

# Goulburn to Murray Trade Review

Closing the Loop Report - Initial Consultation



August 2020



Environment,  
Land, Water  
and Planning

OFFICIAL

## Photo credit

The lower Goulburn River at Toolamba, Victoria

## Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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# Thank you

The Victorian Government - including the Department of Environment, Land, Water and Planning, Goulburn-Murray Water, Lower Murray Water and the Goulburn Broken Catchment Management Authority - extend our sincere thanks to all of the people that provided their thoughts and feedback on the proposed changes to Goulburn to Murray trade arrangements during the difficult circumstances.

With social distancing restrictions due to coronavirus (COVID-19), initial consultation was carried out between March and June 2020 through webinar presentations and virtual meetings. Community perspectives were heard at three public webinars. In addition, 60 surveys and 35 submissions were received from stakeholders including irrigators, industry groups, traditional owners, environmental groups and fishing and recreational stakeholders,

We appreciate the effort that people made to have their say during this challenging time, and it is important to us that we understand the community's perspectives as we continue to work on developing the best way to improve Goulburn to Murray trade arrangements.

The Victorian Government will make every effort to incorporate the input of the community as we continue with the Goulburn to Murray trade review and we are committed to engaging further with people as we develop a Regulatory Impact Statement.

The feedback that we received from people during this initial consultation is captured in this Closing the Loop Report. Individual submissions have been published on the Engage Victoria website, with permission of the authors.

## Background

The Victorian Government is currently reviewing the arrangements for Goulburn to Murray trade. This includes the inter-valley trade rule and operating rule for the lower Goulburn River. The review has been prioritised due to increasing volumes of annual trade and larger volumes of unseasonal water delivery in summer and autumn causing environmental damage in recent years.

The review, and proposed changes to inter-valley trade rules and operating rules for the lower Goulburn River, aims to ensure that the trade and delivery of water between the Goulburn and Murray systems does not have third party or environmental impacts and that there is a fair playing field for water trade in northern Victoria.

Initial consultation on the issues and context of the lower Goulburn River and Goulburn inter-valley trade was focused on the design of future trade rules. This was the first phase of consultation to inform the development of a detailed Regulatory Impact Statement looking at trade rules, operating rules for the lower Goulburn and tagged water use restrictions.

The broad options for future trade rules, began in early March and ran until June. Social distancing measures introduced as part of the Victorian Government's COVID-19 response meant that most presentations, meetings and discussions were held using virtual meetings and webinars.

This community consultation was the first conversation with Victorian communities and is important so that the Victorian Government can continue to work on next steps with early input from businesses, key stakeholders and advocacy groups.

Information and documents prepared about the Goulburn to Murray Trade rule review are available on the [Engage Victoria Website](#) and the [Victorian Water Register](#).

