



## Engagement and Education

The Audit identified the need to better understand the challenges and barriers for water market participants. The MDBA considers engagement with market participants as essential to address the audit recommendations, as accurate price information is essential for users to make informed decisions. The response to a number of the recommendations needs to be guided by user needs so strong engagement is important.

The MDBA agrees that the reporting obligations for users could be better explained and understood. As such, the MDBA will revise its existing guidelines and develop educational material to help inform the market and improve the accuracy of water trade reporting. Ensuring that traders are fully aware of their legislative obligations is the first step in ensuring compliance with reporting obligations.

## Water Trade Applications and Front-End System Management

The Audit identified the prevalence of invalid “Zero-dollar trades”, and that in some Basin State Registries prices were neither requested nor reported.

The Audit also notes that in most cases trades are not classified i.e. there is no way of knowing if the trade is permanent/temporary, a lease, or some other arrangement.

Comprehensive, accurate and timely information is critical to efficient operation of water market – “Zero Trades” and un-classified transactions distort the market, and in some cases may lead to sources of market failures.

The MDBA acknowledges that there are shortcomings in how water trade information is collected and presented. Working with State counterparts, the MBDA will undertake a gap analysis of information requested at the time transactions are recorded in State Registries. With stakeholders, the MDBA will develop a standard set of fields (trade type, term etc.) that moving forward, could be captured in State Registries and presented as comprehensive water market information.

## Monitoring, Validation and Compliance

The audit noted deficiencies in Monitoring, Validation and Compliance activities across the Basin – Deloitte described it as sporadic.

The MDBA acknowledges differing levels of monitoring and compliance across the Basin. The MDBA also notes that legacy administrative and commercial complexities exist within each State; that water trade reporting may just be one of many activities undertaken by a State agency; and given the perceived negligible risk to State revenue, compliance activities may not be given high priority in some States.

The MDBA notes that currently the Water Market has an estimated value around \$2 billion<sup>2</sup>; and the industries it supports are critical to the future wealth and prosperity of people not just within the Murray-Darling Basin but for Australia.

As such in the short term, the MDBA will work with Basin States to improve data management and validation and identify and promote best practice compliance. The MDBA will also explore longer-term options to develop and implement a common Basin-wide Compliance Framework for trade information.

## Trade Price Information and Reporting

The Audit noted that the current price capture and reporting systems are less than ideal. While the Bureau of Meteorology presents one consolidated dataset to the market, the dataset is fed by disparate systems in operation across the Basin – each with differing information requirements.

The Audit also notes the potential benefits that a single, uniform on-line water price market could provide for users and administrators in the Basin.

The MDBA acknowledges the inefficiencies and pitfalls of operating many, rather than one system, for recording and presenting water price information.

As such in the short term, the MDBA will work with the Bureau of Meteorology and Basin States to unify and harmonise State Registers. The MDBA will also explore longer-term options to develop and implement a single Basin-wide Water Market information system.

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<sup>2</sup> <https://www.mdba.gov.au/managing-water/water-markets-and-trade>

## Audit Recommendations and Responses

### Theme 1: Education and Engagement

Recommendation Relevant to MDBA	Response	Action
<p><b>Audit Part 1 Recommendation 2</b></p> <p><b>In consultation with water users, states to prepare guidelines and education programs to inform sellers and buyers of their obligations to disclose the prices at which trade actually occurs.</b></p>	Support	<p>The MBDA will revise its existing guideline and work with Basin States to develop educational material to increase market participant knowledge and improve the consistency and quality of water trade information collected across the Basin.</p>
<p><b>Audit Part 2 Recommendation 2</b></p> <p><b>Additional support should be provided to brokers and traders through information guides, training sessions and reporting templates to ensure both standardised and accurate price reporting.</b></p>	Support	

## Audit Recommendations and Responses

### Theme 1: Education and Engagement

Recommendation Relevant to MDBA	Response	Action
<p><b>Audit Part 2 Recommendation 3</b></p> <p><b>Effective and regular engagement should be conducted with brokers and traders on price reporting through a stakeholder advisory panel or another suitable engagement mechanism. Regular communication will facilitate continuous and ongoing feedback for improvement including understanding of price reporting requirements and any barriers to compliance.</b></p>	<p><b>Partially Support</b></p>	<p>The MBDA has a number of avenues in which to engage with stakeholders in the Basin. We will more actively engage with stakeholders and seek feedback on issues relating to water trade.</p> <p>At this time the MDBA does not consider it necessary to create an additional Stakeholder Advisory Panel.</p>
<p><b>Audit Part 2 Recommendation 10</b></p> <p><b>The MDBA should engage with Basin State water authorities and market participants to understand and map underlying challenges and barriers to s12.48 compliance.</b></p>	<p><b>Support</b></p>	<p>The MBDA will work with Basin States to:</p> <ul style="list-style-type: none"> <li>• Identify what information is currently requested and captured within and across jurisdictions</li> <li>• Engage with market participants to understand the challenges and barriers they face</li> <li>• Identify what requirements applicants have to provide accurate and true information</li> </ul>















