

Mr Jason Lange
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk-OBPR@pmc.gov.au

Dear Mr Lange

Certification of independent review: *Water Market Reform Roadmap –2022*

I am writing to certify that the attached independent review, *Water Market Reform Roadmap –2022* (Roadmap) has undertaken a process and analysis equivalent to a Regulation Impact Statement (RIS).

I certify that this document adequately addresses all seven RIS questions, and is submitted to the Office of Best Practice Regulation for the purposes of a final policy decision. The recommendations include the introduction of:

- a mandatory code for regulating water market intermediaries
- Basin-wide water market integrity rules, comprising a prohibition on market manipulation and a prohibition on insider trading
- a requirement for all government agencies and irrigation infrastructure operators to make water announcements that could have a material impact water prices
- the development of national water data standards and reporting of all relevant water trade data collected by water market intermediaries to the national water information agency (the Bureau of Meteorology).
- Publication of pre and post trade data to ensure water markets are transparent for all users

I am satisfied that the scope of the problem and the recommendations identified in the certified review are substantially the same as the identified problem and recommendations in the policy proposal.

The regulatory burden to business, community organisations or individuals is quantified using the Australian Government's *Regulatory Burden Measurement* framework and is provided below.

I note that the implementation of this proposal will increase the regulatory burden on businesses. No offset measure has been identified, but the Department considers this appropriate given there is widespread agreement that current regulatory frameworks are no longer adequate.

Implementation of the Roadmap will require businesses to collect and report on water trades. These reforms will impact on no more than 120 businesses. In most cases, businesses already collect water trade information and the only requirement will be to report it through a centralised system in accordance with new data standards. The table below estimates the regulatory burden associated with this reporting.

Regulatory burden estimate table				
Average annual regulatory costs (from business as usual)				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$0.488	\$NIL	\$NIL	\$0.488

Accordingly, I am satisfied that the attached report is consistent with the *Australian Government Guide to Regulatory Impact Analysis*.

Yours sincerely

Lyn O'Connell

Lyn O'Connell
Deputy Secretary
Department of Climate Change, Energy, The Environment and Water
19 August 2022