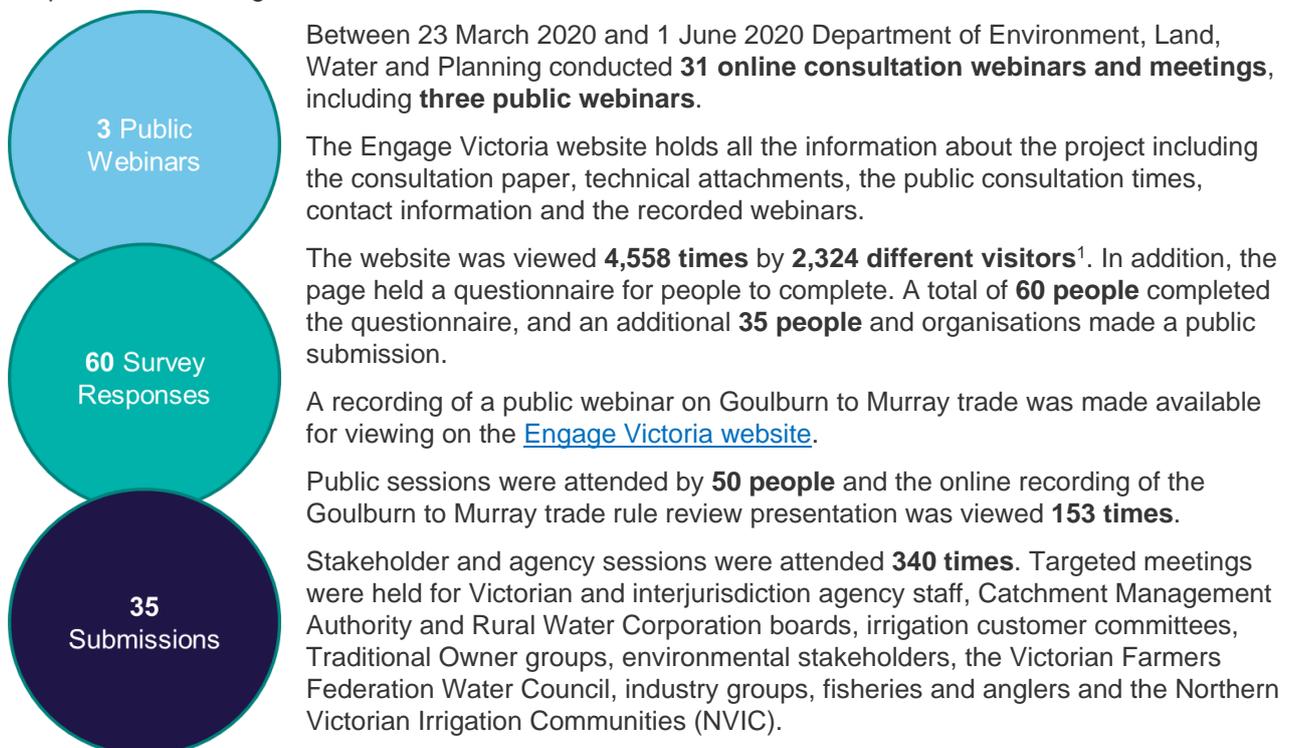
# 1. Summary of Feedback

Input from the community is critical to shaping the development and implementation of proposed changes to Goulburn to Murray trade arrangements.

The Victorian Government sought community input on a [consultation paper](#) which aimed to explain the issues of current Goulburn to Murray trade arrangements and proposed a number of alternative options for allocation trade rules between the two water systems.

Additional information was provided in attachments focused on [water market trading rules and inter-valley trade](#), [worked examples of trade rule options](#) and specific issues for customers in the [Lower Broken Creek](#) (see Appendix 1).

Between 5 March 2020 and 23 March 2020 Department of Environment, Land, Water and Planning completed two face to face consultation sessions before all face to face consultation was cancelled. From this point all remaining consultation was moved online and timelines were extended.



1. Data retrieved on 12 June 2020

## 2. What we heard about the proposed changes

We heard very strong and passionate views about both water trading rules, and about the environmental and cultural values of the lower Goulburn River from a wide range of people, businesses, industries, community groups and regional agencies. These perspectives reflect the nature of the Goulburn River as a working waterway, the growing importance of water market trading to how people in northern Victoria do business and the environmental values of the river.

We acknowledge that the proposed changes to how water can be traded and delivered in the Goulburn and Murray systems have the potential to result in implications for how people's businesses operate, for how the river supports recreational and community values, and for how environmental and cultural values are better managed in the future.

The initial consultation with the community was focused on the background and context for reviewing Goulburn to Murray trade arrangements, as well as seeking input on a number of trade rule options for further investigation in the next stages of the review.

We heard some clear feedback from people about the proposed options, as well as about key issues and concerns people want to see considered in our further work on water market rules.

Many respondents asked for more information about expected socio-economic outcomes, environmental outcomes and what flow-on impacts could occur as a result of changes to the Goulburn to Murray trade rule in the future.

*'Whilst I agree that the environment needs to be protected, the review completely fails to provide a detailed impact assessment on irrigators and communities below the choke and fails to outline possible solutions and the cost of such solutions.'*

We know that having more information about these impacts will help people to have a meaningful contribution. That's why the Victorian Government is committed to providing detailed information and analysis in the next stages of the review, including system-wide operational and market outcomes and how potential solutions have been developed.

The community will have their chance to have a say on this information and analysis through public consultation on a Regulatory Impact Statement and supporting material later in 2020.

### 2.1 Values for the lower Goulburn

We heard that there is a broad acceptance of the need to better manage how water is traded and delivered from the Goulburn to the Murray system to reduce the amount of damage being done to the environment of the lower Goulburn River from unseasonal high flows.

Different stakeholders across Victoria had different perspectives on how the Victorian Government should work to balance environmental protection of the lower Goulburn River with the need to deliver both entitlements owned by people in the Murray system and traded water allocations.

