



Australian Government



Inspector-
General of
Water
Compliance



Investigation snapshot

October 2023

Investigation – Trade price reporting

The purpose of the investigation was to check if people disposing of a water access right (i.e., water allocations) in the NSW Macquarie for the 2021/22 water year followed reporting requirements as per section 12.48 of the Basin Plan.

Why we did this investigation?

- Pricing information is crucial for people involved in water markets to make well-informed decisions.
- A report by the Bureau of Meteorology in 2019/20 found that 70% of individual surface water trades in the Northern Basin did not report their price.
- The lack of price reporting in the Northern Basin was highlighted by analysis as a risk to market transparency which warranted further proactive investigation.

Key facts

- All trades investigated were found to be compliant with the current legislative provisions.
- 38% of the trades involved water access licences (WAL) under common ownership.
- 58% of the trades were non-commercial, between related parties, or within irrigation schemes.
- 4% of the trades involved environmental water use.

What we found?

- The scope of section 12.48 of the Basin Plan is too narrow only requiring the accurate reporting of price. This leaves the remainder of trade data vulnerable to integrity issues.
- There is a lack of access to data for IGWC investigators. Data that is available lacks the minimum quality standards for successful investigation.
- A reasonable excuse provision, unverified non-commercial trades and uncapped gift amounts; all of which amount to a low regulatory bar.

Areas for improvement

- Legislators should consider broadening section 12.48 to encompass all trade details and responsible parties.
- Trade data should be consolidated in a central database. Consideration should be given to amending legislation to ensure continued integrity of data throughout its lifecycle, from submission to arrival at the database.
- Defences and requirements should be tightened to raise the regulatory bar.

40%

of allocation trades in the NSW Macquarie reported at \$0 in 2021/22

59

The number of trades investigated by IGWC investigators.

100%

Compliance rate of trades investigated.