

Director, Murray-Darling Basin Inquiry, ACCC, GPO Box 3131, Canberra ACT 2601.

Submission to Murray-Darling Basin water markets inquiry-interim report by the ACCC.

I, Robert Caldwell, make this submission to your Water Markets Inquiry because there are a lot of serious flaws in Water Reform.

A Highest Value Use Water Market will escalate the price of Water and deprive a lot of irrigation businesses of water.

Irrigation Water for Drought Relief will cease because of the holding costs and loss of a reliable allocation.

The separation of Water from Land allows Bankers to pressure for the sale of Water Assets.

Water Reform started in 1994. The last 25 years of Allocation Announcements vs Inflows (Yield) are much smaller than the previous 50 years. (These are actual figures).

The Planning Horizon for Large Dam allocations has been increased from 2 year to 4 years.

New allocation announcements are only half what they used to be.

I think the Federal Dept of AFFA and ABARE are incompetent in recommending Water Reform to Government. They have lifted some Half-baked U.S economic theory and applied it to Australian Agriculture. It will fail completely. The country will be worse off, including the Environment.

The \$13 Billion incentive by the Howard/Costello Government to the States could be construed as a bribe. The result is reduced production and a loss of assets.

I take the contrary view to the ACCC and believe the price of water should be kept as low as possible.

I think there is no place for Speculators or Water Brokers, they only increase the price of water.

Carry Forward is bad news and should cease at the end of this water year.

People holding carry forward water reduce the pool of water available in the New Year for next years allocation. Many will sit on water, speculate, and wait for a higher price.

Foreign ownership of water assets is the latest investment rush.

So your 500 pages of Market Considerations (Interim Report), is wasted because you have overlooked Volume available, Reliability and the Rising Price of Water.

I have said before that assuming inflows of 99% Exceedance and planning for 4 years wastes 75% of the water in Storage. Evaporation and transmission losses are ignored.

I think your terms of reference are too narrow and you have ignored the fundamentals.

Yours sincerely

Robert Caldwell

 27-8-2020