivered in the paid for and required volume or timeframe.

The ACCC has clearly outlined the complex governance issues that need addressing in these comments:

"Governance issues impacting water markets include that:

- ineffective decision-making frameworks can lead to governments being put in positions where they need to make reactive decisions, leading to uncertainty for market participants and a lack of confidence in the stability of market settings

- fragmentation of roles and functions leads to inconsistent governance frameworks, and difficulties for stakeholders in understanding and effectively engaging with governing institutions. This also leads to difficulties resolving problems and harmonising systems due to the time, resources and coordination necessary to effectively collaborate, leading to bureaucratic inertia.

- conflicting roles and functions can lead to some existing government agencies not fulfilling certain roles or functions as well as they could

- regulatory or governance gaps can lead to the opportunity for misconduct to occur, or mean that third party impacts (externalities) are not being adequately addressed."

MVFFA questions the efficacy of the ACCC's following propositions.

- considering the feasibility of adopting 'continuous accounting', which involves allocating water as it flows into storage, rather than allocating for an annual water year, in the Southern Basin. Under this approach, the concept of the water year has less relevance as resource managers do not reset water account balances to zero at year; and so rights holders do not have to make use of a carryover mechanism to defer usage of water over time .

While MVFFA agrees this may have some merit, it must first be recognised that State Government departments and monopoly water service providers in the regulated Southern Connected MDB are already basically using their influence on formulating and 'interpreting' the rules & regulations to 'continuously account' for themselves in our 'single water year' accounting system. Something like this must be introduced equitably and cross border, cross valley, cross WSP governance issues must first be fairly addressed.

- exploring whether the introduction of 'capacity sharing'—where each water user is allocated with a share in storage capacity and a share in water inflow—would be practicable and beneficial within the Southern Basin. Individuals could store water subject to the rule that for each individual, if the sum of water usage and water inflows exceeds the allocated storage capacity, the excess is re-allocated in the same period to other users in proportion to their capacity shares.

- developing mechanisms to allocate the scarce resource of 'on-river delivery capacity' to better manage the ability to move water through natural river systems, particularly at points of capacity constraint. One option is to develop rights frameworks and markets that enable trade of this capacity between water users.

* Another option could be to distribute use of the capacity through a mechanism, other than a market. These mechanisms would help smooth peaks in water demand, which can cause problems for the parties below the constraint that require water and for the environment.

Once again, MVFFA recognises there is merit in these ideas but first it must be clearly outlined that there is already a legislative inequitable right to do this that favours government entities and monopoly delivery providers that must first be fairly addressed.

Responses to ACCC questions

In answer to some of the direct questions posed in the interim report:

• Do you support disclosing some ownership information for those who own more than a certain amount of entitlement in a system? If yes, what proportion should this be and how will this change your approach to engaging in the water market? If no, why?

Answer.

Yes. Because this is a very shallow or thin market, we would suggest that any entity that owns or operates or regulates the management the resource set needs to have ownership information supplied similar to all other forms of property in Australia. Additionally, as with all other essential business inputs such as fertiliser, stock, chemical, fuel etc, we need access to robust information about the timely delivery and quality of these inputs. As the end users, this would help to foster trust in the development of and thus better engagement with the water market.

• Do you support the mandatory collection of broker details in trade forms where the trade was facilitated by a broker? Do you consider that reporting (in an aggregate manner) on broker facilitated trades could increase transparency and reduce concerns about broker misconduct?

Answer.

Yes and it must also include the facilitation of trades by State water providers and delivery companies who have legislative monopolies. This must also include State environmental bureaucracies like OEH and ACTEW etc who are amongst the largest water owners in the MDB but also trade water. It must apply equally to all.

• Do you consider the publication of IIO trading data (internal and external) would be of benefit to all water traders?

Answer.

Yes

• Would a customisable IT application be an efficient solution for standardisation of IIO registers and trading data? Would the National Irrigation Corporations Water Entitlement Register form a useful basis for this?

Answer

Yes, but MFVVA submits there is no shortage of examples in other physical agricultural input markets (eg fertiliser) with customisable software that would potentially be even more useful and practical than the National Irrigation Corporations Entitlement Register.

MVFFA seriously questions comments in the interim report that rely on comparative graphs based on averages:

As one of many examples:

'Climate analysis by the Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation indicates that April to October rainfall between 1999 and 2018 was either the lowest on record or very much below average across most of the Basin, compared to average rainfall since 1900.'

