

## **ACCC inquiry into water markets in the Murray Darling Basin**

### **Southern Cross Farms - Response**

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### **Background**

*the reasons for your interest in water markets*

- where you are located and where you hold or trade water*
- the nature and frequency of your dealings with water markets*
- the types of water rights you hold, if any*
- any other information that provides context to your observations.*

*This will help us target our recommendations appropriately.*

Southern Cross Farms is a horticultural management company specialising in the development and operations of Australian Farming Assets on behalf of individual and institutional investors.

Southern Cross Farms (SCF) have provided horticulture management services to investors for over 30 years.

Corporate Orchards and Vineyards crops are managed from the SCF office located in Mildura, in North West Victoria. The properties range from Riverland in SA through the Murray Valley (Sunraysia and Swan Hill) to the Riverina district of NSW.

A wide range of commodity management experience includes; Citrus, Wine Grapes, Table Grapes, Avocados, Almonds, Pistachio's, Wheat, Watermelons, Pumpkins and Rockmelons.

Farm Management is undertaken on site at each farm unit by Farm Leaders with permanent, casual and contracted staff. The farm management units are overseen via a central office on behalf of the farm owners. This central office is the auspice of SC Farms with Operations, and Agribusiness Managers supported by the Accountants and other Professionals.

### **Irrigation Water**

Irrigation water is obtained and used under licence from the Murray, Murrumbidgee and Lachlan River's and Lachlan groundwater via extraction licences administered by the respective state water regulations.

Water requirements for the properties are managed with a range of water options including; Ownership of permanent entitlement, temporary purchasing, forward allocation agreements and leasing of entitlement for temporary allocation.

Carryover of allocation is utilised in those regions that allow carryover. Third party parking of allocation water for carryover has been used in the past as a water risk management tool for properties

In 2018/19, the managed properties used approximately 19.8GL's of irrigation water of which;

- 5.7GL entitlement owned, 6.4GL leased, 1.3GL forward allocation,
- 6.4GL purchased on the temp market throughout the whole year.
- Average usage 9ML/ha Citrus, Winegrapes, Avocados, Almonds
- Overheads, under-tree sprinklers and drippers
- \$5.3M net spend (temp only).

## Issue 1 – Market trends and drivers

The ACCC welcomes your feedback on any of the following issues. Where possible, please include supporting information and specific examples in your responses.

- How water availability and demand are changing over time, the reasons for these changes and the impact they are having on water markets.
- The factors that have been driving movements in prices for water access entitlements and allocations over time.
- Changes to the number, diversity and behaviour of water market participants over time, and how this is affecting water markets.
- Changes to the number, diversity and amount of trading activity of water market products on offer over time, and how this is affecting water markets.

1.1. There has been a number of legislative and planting influenced changes that have had impact on the water market.

Traditionally mid-Oct to Nov was a peak in the temporary water market price when rice growers in NSW in particular were purchasing their requirements for their summer crops. This was followed by March/April (Easter) as these crops were finishing off for harvest and winegrapes were also finishing their crops prior to harvest.

The temporary market was reflective of cashflow for the different commodity groups. The end of the season was determined by water remaining in accounts, rainfall into the catchments and forecast allocations for the next season, and those that needed to top up their accounts coming to the end of the season.

1.2. The millennium drought provided an increased awareness of the temporary market and how the Southern Connected Basin worked to enable water to move from one state to the next. A number of SA irrigators purchased land with water entitlement in Vic and NSW (which had better allocation percentages), shutting down the properties and shifting the allocation to their SA property.