Environmental groups, recreational fishing groups and local community groups and agencies gave us their clear position that the lower Goulburn River was not being sufficiently protected from unseasonal high flows.

A large number of submissions from fishing clubs, organisations and business owners outlined the importance of lower flows in summer and autumn to protect river health, fish species and the ability of the waterway to support recreation by the community – including angling, camping and boating.

*'The high summer flows are destroying the ecosystem and have stripped the banks of vegetation and caused silting and erosion.'*

We heard from irrigators and industries that the availability of water allocations in the Goulburn system for trade downstream was important to both buyers of allocation (in the Murray Valley, Torrumbarry and Sunraysia regions) and to sellers of allocation (in the Goulburn region). Downstream water users were particularly concerned that future trade rule limits for inter-valley trade could mean that they will have to pay higher market prices for water allocations than they have in the past.

Irrigators and industry groups told us that the initial consultation on Goulburn to Murray trade was too focused on local issues. They highlighted the important role that water deliveries from the Goulburn system have in making sure river operators can meet peak irrigation water demands in the Murray system over summer.

There was significant interest from irrigated industry groups who grow irrigated crops in the lower Murray region of Victoria, New South Wales and South Australia in infrastructure projects like channels, weirs and by-passes that could maintain high volumes of trade and water delivery without causing unseasonal high flows in the lower Goulburn River.

We heard from the Traditional Owners of the land that the lower Goulburn River flows through – the people of the Yorta Yorta and Taungurung Nations. The Traditional Owners were very clear in their submissions that unseasonal high flows that erode riverbanks and damage waterway health can also damage important cultural heritage sites including middens, hearths and scar trees.

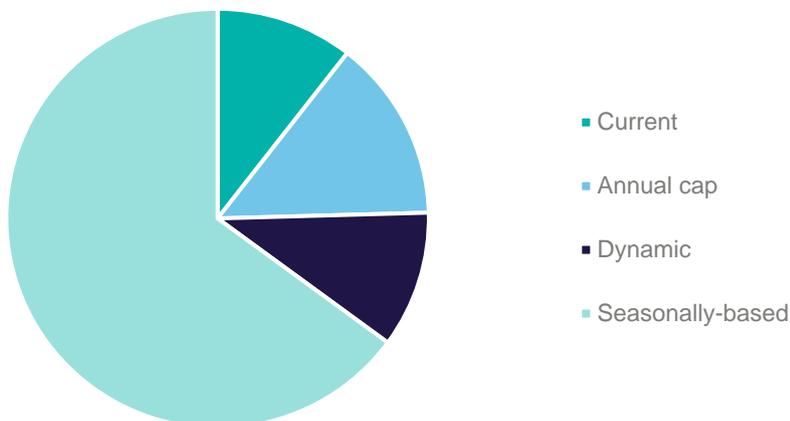
*'YYNAC shares the Goulburn Broken Catchment Management Authorities (GBCMA) concerns regarding the sustained high flows from the Goulburn-Intervalley Trade (IVT) account to support water requirements in the Murray System. The very act of flow has and can continue to have detrimental effects on First Nation's culture, stories and inherent property rights to water and land.'*  
Yorta Yorta Nation Aboriginal Corporation

*'Taungurung has a special physical and spiritual connection with Waring (Goulburn River), which has been seriously affected and transformed by past and current water management actions, the increasing water demand for irrigation and trading.'*  
Taungurung Land and Waters Council

## 2.2 Trade rule options

Of the 57 people that fully completed the questionnaire on the Engage Victoria website, most people (**65%**) told us that the Seasonal Rule was their preferred trade rule option. Other respondents were fairly evenly split between the Current Rule (**10.5%**), the Annual Rule (**14%**) and the Dynamic Rule (**10.5%**).

## Preferred Trade Rule Option - Questionnaires



There was a more diverse mix of responses through the 37 submissions, which did not always specify a preferred trade rule option. Of those that did specify preferred aspects, the highest support was for the Seasonal Rule (14%) and the Current Rule (11%), with fewer split between the Dynamic Rule (5%), the Annual Rule (5%), or various other trade rule suggestions (10%).

The majority of stakeholders (54%) did not state a preference for a trade rule. Rather they focused on specific issues or concerns. A number of these respondents indicated that they did not have enough information to definitively have a position on a trade rule option, believed all of the options were too complex, or that the trade rule model was less important than managing the flow of water down the lower Goulburn River through operating rules.

