



# Goulburn to Murray Trade Review

Frequently Asked Questions – October 2019

## Q. Why are the Goulburn to Murray trade arrangements being reviewed?

A. The Victorian Government is committed to making sure market settings for trade protect the environment and third parties. That includes making sure that trade of water from one valley to another does not have negative impacts on the environment or the rights of other entitlement holders.

In the last two years, record volumes of trade have been recorded from the Goulburn to the Murray. This has contributed to flows in the lower Goulburn River being high for prolonged periods in summer and autumn, when flows would normally be lower.

Deliveries of traded water from the Goulburn system to the Murray system have jumped from an average of 60 GL before 2014, to 130 GL in 2017/18 and 433 GL in 2018/19. These volumes traded include both allocation trades and water use from Goulburn accounts tagged for use in the Murray.

## Q. What changes have been announced by the Minister for Water?

A. The Victorian Government has been conducting the Goulburn to Murray Trade Review as described in the government's policy document Water for Victoria (2016). In response to the high unseasonal flows down the lower Goulburn River in recent years, the Minister for Water has announced three key actions to make sure that the risk to the environment is reduced this year and to ensure the long-term market settings are appropriate for the future.

This includes:

- **An interim operational flow regime** for the lower Goulburn River this summer that achieves variable summer flows in the Goulburn River below recent volumes;
- **All types of trade** from the Goulburn to the Murray, including water use from tagged accounts, will happen under the inter-valley trade rule; and
- **Long-term trade rule options** will be developed in consultation with the community, which will begin in January next year.

The changes to bring water use from tagged accounts under the inter-valley trade rule will be put in place in December 2019. This is to give water users time to adjust and plan for the upcoming season and also ensures that an appropriate operating regime is in place in advance of the high-risk period to the environment.

## Q. What will these changes achieve?

A. The changes being implemented for Goulburn to Murray trade will ensure that market settings for inter-valley trade rules protect the environment and the rights of entitlement holders. The Victorian Government is ensuring that all water users have access to trade opportunities between the Goulburn and the Murray under the same rules.



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**Q. What are the environmental impacts of long periods of high flows in the lower Goulburn in summer?**

**A.** The natural flow pattern for major rivers in northern Victoria is low flows in summer and autumn and higher flows in winter and spring, this natural flow variability is in response to climate and rainfall patterns.

Long periods of high flows in summer and autumn months have occurred in the lower Goulburn River in recent years due to the delivery of traded water (including water used from tagged accounts) to downstream users. These prolonged high flows are occurring at the wrong time of year and causing erosion of the river banks, loss of vegetation and a reduction in habitat for small native fish.

**Q. What will the changes be to how flows down the lower Goulburn are managed this summer?**

**A.** This summer the Victorian Government will work with river operators, waterway managers and environmental water holders to ensure that flows in the lower Goulburn River are delivered in a way that is less damaging to the environment. These agencies will work together to reduce the impact of deliveries from the inter-valley trade (IVT) account to the lower Goulburn River. This may mean reducing long periods of high flows, introducing variability to how the flow is delivered, and spreading out the length of time that IVT flows are delivered.

**Q. How will water use from tagged accounts change in December?**

**A.** Starting in December 2019 all trades from the Goulburn to the Murray, including water use from tagged accounts, will be treated consistent with the Basin Plan trading rule 12.23. That means allocation trades and use from tagged accounts will only be possible if there is room in the Goulburn inter-valley trade rule. This rule limits trade when the IVT account is greater than 200 gigalitres (GL). When the trade limit is hit, both allocation trade and tagged use will not be possible until inter-valley trade deliveries or back trades are made, and trade becomes available again.

This restriction does not apply to water allocations made under tagged water shares which were established before 22 October 2010, as trade rule 12.23 in the Basin Plan does not apply to those arrangements.

**Q. How will the changes to restrict use of water from tagged accounts affect the water market?**

**A.** These changes will mean that almost all water users will have the same access to trade opportunity on the water market. In a year when the trade rule is binding it will provide an even playing field for water users. This should provide more certainty and stability to all water users wishing to trade water from the Goulburn system to the Murray system.

Restricting use from tagged accounts once the IVT account balance exceeds 200 GL will mean that the trade limit threshold will no longer be significantly exceeded. This will mean that trade opportunities for all water users may open more frequently once water from the IVT account is called out and delivered to the Murray. However, in years with significant market demand, it is likely that any available trade opportunities will continue to be quickly taken up.

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## **Q. What will the changes be to the Goulburn to Murray IVT rule in the future?**

**A.** The Victorian Government will be consulting with the community in January 2020 about changes to the Goulburn to Murray trade rule. We know that the current trade and operational rules do not provide sufficient protection for the environment and any new rules will improve on this. Any changes to the trade rule will seek to optimise trade opportunity within the physical and environmental constraints of delivery rates for the lower Goulburn River.

In January 2020 the Victorian Government will go out to the community to seek input on trade arrangements that protect the environment and third parties, while optimising trade opportunities.

## **Q. What environmental impacts have been observed on the lower Goulburn from inter-valley trade deliveries?**

**A.** Ongoing monitoring by the Goulburn Broken Catchment Management Authority and the Commonwealth Environmental Water Office has shown that environmental watering for the lower Goulburn River since 2010 has provided important variability in the flow regime of the lower Goulburn River, improving the health of the river.

The significant increase in the delivery of water from the inter-valley trade account has led to prolonged high flows over summer in excess of 2,000 ML/day and has caused erosion of the river banks, loss of vegetation and less habitat for fish. This is undermining the progress made through environmental watering actions.

DELWP are continuing to work with regional agencies and experts to better understand how to manage flows in the lower Goulburn River for the long-term, but immediate changes this year will make sure that interim actions reduce the risk to the environment before this summer.

## **Q. What will the impact of lower summer flows in the Goulburn River be on the water market?**

**A.** Bringing down summer flows below the levels they were at in the last few years will mean that the IVT account is drawn down less quickly than it has been in the past. Therefore, there may be less total trade opportunity for water users over the course of the year.

## **Q. Will these changes mean that irrigators who have bought water in the Goulburn and tagged it for use in the Murray might not be able to have it delivered when they need it?**

**A.** Goulburn water that has been tagged for use in the Murray can continue to be used up until December. From December 2019, water from tagged accounts will only be allowed when trade opportunity is available. At such times when the trade limit is reached and trade closed, water users may choose to sell the allocation in the Goulburn system and purchase allocation in the Murray system to ensure delivery is possible when the water is to be used.

Tagged water share arrangements established before 22 October 2010 are currently exempt from this restriction under the Basin Plan. The Department will work with water corporations to communicate directly with affected water users with tagged accounts and provide public information before the December changes come into effect.



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**Q. Why are these changes being made if they will impact the water market?**

**A.** The changes are needed to protect the environment and to ensure there is an even playing field for all water users participating in the water market.

As the water market in the southern connected Murray-Darling Basin has matured and significantly grown in recent years, this has caused significant changes in how our rivers are run and revealed the need to adjust market settings to ensure they remain appropriate and provide a level playing field for market participants.