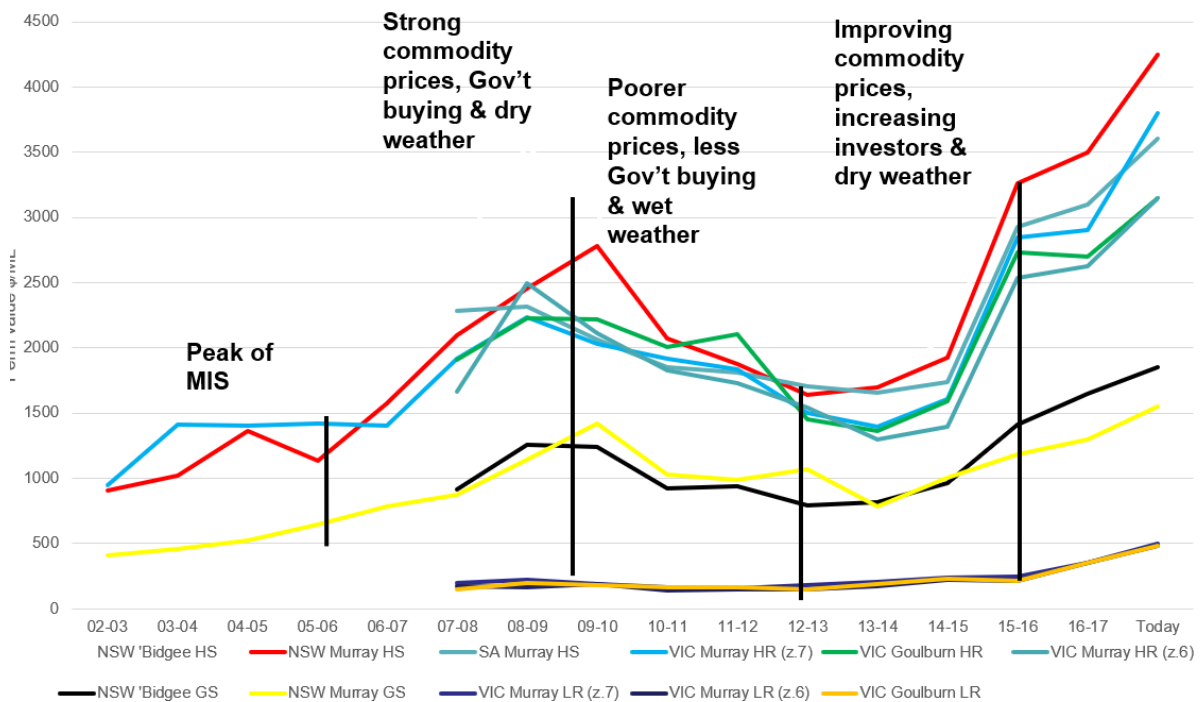
1.3. The changes to the rules surrounding the water markets, separation of water from land and Managed Investment Schemes entering the horticultural production area placed a monetary value on water in the early 2000's and this has continued based on expansion of commodity production base and therefore competing horticultural industries along with the movement of cotton production south into the Murray & Murrumbidgee water regions. This movement in permanent entitlement pricing has been more linear than the temporary water market that is highly influenced by allocation availability and level of water storages.

1.4. The MDBA Plan to return virtually a third of the water market back to the environment has also significantly reduced the supply available in the marketplace.

1.5. The following chart presented by Ruralco Water highlights these permanent water price changes up to 2017-18. It doesn't pick up the impact, particularly in South Australia, of the MDB buyback through on farm water efficiencies. The second round of efficiencies is providing 1.75 times the value of the permanent irrigation water and is a fixed ratio. In the first round, some irrigators obtained 3 times the value of the water for their

efficiency projects which resulted in growers going into the market to purchase water above market rates at the time, rather than just relinquishing some of the water efficiency gain to the government.

## Permanent entitlement price trends



1.6. The good commodity returns for nuts, citrus and cotton have enabled producers to reinvest in their production through redevelopment, or expansion of their production base. This has occurred largely without the purchase of any additional permanent water entitlement, but on the expansion of water market tools such as leases, forward agreements and carryover parking. The capital expenditure has been put towards productive area and plants and water costs have been put as an annual operating expense.

1.7. The expansion of the water market with leasing and forward allocation agreements has enabled irrigators to fix their water costs going forward enabling them to know early on their cost of production. If there is a downturn in the commodity prices, the value of temporary and permanent water may well reflect the downturn. Further to this, as the states crack down on irrigators not allowing users to run deficit water accounts, the temporary water market no longer follows the traditional trends. Growers are required (needing) to top up their water accounts monthly at minimum. Depending on the state authority who monitors the water usage (quarterly in SA), and the demand for the water delivery, has specifically increased in the Summer period for the expanded horticultural plantings as they have a higher water use during this period of the season.