Some respondents from the lower Murray region told us that they would prefer to retain the Current Rule and operating arrangements, and were not supportive of any changes to the Goulburn to Murray trade rule due to concerns about implications for water availability on the water allocation market and water delivery through the River Murray System during peak irrigation periods.

*'It is unreasonable to assume that irrigators in general could assimilate and assess the proposed changes in the short timeframe provided. This will be to the detriment of the final solution. In addition, we would advise strongly against implementing any changes during the irrigation season given the complexity and potential for impact on prices.'*

### 2.2.1 What did people like about certain rules?

For people that selected a preferred trade rule option, we also asked why they chose that option. People had a range of reasons for picking a certain rule, but there were common themes which came up regularly:

#### Environmental Protection

A key reason that people chose a certain rule was the level of environmental protection that could be achieved through the rule, particularly by achieving lower flows over the summer period that would minimise the damage of delivering traded water.

*'Seasonally based rules would allow for flexibility and would work with what the natural flows and environment are doing.'*

## Trade Opportunity

We heard from many respondents that the trade rule model for the future should offer the maximum possible trade opportunity from the Goulburn to the Murray within environmental thresholds. Many people who answered the questionnaire suggested that the design of trade and operational rules should look for opportunities for water to be traded and delivered downstream at times that reduce environmental damage.

*'Rules need to give the maximum flexibility into trading water downstream while meeting environmental outcomes'*

## Seasonal flexibility

A large number of respondents were keen to see that a future trade rule would be flexible, responding to different seasonal conditions so that it was more relaxed in years when more water could be delivered without environmental damage, and more restrictive in years when less water could be delivered.

### 2.2.2 What didn't people like about certain rules?

#### Complexity

There was a clear sentiment across the responses and feedback that the trade rules and options presented were very complicated and difficult to understand. People told us that they want the rules to be easy to understand and use.

#### Fairness

A wide range of participants in our consultation gave us the clear message that changing water market rules and regulations can affect the way that people do business and the decisions that they make about buying and selling water.

There were concerns raised by other governments, agencies and irrigators about implementing rules that treated different types of trade – like tagged water use - in a different way to allocation trade.

#### Impacts to downstream users and water delivery

Some people told us that rules which would encourage the trade and delivery of water at certain times – like the seasonal rule – could have negative impacts on operating the River Murray system and affect how reliably and efficiently water can be delivered to downstream users.

Irrigators, environmental groups and other governments raised concerns that large shifts in water trade and supply from the Goulburn in spring and autumn would put increased pressure on the Murray system over summer and might increase delivery shortfall risks for Murray users.

*'Although allocation trade may be limited, there may be a high use of tagged water over the non-peak periods as described in this option (Seasonal Rule) leaving any allocation to be used entirely in the peak period. This could result in an increase in capacity and shortfall risks. This risk would need to be managed within this option.'*

### 2.2.3 What does this mean for the next steps of the review?

The Victorian Government has considered all the feedback from meetings, questionnaire responses and submissions about future trade rule options. The input from this initial community consultation will form the basis of the Regulatory Impact Statement which is being prepared by the Department of Environment, Land, Water and Planning.

We heard that people want the Goulburn to Murray trade rule to provide environmental protection, while maximising trade opportunities within those thresholds and being flexible to seasonal conditions. Respondents want the rules to be as simple as possible to understand and use, consider how they can be as fair and equitable as possible and manage any impacts to downstream users because of water delivery issues.

The clear preference for the Seasonal Rule from respondents is being considered in light of potential risks of this model raised by agencies, governments and river operators. We heard that there is the potential for negative impacts to the environment if spring flows are high every year and allowing additional tagging outside of the summer period could have impacts on delivery shortfall risks through changes to river operations.

The Victorian Government will take this feedback from the community, agencies and governments on board in the next stages of the review to consider how to design a rule that meets the outcomes that people want, while mitigating the risks that might be associated with the models tested through consultation.

