

29 November 2019

Submission to ACCC Murray Darling Basin Inquiry – Issues Paper

Fonterra Australia welcomes the opportunity to provide a submission to the ACCC Murray Darling Basin Water Markets Inquiry.

Fonterra Australia has six milk processing facilities in SE Australia including the cheese production facility in Stanhope in Northern Victoria where the milk is largely sourced from irrigated dairy farms in the GMID and Southern NSW. The Stanhope site is an example of the significant regional social and economic benefit from dairy sector. Processing of perishable foods, like milk, is largely unmatched by other irrigated agriculture sectors in terms of value delivered, and kept, within regional communities.

Dairy farms are increasingly vulnerable to water scarcity and the current plight of many farmers is well documented and undoubtedly was evident at the recent ACCC's public hearings. This drought is the first drought since the recovery of nearly 30% of the water resource from Southern Basin irrigators for the environment under the Murray Darling Basin Plan. The pressure of drought has now exposed irrigators to additional risk. These risks are, and will continue to be, exacerbated by any failures and inefficiencies in the water market and ask that ACCC address these items in the upcoming Interim Report.

Fonterra is supportive of the comprehensive submission provided by the Australian Dairy Industry Council (ADIC) and encourages the ACCC to closely review the concerns raised in the ADIC submission when developing the Interim Report for this Inquiry.

Fonterra is particularly keen to reinforce the following points from this submission:

Water Brokers

Fonterra recommends that the regulations around water brokers should be strengthened. Brokers should be licensed, similar to real estate agents, with restrictions on their ability to own and sell water, vendor bidding and to ensure they are genuine brokers. This would protect against unscrupulous behaviour and improve market transparency.

Carryover

Carryover is an important mechanism that allows farmers to manage water resources across multiple years however the use of carryover by farmers, investors and the environment should be examined to ensure it has not led to any abuse of market power in times of low water allocations.

Fonterra is also very aware of the stresses and uncertainty facing most irrigators and encourage the ACCC to ensure it has the required resources and expertise to accelerate this Inquiry wherever possible.

Once again thank you for the opportunity to make a submission and please contact me if you would like more information or to discuss any related matter to this submission.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'J Holden', with a stylized flourish at the end.

Jack Holden
Sustainability Manager
Fonterra Australia