1.8. Historically the temporary allocation market over a medium to long term is around the \$150 to \$180 per ML. This returned around 5% to investors in permanent water

entitlements. With increased demand and reduction in supply the market trend will be a higher average price, estimated to be \$350- to \$400/ML. Capital investors in permanent water entitlement will require this return to provide their suggested minimum requirement of 5% annual return plus capital growth. With potential for reduced capital growth as entitlement prices increase and become out of reach for many irrigators, the growth will be limited and therefore a requirement for higher annual returns from temporary water sales.

- 1.9. For the SC Farms managed properties, there is a range of water risk management tools in place from owning of entitlement, leasing and forward allocation agreements and use of the temporary water market. Each entity is unique in its water strategy based on the varying levels of water ownership/agreements and therefore purchase on the temporary market is monthly at maximum with ongoing reviews of the market. Cashflow impacts market decisions and this is dependent on the commodity returns and timing of payment. Unfortunately, timing of payment is generally outside the peak usage period. The timing of allocation purchases, while dependant on cashflow is researched through local water brokers and water advisory companies, along with local experience and knowledge.

The volume of purchases managed by SC Farms has increased over time as the area under management has increased, and also the expansion of the management business to include properties in South Australia and New South Wales. The area being irrigated in this time has not included any expanded horticultural area, with planting & redevelopment on land assigned for horticultural production.

- 1.10. Carryover is utilised on those water accounts that are permitted to carryover allocation on. 'Parking' has been used in the past purchasing carryover on licences owned by a third party as a risk management tool where the risk of carryover loss, particularly in the Victorian zone 7 is deemed too high a risk for the funds being outlaid for allocation and parking costs.

## Issue 2 – Market transparency and information

*The ACCC welcomes your feedback on any of the following issues. Where possible, please include supporting information and specific examples in your responses.*

- Your use of market information, including the types and sources of information you currently access, the information you would like to access and the methods and tools you use to access it (including whether you get information through public sources, such as state water registers, or private sources, such as through water brokers, and the reasons for using your preferred sources).*
- Whether and, if so, how the availability, accessibility, accuracy, consistency and timeliness of water market information affects your trading decisions or markets more generally.*
- Your views on the types of water market information that should and should not be publicly available.*
- How much you rely on the information and knowledge possessed by water market intermediaries, such as brokers, exchanges and advisors.*
- What avenues you are aware of to increase or improve your knowledge of water markets, and any suggestions on additional information and information delivery methods you would like to see made available.*

2.1. Southern Cross Farms have developed significant water market knowledge while managing the properties, as well as from previous roles to joining the organisation. Southern Cross Farms sees this issue as so important they now employ a Water Manager. The role monitors water use on farm, provides budgets and water strategies for the farms and actions trades as required. They also keep abreast of the funding and grants available for upgrades on farm.

In addition to this individual knowledge, a close relationship with a major water Broker and their staff is maintained to keep abreast of water market trends and their thoughts on the market at that time and going forward, especially as SC Farms has expanded interstate and to understand the interstate water market rules. The Water Brokers are able to provide a quick and significant report on the market conditions and buying/selling trends, and more importantly the opening and closing of the Intervalley Trade Limits (IVT's).

Majority of purchases and sales, and even transfers between property water accounts are undertaken by a Broker to ensure the process is tracked and streamlined. In the case of monitoring IVT's opening and transfer of allocation across them, the Brokers are watching it closely. This reduces business costs having a specific staff member tied up on the potential of an IVT opening to transfer a very small volume of water in the whole scheme of the IVT.

2.2. Brokers also assist with covering the range of different terminology across the various states and water regions, where the same type of licence may have three different meanings etc. Groundwater is even more complicated than surface water to work through the rules and regulations as to where the water can, and can't, be sold to/from. Additional Brokers are used to secure water at least possible cost to farm owners at the time of purchase.