AND

'As cited in a recent report from the Interim Inspector-General of Murray–Darling Basin Water Resources, Mick Keelty AO, median inflows from the tributaries of New South Wales over the past 20 years are almost two-thirds lower than those experienced during the previous century (see figure 2 below). The report stated that irrigation expanded rapidly in a relatively wet period during the 1990s, and that many water users' memories of water availability may have been formed during this period, which had less frequent dry years than the period since. The report also found that dry periods in different parts of the Darling and the Murray are increasingly occurring at the same time.'

MVFFA submits that using specific calendar points to make comparisons to long term averages in such a highly variable, ephemeral and increasingly modified system like the MDB, most especially the Southern Basin, is unrealistic and thus basically flawed.

If we picked 2010 to 2020 as our reference years and averaged those to compare with the last 100 years it would tell a very different story as would comparing those 10 years to 2000 to 2010.

We are all acutely aware that our climate and thus our inflows are highly variable. That was a major reason why we built the storage and regulatory systems last century. That was in response to the last long running drought over 100 years ago known as the "Federation Drought 1895 to 1903."

We also need to point out that Mick Keelty AO is correct that new development occurred in the 1990's via State and Local Government approvals, but it also needs to be made clear that since the introduction of the CAPS in the 1990s, **there have been no new water licences for irrigation**. New irrigation development outside traditional, gazetted or approved irrigation regions without corresponding 'new water' has further exacerbated the key market issues outlined in the ACCC report. MVFFA is supportive of development but not if it is at the expense of existing industry or our local environments**. There is no new water, there is actually less productive water available due to the water reform process.**

Using traditional methods and longer time frames would likely demonstrate that there is no alarming developing trend to inflows. Using the millennium drought was not the most representative time to be sampling and comparing.

Interpreting all data related to inflows, storages, usage and constraints more realistically, practically and transparently in our view will assist in mitigating the essentially 'crossed purposes' and highly conflicted issues very clearly outlined by the ACCC here:

"The system has been built for water management, but not for efficient water trading. Effective governance of the Basin is impeded by fragmented roles and responsibilities, and differing rules, as well the inconsistent enforcement of those rules. The complexity of the markets is increased by ineffective and opaque governance arrangements, and the roles of numerous Australian and state government agencies which sometimes overlap or conflict.

Water management in the Basin has been in place for more than 100 years, through arrangements between Basin States to share the Basin's water. But water trading is relatively new. It was first introduced on a small scale during the 1980s and 1990s, at different times in different regions, to enable trading of small volumes of water between irrigators within the same region; and to help manage the impacts of drought."

And….

"Nonetheless, Basin State governments have long agreed on aims for Basin water markets. The Water Act 2007 (Cth) specifies that the objectives of the water market and trading arrangements for the Basin are:

- *to facilitate the operation of efficient water markets and the opportunities for trading, within and between Basin States, where water resources are physically shared or hydrologic connections and water supply considerations will permit water trading*
- *to minimise transaction cost on water trades, including through good information flows in the market and compatible entitlement, registry, regulatory and other arrangements across jurisdictions*
- *to enable the appropriate mix of water products to develop based on water access entitlements which can be traded either in whole or in part, and either temporarily or permanently, or through lease arrangements or other trading options that may evolve over time*
- *to recognise and protect the needs of the environment, and*
- *to provide appropriate protection of third-party interests.*

Although governments have attempted to pursue these objectives, the ACCC considers that many have not been achieved."

Our comment is it is highly concerning to our membership that many of those objectives or goals have not been achieved and that various government entities, State and Federal, have been downplaying the failure to achieve these clear objectives.

Although flagged and consistently reviewed since the 1990s, no coordinated work has been completed to put in place a comprehensive framework that enabled universal access to information or account for such necessities as public goods, quality control, long term markets or ecological/environmental services which are not priced in by short term financial markets.

To us, the ACCC has outlined that it is really time to take a step back. With the benefit of experience from recent decades, Australians and their representatives need to agree on the goals for landscape and water management out as far as 2100. Having established those goals, governance structures and investment can then be put in place to achieve them. The structures need to include clearly defined roles, responsibilities, accountability, feedback loops and accessible remedies where governance fails.

From this base, a new and efficient governance framework could be built that Australians can trust and a transparent water market can help to facilitate that.