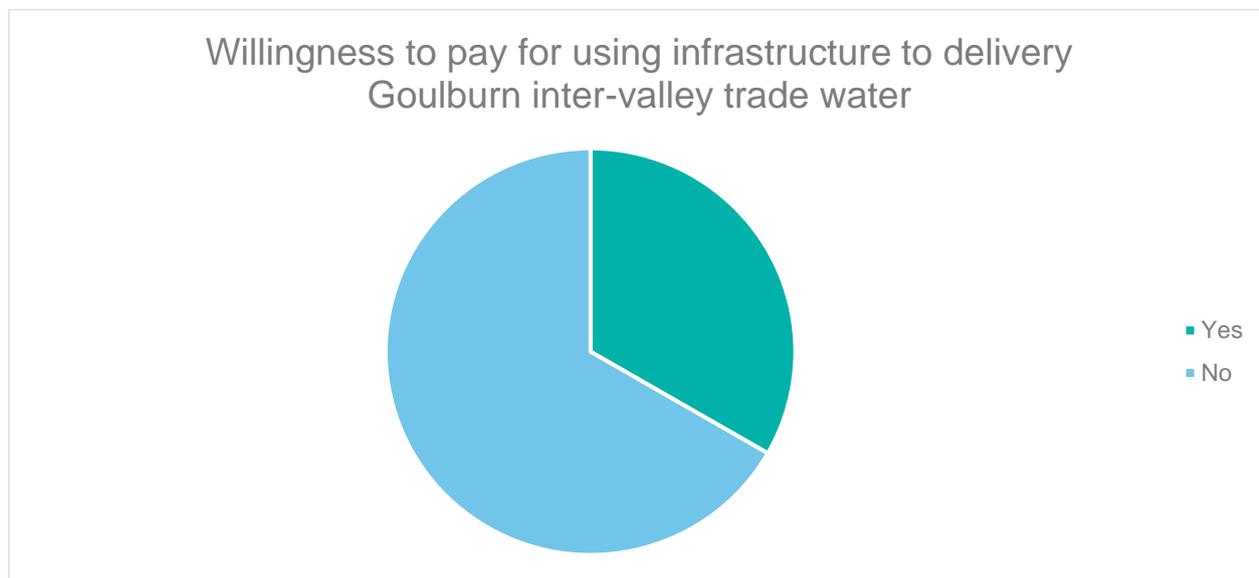
That means that with the input of the community, the development of the Regulatory Impact Statement will look for a flexible rule that will draw on components of the Seasonal and Dynamic Rules to achieve this.

*‘Any two-part rule must have an appropriate limit on intervalley water delivery that adequately protects the environment during summer.’*

### 2.3 Willingness to pay for utilisation of existing lower Goulburn infrastructure bypasses

There were diverse views from people who answered the questionnaire or made a submission about the proposal to charge a fee-for-service when Goulburn-Murray Irrigation District infrastructure is used to deliver inter-valley trade water to allow the lower Goulburn River to be bypassed.

Goulburn-Murray Water are already using irrigation channels to get water from Goulburn Weir to other delivery paths like the Lower Broken Creek and the Campaspe River, however there are no formal charging mechanisms in place for this use of infrastructure.



Of the respondents that provided an answer, **37%** said they would support this while **63%** were opposed.

We heard that people are concerned that increased use of infrastructure could increase the amount of water that could be traded from the Goulburn to Murray and associated socio-economic issues. We also heard from downstream water users about concerns that the cost of delivering water from the inter-valley trade account could increase in the future.

People that did support a fee-for-service to deliver inter-valley trade through infrastructure were keen to see the beneficiaries of using Goulburn-Murray Irrigation District infrastructure support maintenance and operation costs to deliver the water, and believed that Goulburn-Murray Irrigation District infrastructure could assist with delivering more water to the Murray system during peak periods without adding to environmental damage.

*'Downstream users should have to pay the same charges to use the channel system as all GMID irrigators have to. There are very strict rules for GMID irrigators to use the channel network (i.e. owning delivery share or casual use charges) other users should have to follow the same rules and charges.'*

### **2.3.1 What does this mean for the next steps of the review?**

More work needs to be done to further investigate how inter-valley trade water is delivered through existing irrigation infrastructure and how the costs should be attributed.

The Victorian Government will work with Goulburn-Murray Water and the Murray-Darling Basin Authority to better understand how this could be further developed in consultation with local and downstream water users.

## **2.4 Values for other Victorian waterways affected by water trade deliveries**

As described in the consultation documents, water from the Goulburn inter-valley trade account is mostly delivered down the lower Goulburn River, with much smaller volumes being transferred through the Lower Broken Creek and the Campaspe River when irrigation district demands, and operational conditions allow.