Further to this SC Farms has recently contracted a third-party company to provide monthly and additional water information, as a check and balance of what is occurring on the political front, potential market impact decisions and forecast water market conditions. With water being a major input to horticultural production, we feel it is important to ensure the information at hand is as current as can be provided to report to property owners.

2.3. In terms of transparency, the Water Broker websites provide a very quick indication of what is occurring in the temporary and permanent marketplace as they are live websites. The state-based water register reporting can provide, with some searching the same information, but this is somewhat delayed to the actual time of the agreement, especially permanent water sales where they have to process through the respective state titles offices. Approximate time frames for reporting:

- Victorian Water Register
  - Allocation trading online – reported within 24 hours of approval (depending on when payment is made). Generally, three business days from agreement of sale.
  - Permanent – minimum 6 weeks from Agreement
- NSW Water Register – (Trade Dashboard)
  - Allocation trading online – reported immediately on approval. Generally, three business days from agreement of sale.
  - Permanent – minimum 6 weeks from Agreement
- SA – Waterconnect (up to 10 business days for approval)
  - Allocation trading online – reported within 24 hours (up to 10 business days for approval, therefore 13 business days from time of agreement)
  - Permanent – minimum 6 weeks from Agreement
- Water Brokers – live

The current level of reporting; trade record, date, time, volume and price, provides the priority information required at a minimum level to make an informed decision. If this was all in the one website, rather than across a number of state sites, finding the information necessary to make informed management decisions would be more streamlined. Some roles within water brokering firms are to try and identify the licences transacting and then determine who the owners of the licence are.

2.4. We believe that ownership of licences should remain as private information. The major reason for this is that there is a number of tele-water brokers that ‘cold call’ based on transactions that they have been able to trace back to a licence and licence owner. While this is meant to be private, fully providing the details will make it easier for water brokers to find licence and contact details and harass water owners to transact.

2.5. What an allocation trade is being actioned for would be beneficial to irrigators to know and improve market transparency. This would assist to determine if it is investment (trading) or for farm use. Depending on how this information is collected will determine how useful the information is. If completed and reported effectively it would improve transparency of the type of transactions on the temporary water market.

SC Farms preference would be that only irrigators can purchase water on the temporary market for use on their properties. The purchase of allocation to meet forward allocation and lease agreements would need to be allowed in this process, as long as it can be tracked.

- 2.6. The local water authorities are supportive in providing water information, particularly around licencing, access to the water and availability for use on farm. They do provide presentations and support on areas of development and general comment on areas for opportunity. Their role is the delivery of water, so if irrigators expand and become more efficient, then in general, so too will the water supply company.

*Whether information on the following is easy to access and understand:*

*o trade prices and volumes*

Direct from Water brokers websites and check and balance with state water registers.

*o trading rules and operation of constraints*

Water brokers and Water supply companies such as Lower Murray Water/Goulburn Murray Water

*o the characteristics of water access entitlements and other products*

Water brokers and Water supply companies such as Lower Murray Water/Goulburn Murray Water. State Water licence websites.

*o carryover provisions / arrangements (including those relating to trading and parking carryover)*

Water brokers

*o water ownership structures*

Limited depending on the state. In Victorian, water has to be owned by an individual or company. Superannuation Funds cannot be named as owners of the water.

Property Owners work with Accountants/Financial advisers as best to structure the water ownership, predominately for asset protection.



### Issue 3 – Regulation and institutional settings

The ACCC welcomes your feedback on any of the following issues. Where possible, please include supporting information and specific examples in your responses.

- Whether regulation and institutional settings for Murray-Darling Basin water markets are effective and appropriate.
- Whether and how regulatory and policy differences between states, Basin catchments and trading zones impact competition, efficiency and access to water markets.
- The extent to which market settings, such as trading rules and management of constraints, are positively or negatively impacting efficient and equitable water market activity.
- The extent to which regulatory functions, settings and actions are clear and understood.

3.1. The increase in water market regulators, and predominately, water use regulators, has come to the afore in recent years, resulting in irrigators having to ensure their water allocation accounts maintain a positive balance.

However, it is important to note that there are differences between states.

