

## Basin states agree to support ACCC Murray-Darling Basin water market reforms to regulate brokers and market behaviour

ABC Rural / By Clint Jasper

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A committee tasked with creating a roadmap for implementing the ACCC's water market reforms has revealed significant steps toward making the market more transparent. (ABC News: Peter Healy)

Australian water brokers are a step closer to being regulated like real estate agents and financial professionals, according to a report about implementing Murray-Darling Basin water market reforms.

Basin state governments have agreed to provide in-principle support for Commonwealth legislation that would impose a mandatory code of conduct for water brokers, which is likely to include much of the existing voluntary code the industry has already developed, but not widely adopted.

Former Department of Agriculture and Water secretary Daryl Quinlivan was appointed by the Water Minister Keith Pitt as the principal advisor, overseeing a committee to develop a roadmap for implementing the ACCC's recommendations.

In an update of the progress made so far, Mr Quinlivan said the agreement for more regulation of water brokers was a significant development.

"It would require intermediaries to act in the clients' best interests, and have complaints handling processes, record-keeping obligations and the use of trust funds to handle clients' money," he said.

### Key points:

- State basin governments have backed tighter regulation of water brokers.
- Commonwealth legislation of water market behaviour has also been supported.
- A Water Market Agency to oversee all water trading is unlikely to be created.

"The water broking community have been quiet strong supporters of this recommendation."

But there are still important details to be agreed upon before the roadmap is finalised, such as deciding who will be responsible for enforcing compliance.

### **More transparency**

State governments in the Murray-Darling Basin have also agreed to support new Commonwealth legislation that will prohibit market manipulation and insider trading.

The ACCC was directed to investigate water markets by Agriculture Minister David Littleproud in 2019, at the height of a recent drought when irrigation water prices were soaring.

Irrigators wanted to know if there were market participants manipulating prices.

While the ACCC, after a forensic analysis of trades, did not find any evidence of misconduct in the water market it did conclude it was possible such activity could take place.

Mr Quinlivan said the cross-border nature of water trading meant state-based regulation would be "unwieldy" and likely "inefficient".

"The principal is agreed [on the need for Commonwealth legislation], we just need to do a bit more work on how to implement it," Mr Quinlivan said.



Basin state governments have offered support for Federal oversight of insider trading and market manipulation of water prices. (ABC News: Peter Healy)

### **Open information**

The ACCC's final report was highly critical of the dispersed, unharmonious and complex way water trade data was collected and presented to market participants.

In response, state government agencies have made "incremental" changes to the way they present data in their own jurisdictions, according to Mr Quinlivan.

"The ACCC was really wanting to see a Basin-wide approach to these issues, which put more structure and process into the broader public access to that data," Mr Quinlivan said.

"That is one of the highest priorities of this roadmap."

But the ACCC's proposed "Water Markets Agency", a body that would have the power to oversee and regulate the market, as well as the traders, brokers and other intermediaries that operate in it, is unlikely to become a reality.

"Some of the things the ACCC recommended are things you would do in an ideal world, where we don't have to worry about resources or what new laws will make it through parliaments.

"So while nothing is ruled out, we're also looking at other options that would build on existing institutions and their current roles and responsibilities."

### **Next steps**

The final roadmap for implementing water market reform will be delivered to the federal water minister in June 2022.

Having the ACCC investigate Basin water markets was a key election pitch for the Coalition in 2019, and one of the first commitments made by then-water minister David Littleproud after he was given the portfolio in May 2019.

The inquiry took 19 months to complete, and made 29 recommendations.

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