We heard from people that there are also concerns about the potential for inter-valley trade water to be delivered through those waterways in a pattern which puts the local environment at risk from the same damage that has been seen on the lower Goulburn River.

### **2.4.1 What does this mean for the next steps of the review?**

In the last few years, Goulburn Murray Water has worked closely with the Goulburn Broken Catchment Management Authority and North Central Catchment Management Authority to deliver small volumes of Goulburn inter-valley trade water through the Lower Broken Creek and the Campaspe River in line with environmental recommendations to maintain low base flows over summer in the Campaspe and retain good water quality in the Lower Broken Creek.

The Lower Broken Creek and the Campaspe River are much smaller waterways than the lower Goulburn River which means that the amount of water that can be delivered down these systems is limited. They also face the same issues of high sustained flows over summer increasing the risk of environmental damage.

The Victorian Government is working to better understand the nature of the Campaspe River and the Lower Broken Creek and the environmental thresholds of those systems for flows over summer and autumn.

The next steps of the review will make sure that Goulburn to Murray trade arrangements consider the environmental outcomes of proposed changes to trade and operating rules on the Goulburn River, as well as the Lower Broken Creek and Campaspe River.

While interim arrangements are in place to manage flows in the lower Goulburn River over summer and autumn, Goulburn-Murray Water will continue to work with Catchment Management Authorities to ensure inter-valley trade deliveries in the Lower Broken Creek and Campaspe River continue to be in line with current environmental recommendations.

## 3. What's Next

### 3.1 What will we do?

The Victorian Government is pushing ahead with the work on the next stages of the Goulburn to Murray trade rule review, incorporating everything we've heard from the community over the past few months. With the clear feedback from the community about challenges of introducing new rules during an irrigation season, the Minister has announced that **no formal changes to trade and operational rules for Goulburn to Murray trade will be introduced until 1 July 2021**.

This will mean that people have time to adjust and plan for the changes that will be determined following further public consultation on proposed changes in October.

#### 3.1.1 Regulatory Impact Statement

The Regulatory Impact Statement will explore the economic, social, cultural and environmental impacts of the proposed changes to Goulburn to Murray trade arrangements.

**Public consultation on the Regulatory Impact Statement is planned for October 2020**, and will include combined changes to trade rules, operating rules and restrictions for tagged water use.

This analysis will include a preferred option to be tested with the community.

Figure 1 sets out the timeline for the Goulburn to Murray trade review.

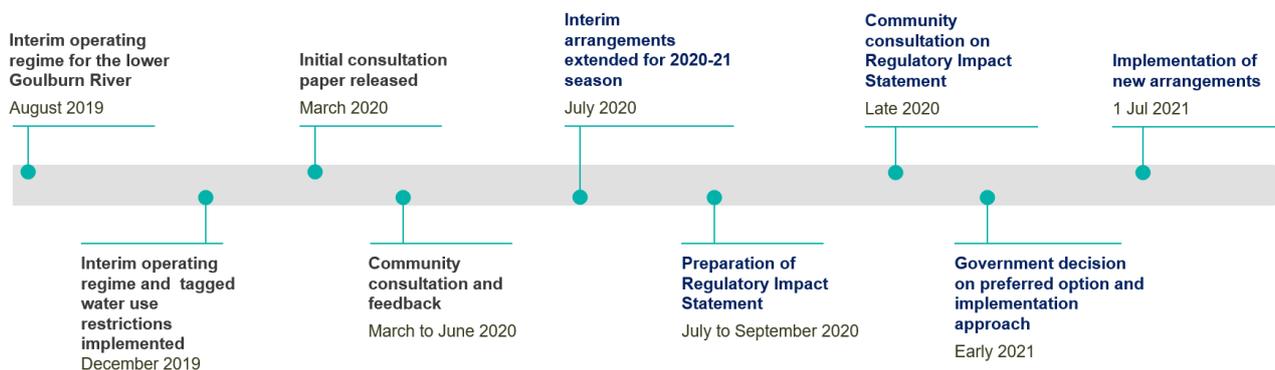


Figure 1: Timeline for the Goulburn to Murray trade rule review

#### 3.1.2 Operating rules for the lower Goulburn and environmental outcomes

Work is currently progressing to complete an analysis of environmental outcomes under a range of future operating scenarios for the lower Goulburn River, to better understand the environmental thresholds of the waterway and ecological values in the river at different times of year.