Victoria generally has real time reporting so that the water allocation accounts are live. NSW is improving on this reporting, and at minimum the irrigators have to enter water meter readings on monthly basis on the back of water taking orders. NSW and Victoria are able to follow up quickly with irrigators that may have gone over their water accounts to ensure they rectify the position quickly through the temporary water market or other mechanisms to get water onto the overdrawn account. South Australia on the other hand, only requires quarterly reporting, which can impact the water take and usage information and water market significantly, especially over the summer high water use period.

3.2. It is important that water take and use is in line with legislation and that accounts are in positive. This will reduce the risk of irrigators not having sufficient water in their account at the end of the season, which had been the historical approach hoping there would be excess water in the market and to be able to purchase the water at a cheap rate from sellers who would rather get at least some return rather than losing it to the system when they are unable to carryover.

3.3. The carryover and parking tools are useful for irrigators. The Victorian changes have had significant impact on the water allocation market over the years with the initial 2 times AUL allowed to be carried over resulting in high levels of carryover in the dam. The deregulation of the water market now allows 100% of entitlement allowed to be carried over which has enabled the ‘water parking’ market opportunity to grow. This is especially the case for High Reliable licences in the Vic Goulburn zone where they have only had 2 spill events in the past 10 years compared to 5 spills in the Murray over the same period. Potential to change the carryover rules back to 100% AUL (Annual Use Limit in Victoria) would provide the tool specifically to irrigators rather than traders. Traders may pay irrigators to park water on their behalf.

An option to improve conditions for irrigators during dry conditions early in the season would be to reduce trader's access to buying water on the temporary allocation market. Therefore, allowing all available allocation to be purchased by irrigators to meet their requirements and reduce the risk of price gouging during dry periods. This would also prevent traders coming into or manipulating the temporary allocation market and also reduce the risk of trader's supposedly hoarding any water.

Some consideration for farms that have direct lease/forward agreements would need to be considered, especially for those irrigators whose water has been separated from operations by financial advisors/accounts into Superannuation funds.

- 3.4. The different states have different rules for the movement of allocation water. NSW water transferred interstate is a \$4.95/ML water charge on top of the state-based transfer fee. This impacts the costs of the water and while it appears to be a cheaper base price on the market, it can actually end up dearer for a Vic or SA irrigator compared to purchasing from their own state. A number of Water Brokers have addressed this by listing water at a water plus authority fee cost to enable irrigators to more accurately compare costs of allocation water delivered to them.
- 3.5. The IVT limits do provide restrictions to water movement at different times of the irrigation season. It does affect allocation pricing, and also opens up opportunity to access allocation at cheaper prices if irrigators are prepared to risk the IVT opening and they are able to get the water out of the IVT to their water zones.
- 3.6. The NSW & Vic environmental sales announcements quickly influence the temporary allocation price. The temporary allocation market generally drops at least \$10 /ML when Vic Gov announces that they are going to release environmental water onto the market, even though it may be a month or two away. This can be tracked in December trade reports when they say they are going to release from January through to March.
- 3.7. There is no regulation for Water Brokers or water exchanges. There is little consistency on how they charge for administration and then commission. They can and do, work both sides of a sale agreement. This means that any rogue water brokers that do the wrong thing currently can't be deregulated. If a regulation/licensing system similar to Real Estate Agents is put in place, then there would be a process for reviewing and removing any rogue Brokers.

All brokers should be operating appropriate trust accounts. Anyone can currently 'hang a shingle' and claim to be a water broker. This would need to incorporate Broker Companies and their varied employees. One issue with this is, the number of solicitors and conveyancer firms that process permanent water sales with land sales and how they would be included in such regulation.

It is noted that, there are audits of Water Brokers by NSW and Vic water registers for their online trading platforms and transparencies. Although there is, in particular room for improvement in the Victorian Water Register system with their Form 39a and Form

39b third party approval forms. A number of Brokers use the Form 39b, which covers the full season and not just a one-off trade and could potentially be exploited. NSW is not as strict as the Victorian system and does not require the signed forms for transactions, taking emails as approval. SA authorisation forms are basic and include metering information, of which only one is required per annum.