Unfortunately, the current policy and regulatory settings for water trading in the Basin, the inconsistency in trading rules and policies across the Basin States and the fragmentation of roles and functions across the Basin has resulted in poor outcomes in the irrigated agriculture sector, particularly, but not only, the sectors that have GS or equivalent state licences in the originally gazetted irrigation areas.

Irrigators, have far less security and reliability of access to their water entitlement their "property right". This is despite legislated commitments from the Federal Government that timely access to water entitlements would not be eroded. In particular, growers have experienced decreasing allocations relative to available water. The effect of this, coupled with the impact of increasing water market prices, means the annual irrigation sector is increasingly vulnerable, casting doubt on the continued presence of a diverse and resilient agriculture sector in Australia. Considering the overwhelming bulk of irrigated agriculture and value add industries occur in the southern basin, this is a poor market outcome for Australia.

The experiences of the state and federal water reform processes of the past two decades have illustrated that there is not a clear vision for irrigated agriculture in Australia. In addition, water market reform has not supported diversity of commodities and industries in the agricultural sector. While we acknowledge there are benefits in water markets, we definitely need to see a coordinated approach to address the negative consequences of a poorly designed water market and the impacts of other state and federal water reforms.

Carry over and other identified obstructions caused by "Market Architecture"

The ACCC has identified that carryover and other licences like conveyance, loss licences and IVT has contributed to the reduction of reliability of timely allocations, particularly, but not only, to GS licence holders in NSW.

It's not however the original intent of carryover, IVT or conveyance and loss licences that's the issue, it's rather what's been subsequently done to them in the name of an evolving water market that has created negative impacts.

There is no consistency across valleys or across state borders. Water has been 'rebadged', moved around, multiple times, by State and Federal government entities, IIO's, water brokers, corporates and others in "paper trades" in order to take advantage of the different volumetric rules and to avoid differing spill rules. Multiple trading of the same parcels of water via the different carry over regulations has further shorted the market by jamming up the storage and regulatory systems with water that is not being drawn down and thus impeding timely water allocations. Instead of being a type of insurance product for producers, carryover, loss modelling, Conveyance licences, IVT & etc. are now being inappropriately manipulated and this is further driving up the price of water through a lack of supply at critical times. This is totally counter intuitive and counterproductive. The original intent of carryover, for example, was to enable producers to have some access to unused water from the previous season at the start of the next watering season on July 1. It was recognised that they have already planted their winter cereal crops before this time. It was not intended to be used as a "parking space" for other classifications of water or as a separate marketable tool.

The current debiting costs associated with Capture, Storage, Losses, Transmission, carryover and Conveyance are also no longer "fit for purpose". In any other market, freight and storage costs are factored into the end cost of the product and it should also be the same for water. MVFFA submits that costs for storage and conveyance losses, including those associated with carry over and IVT trades, must be factored into all allocation trades downstream or cross valley or cross border from their original entitlement source zone in the entirely regulated Southern Connected System. The storage, conveyance and transmission losses for commercial trades should be based on an analysis of transport through the system and charged accordingly to the end user. This would be consistent with commitments in the Water Act 2007, The NWI 2004 and the 2012 Murray Darling Basin Plan that the policy reforms would not erode the reliability of anyone's water property rights. Currently, the original entitlement zones, particularly the GS Licenses in those zones are fully exposed to paying costs for storage, conveyance and transmission losses even when they are at 0% allocation. In the interests of a transparent, efficient and functioning market, MVFFA submits it is well past time to rectify the numerous inequities in rules and regulations that sees irrigators paying all the storage, delivery charges and conveyance charges for water, whether they receive it or not. There is no financial incentive for State agencies like Water NSW or water delivery companies such as Murrumbidgee Irrigation and Murray Irrigation to actually efficiently deliver the product to the end consumer while these inequities are operating in the market.

In our view it is imperative that carryover and other parcels of water like conveyance licences need to be restored to deliver on their original intent and they also need to be streamlined across valleys and states. Under current circumstances they are most definitely jamming up the storage and regulatory systems and causing harm to our long term agricultural domestic and export markets.

Conclusion:

MVFFA would like to congratulate the ACCC for its very detailed report on the complications and concerns that are operating in the water market in the Southern Basin. Due to the identified issues of "market architecture" and the highly conflicted regulatory framework it is clear there is an urgent need to articulate some clear goals about how this market could operate transparently and what the long term benefits to Australia are.