

# 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.

|  |
| --- |
| 100%Compliance rate of trades investigated.40%of allocation trades in the NSW Macquarie reported at $0 in 2021/2259The number of trades investigated by IGWC investigators. |