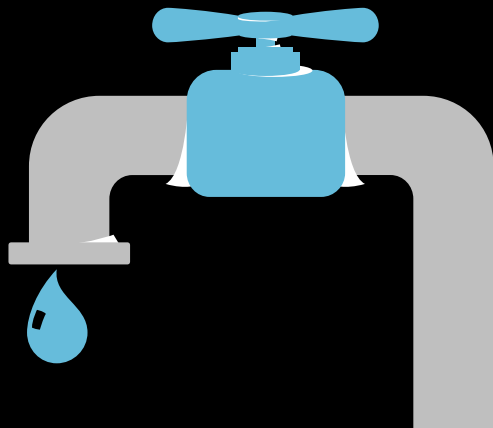




Australian Government
Productivity Commission

Unfinished business from the National Water Initiative

Session: Future of water markets in the southern MDB



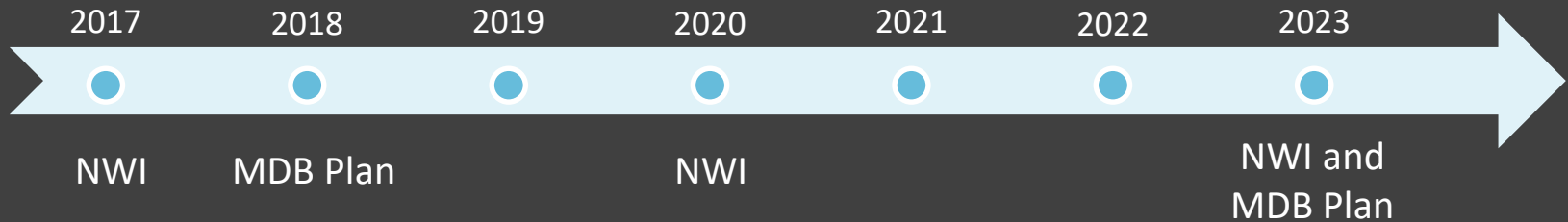
John Madden

Associate Commissioner, Water

➤ The water inquiries

The Productivity Commission is required to undertake inquiries into:

- progress of **national water reform** every 3 years (submitted end of 2017 but not yet publicly released)
- effectiveness of the implementation of the **Murray–Darling Basin Plan** every 5 years (due end of 2018)



➤ The NWI inquiry

➤ Renew the NWI by 2020

Maintain key foundations:

- water entitlements and planning
- water trading

Revise some elements:

- arrangements for extractive industries
- water needs of Indigenous Australians

Enhance:

- urban water
- environmental water management
- requirements for new irrigation infrastructure

➤ Trade: a major success of national water reform

Good progress made under NWI's trade-enabling reforms:

- removed some trade barriers and restrictions. e.g. Vic limits on entitlement trade
- all jurisdictions have water registers

Trade has enabled water to move to higher value uses:

- improved efficiency, flexibility and resilience

➤ Water trading: where to next

- Review **efficiency and transparency of trade rules** that manage hydrological constraints
- Remove barriers that prevent **trade between the irrigation and urban sectors**
- Review **service standards for trade approvals** and transaction costs

Traders need access to **reliable and timely information**, including about prices.

- Governments should focus on the quality and accessibility of basic trading data, namely **water registers**
- Allow the private sector to provide more tailored information services.

➤ Water trading: reform processes

Basin Plan Water Trading Rules

- **Water Trade Working Group:**
 - advice to Basin Plan Implementation Committee
- **MDBA's (2016) strategic priorities for the trading rules:**
 - **high priority:** trade restrictions and water announcements
 - **medium priority:** irrigation infrastructure operator requirements, information and reporting requirements for Basin States, information on trade prices, exchange rates and restrictions on tagging
 - **low priority:** declaration provisions, enabling and interpretation provisions and groundwater trade provisions.

➤ The Murray-Darling Basin Plan inquiry

- The Commission will be consulting widely:
 - Issues paper released
 - Visiting Basin communities in **March - April 2018**
 - Draft report **August** followed by public hearings & submissions
 - Final report to Government **December 2018**
 - For more information www.pc.gov.au