

CAVASO

FARMING

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To whom it may concern,

I wish to make a submission in response to the ACCC Interim Report on Water Markets. I am a director of Cavaso Farming Pty Ltd and we operate a family owned irrigated farming business in the Murrumbidgee valley. We own mostly Lower Murrumbidgee Groundwater, as well as surface water on the river and within Coleambally Irrigation Cooperative Limited. We produce dried prunes, cotton, durum, maize and cattle.

The report has identified a lot of issues with water markets. However some of these are quite minor and I would not like to see too much interference in the process. We rely on the temporary market to sell excess water, to buy in water and transfer between licences to keep them in credit. NRAR are watching closely to ensure this happens on time.

My submission is supporting the current system of multiple selling platforms, main arguments being:

- ZERO DOLLAR trades are the right of related parties to transfer between licences, and interference or transparency here will add complexity and cost.
- Should be able to GIFT water at \$0, for example to community projects for fundraising etc.
- Groundwater trades are quite involved as a hydrologist must approve each trade. If you can transfer from the closest possible licence it minimises impacts and simplifies decision.
- If water had to go on a public platform to be listed you may not get back the same parcel unless you bid over the highest price, which would inflate prices.
- Many buyers of temp water are suspicious of water brokers trying to inflate prices - the vendors are usually paying the brokerage so they ARE working for the vendor and SHOULD be trying to achieve the best result for their brokerage!
- Sellers of temp water get approached and cold called by brokers on behalf of buyers chasing water, sometimes with low ball bids so both parties need to stay informed.
- Information is readily available to try and make an informed decision at any point in time, access is improving eg BOM, waterNSW.
- Prices are volatile – a forecast of rain will drop markets immediately, sellers holding back drives it up during hot dry weather, a good rice price turns sellers into users taking volume off the market, LIQUIDITY is a problem at times and buyers or sellers can disappear overnight. This behaviour won't change, it's human nature.
- **Fear and greed** are strong natural instincts, which **are** the only problems. No need to over complicate or blame the system, when it is the individuals and their instincts and decisions which have the greatest impact – on themselves.

Yours Sincerely,

Matt Toscan.

Director, Cavaso Farming. [REDACTED]