## Issue 4 – Market participant practices and behaviours

The ACCC welcomes your feedback on any of the following issues. Where possible, please include supporting information and specific examples in your responses.

- How you use water markets, and your understanding and experience of how other market participants use water markets.
- How the practices and behaviours of different water market participants are positively or negatively impacting water market access, transparency, efficiency, and competition.
- Whether and, if so, how large market participants have influenced water markets (for example, by changing water availability or prices) through their trading strategies.
- How you use different water market products (including carryover, leases, options and forward contracts) and services provided by water market intermediaries.

4.1. Southern Cross Farms on behalf of their property owners closely monitors the water markets, predominately, the temporary water market to ensure the best information is at hand to make sound business decisions. Allocation water is purchased on behalf of the respective farms as per their individual water strategy.

The information is mostly sourced from water brokers/exchanges, state-based water registries and other third-party consultants. This information is utilised to develop water strategies for the properties and to assist with annual budgeting. Depending on the circumstances of a property SCF have advised a strategy involving; a minimum one third entitlement ownership, one third in forward or lease agreements and the remainder purchased on temporary water markets as needed. This strategy takes into consideration the 15% up or down on average water usage depending on seasonal climatic conditions and rainfall.

The Bureau of Meteorology three-month forecasts are a key component of the strategy development, particularly in dry/drought periods. The season starting forecasts released by state water authorities are also key in assessing the starting position each irrigation season and if a carryover/parking strategy should be acted.

The strategies predominately follow key cashflow income periods for the respective businesses and water use timing, all dependant on allocation received against permanent entitlement.

Monthly reviews of the on-farm water use to budget and water strategy is undertaken and reported to property owners to ensure they are abreast of the properties water position.

4.2. The communication on farm with irrigation infrastructure operators is critical for Farm Managers so that any downtime of water supply can be prepared for and managed to minimise any water stress to the plants on farm. The application of water has become so fine tuned for efficiency that any extended downtime can have detrimental impact on crop production. Irrigation Infrastructure Operators are excellent in planning and undertaking maintenance over the winter period of low water use on farm.

4.3. The NSW & Vic environmental water holder temporary sales announcements immediately influence the temporary allocation price. The temporary allocation market generally drops at least \$10 /ML when Vic Gov announces that they are going to release environmental water onto the market, even though it may be a month or two away. This can be tracked in December trade reports when they say they announce they are going to release allocation water for sale from January through to March.

## Issue 5 – Competition and market outcomes

The ACCC welcomes your feedback on any of the following issues. Where possible, please include supporting information and specific examples in your responses.

- The extent to which the objectives of water markets have been achieved and any unintended consequences that may have resulted.
- Whether and how competition and efficiency in water markets have changed over time.
- The extent to which water markets are currently operating efficiently.
- How the outcomes of water markets vary between different industries, locations and individuals.

5.1. The separation of water from land and development of the water market has placed a value on water and with this value has come efficiency gains and expansion so that water is being utilised significantly more efficiently. This is highlighted through the significant reduction in drainage operations and subsequently less salt returning to the rivers, highlighted by the low salt readings at Morgan in South Australia. Due to the lower salt content measured at Morgan, the NSW salt interception scheme in Sth West NSW has reduced their operations from 4 interception pumps back to 2.

The water market has assisted irrigators to expand the planted operational area to meet commodity demands, without the significant capital outlay of water entitlement purchase. While this has been a successful strategy for the water market, the monitoring and measurement of expansion has not reflected the limitations in the irrigation water supply system highlighting a major flaw in the system.

5.2. While Victoria currently has a moratorium on new water use licences, SA and NSW don't. With all irrigators consumption coming from the one system, a moratorium isn't necessarily going to have a great deal of impact at this time.

5.3. The lack of cohesion, at times, across the three southern states and in particular the lack of a coordinated trade processing and reporting system that all states utilise is frustrating. This is especially so in SA where it is a 10-business day turnaround of paperwork. A combined reporting platform linking the respective state water registers would provide information to irrigators and the wider community in the one place.

