

# Audit snapshot

July 2022

**Audit of Goulburn–Murray Water (GMW) disclosure obligations under the Basin Plan**

To assess Goulburn–Murray Water’s compliance with Chapter 12, Part 4 of the Basin Plan, sections: 12.37 – Approval authority must disclose interest before trade occurs and 12.38 – Approval authority must disclose if it has been a party to a trade.

## Why we did this audit

* To determine the adequacy of arrangements GMW have in place for identifying the legal, equitable or commercial interests that exist.
* To determine the adequacy of arrangements in place for ensuring that the nature of any legal, equitable or commercial interest it or a related party has is disclosed to the other party before a trade is approved.
* To determine the adequacy of arrangements for ensuring that GMW publish all the information required after a trade has been approved.

## Key facts

* GMW is the largest approval authority in Victoria and Australia’s largest irrigation infrastructure operator with over 20,000 customers across northern Victoria.
* GMW is one of the major Approval Authorities in the Basin and holds water access rights that are traded.
* GMW select from a panel of 5 water brokers for its own water trading activities.
* A related party includes any entity in which an approval authority has a controlling interest, or any natural person acting on behalf of an approval authority for a commission or fee.

## What we found

* The volume of water traded by GMW is not likely to have had any material impact on the water market.
* GMW does not have formal arrangements for identifying all the legal, equitable and commercial interests they or a related party may have in water access rights that are traded.
* A lack of physical evidence to ensure that parties to a trade were notified when GMW or a related party had a legal or equitable interest in the water access right, or a commercial interest in the activities of the water market intermediary who submitted the trade for approval.
* GMW do not have documents to evidence instructions for all trades provided to brokers.

## What we recommended

* GMW should have arrangements that properly consider the extent to which it, or a related party, has legal or equitable interests in a water access right or a commercial interest in the activities of a water market intermediary.
* Agreements with brokers need to confirm the process for notifying other parties where GMW or a related party have a legal or equitable interest in the water access right.
* GMW should maintain records that allow them to reconcile applications submitted for approval with trades published.

## Key figures

* 16 GMW transfers and trades disclosed where GMW was the buyer or seller in 2018–2019 water year.
* 22,070 Total water transfers and trades processed in GMW network 2018–2019.
* 2,589ML Volume of GMW water transferred or traded where GMW was the buyer or seller in 2018–2019.
* 2,980GL Volume of water transfers and allocations traded within GMW network 2018–2019.