



ENVIRONMENTAL FARMERS NETWORK

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Murray-Darling Basin water markets inquiry

Environmental Farmers Network (EFN) members generally support the water market as a means of allowing water to be utilised for highest financial return, allowing irrigators to manage individual risk profiles and in times of drought a means of equitably managing supply.

The water market has provided the above benefits however have also delivered some irregularities and unforeseen impacts that urgently need to be addressed.

Third Party Impacts have become increasingly obvious as horticultural developments have grown in downstream regions of the Murray River.

Environmental damage is increasing in streams such as the Goulburn River which is now expected to deliver higher summer flows to accommodate these developments.

Social and economic impacts also occur as local sandbars are flooded and recreational pursuits are curtailed.

Another third party impact is the market failure to include water delivery losses as transfers downstream occur. This has the effect of distorting the market to the disadvantage of upstream irrigation areas.

Not to take into account third party impacts is a market failure and clearly not the sustainable management required to ensure the ongoing health and productivity of the Murray Darling Basin. Seasonal flow limits must be assigned to rivers at risk similar to the limits on the Barmah Choke.

A National Water Trading Exchange along the lines of the Australian Stock Exchange should be strongly considered.

The current governance risks associated with a myriad of private exchanges in a lightly regulated industry is too large to be allowed to continue. Many owners of water exchanges also have water entitlements, own properties in dispersed irrigation areas, and are advertised as brokers. Transparency of water markets and the roles of promoters are far from clear and should be reviewed.

Market restrictions: investors who do not physically use water should be limited to selling into the temporary market only and not be able to “speculate” by purchasing temporary water allocations. There is a common belief in the community that speculators are distorting the market and impacting on water prices, whether this is the case or not, we believe this should be tempered to some degree.

Increased Federal responsibility / oversight for the alignment of State regulations and policies is required. Many of the third party impacts are the result of, or enhanced by state divisions and misalignment of policies.

We remain available if further information is required.

John Pettigrew

A handwritten signature in black ink, appearing to read 'John Pettigrew', on a light-colored background.

EFN Water Resources spokesperson

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