



Australian Government
Department of Home Affairs

Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear ACCC,

I write in support of the Water Services Association of Australia request for authorisation under s88(1) of the *Competition and Consumer Act 2010* to ensure resilience and diversification in the gaseous chlorine supply chain ultimately underpinning safe drinking water in Australia. The Department supports the request.

The Department of Home Affairs regulates Australian critical infrastructure and coordinates national critical infrastructure protection. The water and sewerage sector is a key component of national critical infrastructure, sustaining the prosperity and security of Australia, and is a regulated sector under the *Security of Critical Infrastructure Act 2018*. The Department works closely with both the Water Services Association of Australia and also supports the Water Services Sector Group within the Trusted Information Sharing Network. The Department, working closely with these groups, looks at ways to ensure the continued resilience of Australian water services.

The Department is keen to ensure that there is transparency and accountability in equitable distribution of gaseous chlorine in the event of a material threat to supply. The Water Services Association of Australia is a reputable peak body. However, if there were any inherent conflicts to arise given the complexion of the Water Services Association of Australia, the Department would be happy to be an independent broker if this was of assistance.

One of the issues that has arisen when looking at the long-term sustainability of Australian water services is the resilience of supply of gaseous chlorine, the primary chemical that disinfects drinking water supplies. Currently, Australia has one provider for gaseous chlorine. This manufacturer is limited to one bottling plant in Australia with limited supply from international sources. The Department is advised that other options such as replacing gaseous chlorine with liquid hypochlorite has been considered, however, is deemed too economically unfeasible and applicable to only 5-10% of the gaseous chlorine demand.

Reliance on one manufacturer, particularly where there is only one drumming and bottling facility, presents a significant risk to Australia's critical infrastructure and the nation's access to safe drinking water. From a national security and resilience perspective, the Department is concerned that there is a single point of failure. The Department understands that there have previously been more capability domestically but in the last few years, this has reduced to one drumming and bottling facility and supplier.

With regards to the emergency supply arrangements request at Paragraph 3.2(c), the Department notes that in the event of crisis, the National Coordination Mechanism may be activated, in line with the Australian Government Crisis Management Framework. The National Coordination Mechanism works across the Australian Government, state and territory governments and industry, to address specific impacts of a national crisis.

The Department encourages the Australian Competition and Consumer Commission to consider the national security implications from reliance on one supplier. The Department is making representations from a national security and resilience perspective to assist in the deliberations and to point out the national implications that may arise from continued reliance on one facility.

I am contactable via [REDACTED] or on [REDACTED] should you wish to discuss further. I hope that this correspondence assists in your consideration of the application.

Yours sincerely

[REDACTED]

Hamish Hansford
Deputy Secretary
Department of Home Affairs

25 January 2024