



*Australian Dairy Industry Council Inc.*

## Media Release

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**Dairy industry urges ACCC investigation into water market**

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**For Immediate Release**

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THE Australian dairy industry is pushing for the Australian Competition and Consumer Commission (ACCC) to fast track its investigation of the water market to ensure greater transparency in water trading in the Murray Darling Basin, ahead of Sunday's meeting of federal and state water ministers.

Peak advocacy group the Australian Dairy Industry Council (ADIC) is arguing that an extensive examination of the market is needed to validate assumptions of water use along the Murray River system, including irrigation and environmental demand and the impact of constraints.

Also integral is the Murray Darling Basin Authority (MDBA) independent assessment of social and economic conditions in the Basin.

"These inquiries will provide valuable insights to improve water conditions in the Murray Darling Basin but the timeframe for reform is narrow," ADIC Chair Terry Richardson said.

The Murray Darling Basin is home to 1,330 dairy farm businesses with a value of production worth more than \$2.6 billion, supporting over 3,000 direct jobs in the region, which Mr Richardson said was evidence of dairy's importance to a resilient Basin community.

Yet Dairy Australia data shows the average water price in Northern Victoria was a huge \$526 per megalitre (ML) in June 2019, 212 per cent higher than last year.

Mr Richardson said the high prices were far above what dairy farmers in the Murray Darling Basin could pay.

"Many irrigators and water traders find it difficult to understand the market dynamics surrounding this change, which makes it hard for them to manage risk," he said.

The ADIC push comes on the back of an MDBA audit report which revealed significant shortcomings with market transparency and water trade price reporting from all states.

The dairy group is also urging Basin ministers to agree on Sunday to implement all recommendations made by the Productivity Commission in its five-year review of the Basin Plan.

Previously, the ADIC argued that any move to recover an additional 450 gigalitres (GL) of water from the Basin must only occur once the primary 2750GL target has been secured and when appropriate environmental benefits have been demonstrated.

"There is compelling evidence that recovery of water for the environment from the consumptive pool beyond the agreed 2750GL target will erode industry profitability," Mr Richardson said.

"Dairy farmers value our rivers and support the improvements that have been made to the Basin, but there may be more pain to industry with little gain for the environment if we try to take out an extra 450GL of water before we even reach the legislated target."

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The Australian Dairy Industry Council (ADIC) is the dairy industry's peak policy body. It co-ordinates industry's policy and represents all sectors of the industry on national and international issues through its two constituent bodies, Australian Dairy Farmers Ltd (ADF) and the Australian Dairy Products Federation (ADPF). It aims to foster, promote and protect the interests of the Australian dairy industry by driving a whole of industry approach to dairy policy and the development of the dairy industry.