

Our reference: 17/138

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The Commissioner
Australian Competition and Consumer Commission
By Email: waterinquiry@acc.gov.au

Dear Commissioner

Submission to the ACCC inquiry into water markets in the MDB - Interim Report

Thank you for the opportunity to provide a submission to the ACCC inquiry into water markets in the Murray-Darling Basin (MDB) Interim Report (the Interim Report).

We agree with the ACCC's finding that water trading has brought substantial benefits to some water users across the Basin. We also agree that these benefits have been limited in size and distribution because of institutional shortcomings that have led to a range of problems including lack of transparency, consistency and confidence in the market.

Consistent with the issues we raised in our submission to the ACCC's Issues Paper about the need to improve both the quality and availability of information and streamline trading processes, we support the ACCC's preliminary view of the need to improve governance and regulatory frameworks to improve the functioning of water trading markets in the MDB.

The Interim Report identifies a range of potential reform options. While we are not in a position to comment on specific options, we consider it is important that the ACCC considers the following when assessing these potential reform options and developing an implementation plan:

- ▼ Developing a clear set of overarching objectives that the ACCC seeks to achieve from these reforms. These objectives should be used to develop an optimised package of reforms.
- ▼ Cost benefit analysis to ensure the expected benefits of these reforms are likely to outweigh the associated costs and to ensure that the overarching objectives of these reforms can be achieved at lowest net cost or greatest net benefit.
- ▼ How the costs of these reforms (both upfront and ongoing) will be funded by the responsible organisations and what impact these costs are likely to have on market participants and trading activity.
- ▼ How to best sequence the implementation of these reforms and how to best monitor and report on implementation.

If you would like to discuss this submission further, IPART's contact officer for this matter is Matthew Mansell, Director Water Pricing, who is contactable on (02) 9113 7770.

Yours sincerely

30/10/2020



Signed by: Liz Livingstone

Liz Livingstone

Chief Executive Officer