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Murray–Darling Basin water markets inquiry—interim report

The ACCC's Murray–Darling Basin water markets inquiry—interim report identifies concerns relating to market architecture elements and the alleged impacts of trade-related activity on other water users and the environment caused by policy and rule design. These well-founded concerns undermine the basic principles of a sustainable market and have not received the prominence they demand in the interim report.

Water trading in the MDB has failed to protect the environment and the integrity (security) of the basic tradable products, water entitlements.

The interim report tends to address “physical constraints” as a barrier to productivity and increased flexibility to trade water, and pays insufficient attention to environmental damage caused by increased trade on the Basins Rivers. These flows and damage also impacts recreational fishers, tourism businesses and social activities of local communities.

The water market has increased the distribution of, and distance travelled of water deliveries in the Murray Darling Basin. These distribution losses are not properly accounted for and are socialised across all other water entitlement holders (including Government EWH's).

Policy responsibility and regulatory oversight being spread across State and Commonwealth agencies has failed to address disconnect between the realities of the physical system and the rules governing water trading and delivery.

Under the National Water Initiative, Basin States agreed to implement water pricing and institutional arrangements which, among other things, promote the efficient and sustainable use of resources and assets, facilitate the efficient functioning of water markets, and give effect to the principles of user-pays and avoid perverse of unintended outcomes.

Goulburn Valley Environment Group requests the ACCC to fully address the issues of environmental damage and water entitlement integrity in its final report, by thorough consideration of setting of adequate hydrological limits to protect the river, as is being trialled on Victoria's Goulburn River and conversion factors for downstream trades to cover losses.

Yours Sincerely

GVEG President

Protecting the environment for generations to come