

Carryover review in 2012

The Victorian Government is carrying out a review of how spillable water accounts are working on the Murray, Goulburn and Campaspe systems.

Minister for Water Peter Walsh has agreed to a limited review of the carryover rules which were introduced for these systems in 2010.

A committee representing Victorian irrigators, peak industry bodies, rural and urban water corporations and environmental entitlement holders is working on the review with the Department of Sustainability and Environment (DSE), and DSE will report its findings to the Minister in late March 2012.

Purpose of the review

Northern Victoria is now in the second year of carryover rules designed to give irrigators, urban water corporations and environmental managers more choice and flexibility to manage their water availability.

In this second year of good rainfall since the drought ended, physical spills have occurred from storages in all three systems.

In the Goulburn and Campaspe systems all spills from Lake Eildon and Lake Eppalock have been deducted from spillable accounts, in line with the principle that individuals who carry over water bear this risk.

However the Murray is the only system this year where there have been physical spills - from Lake Hume - which have not come off individuals' spillable water accounts. This is because the Murray spill rule is currently centred on Victoria's share of Lake Dartmouth.

The review will consider whether an alternative spill indicator would be more appropriate for the Murray system.

The review will also look at

- How the spill rule is working on the Goulburn system
- Any options to simplify the rules to make them easier to explain to entitlement holders
- The effect of carryover on allocation levels and the distribution of available water between different kinds of entitlement holders
- Whether the spillable water charges are fair
- Whether information on carryover rules and other factors influencing water availability under different entitlements is accessible and helpful for water users' decision making.

How carryover and spillable accounts work

The Victorian carryover rules are based on the principle that once water is allocated to entitlement holders it is their property to use or trade when it is most valuable to them. Once water has been allocated, it is not taken out of individuals' accounts for return to the communal pool.

But although entitlement holders have the extra flexibility to keep all of their unused water, it is necessary to have safeguards to protect third parties from unacceptable impacts.

This is why spill rules are essential to make sure that when the storages fill, water that individuals are holding above their entitlement volume makes way for new inflows to support allocations to others.

In simple terms the Victorian carryover provisions allow entitlement holders casual access to storage space above their entitlement volume, while it is available, to retain their carryover.

Spillable water accounts keep track of this casual access, and the water that should spill as the storages fill.