5.4. Consistencies around environmental flows and how they are managed by the Commonwealth and States would also provide improved transparency of the processes and how that water is managed. The initial selling point of the MDB plan was that environmental water would be used to provide higher floods in wet years and be available for irrigators in dry seasons when the environment wasn't flooding. This seems to have been forgotten, with environmental areas, creeks and channels being wet up during periods of drought which is providing false climatic conditions to these essential wetlands. The Hattah lakes are an example of where the area of the lakes has actually been reduced because wetting up didn't fill the lakes a number of years ago and thick areas of saplings grew where there were no trees, bringing in the banks.

During Oct/Nov 2019 there are creeks and channels being wet up (water pumped into them) using environmental water, between Mildura and Renmark, that haven't seen

water in a number of years. This watering will result in flora and Fauna moving through growth or into the region, but the creeks/channels may not receive any further flows, if any before winter/spring 2020, at the earliest, therefore providing a false watering to the environmental site.

Is this really the best use for environmental water?

Irrigators have improved their water efficiency operations, how is the environmental water application also improving their efficiency (not wasting water) of the application of water available to them?

- 5.5. The increased compliance activity for allocation accounts to be in positive is a good change in the regulatory space and is very appropriate to ensure all irrigators are operating under the same conditions. This has changed the way the market operates, increasing demand earlier in the season for water which wouldn't normally occur until late in the irrigation season. This has the effect of pushing up demand early and increasing competition, while at the same time reducing the risk of overuse late in the season where water has been used. The problem is that irrigators may not have the funds at that time to get their accounts in positive.

The most difficult position for many irrigators is how to best manage their water account coming to the end of the season. This is particularly the case if they are unable to utilise carryover options. Unless real-time measurements are in place, it is difficult for irrigators to finalise their accounts prior to the 30th of June and therefore either lose allocation at the end of the season or receive fines for, what might be only slight, overuse. The change in trading operations for NSW in particular to now allow trading interstate until the end of May (was start of April 3 years ago) and within the state to the 30th of June end of irrigation season has improved the allocation market conditions at the end of the season.

## **Potential solutions**

The ACCC invites your views and ideas regarding potential solutions to any problems you may have raised in your submission. Please briefly summarise the problem, describe your proposed solution and give your reasons for proposing it.

### *6.1 Drought conditions, traders influencing the temporary water market by purchasing and holding allocation water.*

Legislation, during periods of low allocation water availability, to prevent traders from purchasing any available allocation on the temporary market until water allocations reach specified minimum levels for each state, that will need to be determined.

This will reduce traders hoarding water in dry times and also from price gouging in the temporary water market.

### *6.2 Victorian Carryover*

Currently carryover rules in Victoria allow carryover against water entitlement (shares). The more entitlement held by non-irrigators increases the carryover for trading as against a risk management tool for irrigators.

Carryover rules in Victoria changed to only allow carryover against water use licences (that are being operated), up to maximum 100%, rather than against water entitlement (shares). This change ensures carryover is specifically for irrigators. There will need to be a condition that allows the environment to carryover their water as they don't have water use licences as such, to our knowledge.

### *6.3 Regulation of Water Brokers*

There is currently no regulation of water brokers. State water registers audit online processes.

Legislation similar to the Real Estate Agents legislation for Water Brokers could be used as a regulation tool to ensure water brokers are operating appropriately and meeting water trading codes of practice etc. Especially if there is a risk of deregulation of the company/individual from the state trading registers for inappropriate behaviour.

This could also establish compliance codes of practice and a bring water brokers under an appropriate ombudsman, for reporting, if perceived to be acting inappropriately.

There is no minimum standard to become a water broker. Regulation of Water Brokering Companies and the individuals that broker within those companies, would improve the transparency and remove accusations of traders operating as traders. Water Brokers can act for both sides of a trade, so which client are they representing and working for/advising.



A type of financial adviser accreditation for individuals would ensure appropriate training and actions undertaken with the right to remove their registration/accreditation if found to be operating inappropriately.

This accreditation/regulation, may impact Solicitors and Conveyancing firms that transact water trades with property sales and would need to be a consideration of any legislation/regulation.