Information on the environmental analysis of the lower Goulburn River and the development of proposed operating rules for the future will be **published as part of the community consultation for a Regulatory Impact Statement planned for October** on the combined changes to trade arrangements between the Goulburn and the Murray.

The future operating rules for the Goulburn will be considered together with trade rules so that they work together to ensure water that is traded can be delivered downstream sustainably in the future.

### 3.2 What will happen with Goulburn to Murray trade and operating the lower Goulburn River for the 2020-21 irrigation season?

The Victorian Minister for Water has requested that the Murray-Darling Basin Authority plan to deliver a maximum of 40 GL from the Goulburn inter-valley trade account each month from December 2020 to April

2021. This builds on the achievements of reduced summer and autumn flows in the lower Goulburn River that were secured during the 2019-20 irrigation season.

At Ministerial Council in June 2020, the Murray-Darling Basin Authority agreed to incorporate this request into their planning for the coming summer.

The restrictions brought into place in December 2019 for tagged water use to provide a fair playing field for inter valley trained will remain in place for the 2020-21 irrigation season.

The Victorian Government will make further information about Goulburn to Murray trade rule and the inter-valley trade account available on the Victorian Water Register in August to ensure that all water users have the information they need to make informed decisions on how they manage their water.

### **3.3 When will proposed operating rules for the lower Goulburn River be made public?**

The Victorian Government is currently working to make sure we have the best possible understanding of how different flow regimes in the lower Goulburn River are likely to impact on the environment.

The Regulatory Impact Statement will include this assessment of environmental outcomes under different flow regimes. Detailed information about the work that is underpinning the development of operating rules will be published alongside the Regulatory Impact Statement.

### **3.4 When will the community have another chance to comment on proposed changes?**

The Regulatory Impact Statement will be the subject of a second community consultation process so that all stakeholders can understand the implications of changing Goulburn to Murray trade arrangements and comment on a holistic view of expected outcomes.

The Victorian Government is aiming to release the Regulatory Impact Statement for public consultation in October 2020 (see Figure 1).

# Appendix 1 - Lower Broken Creek

## Background

As part of the Goulburn to Murray trade rule review consultation, irrigators in the Lower Broken Creek were also consulted directly on the possible options for managing trade between the Lower Broken Creek and the Goulburn and Murray systems.

The Lower Broken Creek is in the declared Murray water system and customers are considered part of the Murray Valley Irrigation Area. The Creek is supplied with water from irrigation system outfalls from the Murray system and Goulburn system. Most customers along the Lower Broken Creek hold Murray water shares. Due to historical arrangements, a portion of the customers hold Goulburn water shares.

Changes to how trade and operations are managed in the Lower Broken Creek are being considered as part of the broader Goulburn to Murray trade rule review.

[A consultation paper](#) was published on the Engage Victoria website and Lower Broken Creek customers were contacted in order to attend one of two public webinars focused on options for the future of the Lower Broken Creek. Lower Broken Creek customers were encouraged to provide feedback and submissions to inform the Department of Environment, Land, Water and Planning on the possible options.

The Department of Environment, Land, Water and Planning ran two public webinars which were attended by 30 people, with a recording being made available to Lower Broken Creek customers. The recording of the Lower Broken Creek presentation was viewed 35 times. 18 submissions were received from community members irrigators from the Lower Broken Creek.

## Summary of community feedback

Three possible options were proposed for the Lower Broken Creek to consider different ways that this unique system could be managed.

Of the three options that were proposed for managing the Lower Broken Creek in the future, there was no clear consensus from local irrigators and community members on which option suited them best.

Some people proposed alternative arrangements and there was concern from respondents that further consultation is required to properly hear from affected people and make sure there was a strong understanding of what is being proposed.

*'We have found it very difficult to be involved in this public consultation'*

We heard from a number of people in the Lower Broken Creek that have concerns about how much water is being delivered down the Creek to meet Goulburn inter-valley trade orders because of observed issues with erosion on the waterway.

## What's next

The Victorian Government acknowledges that there is a real need for further consultation and engagement with people on the Lower Broken Creek about how the specific circumstances of that area could be affected by broader changes to Goulburn to Murray trade and what local arrangements could be best suited to their needs in the future.

We are committed to making sure the challenging consultation process that has occurred will be improved on in the future to make sure Lower Broken Creek customers have a genuine chance to have their say.

More information and advice on the possible arrangements for the Lower Broken Creek will be developed by the Victorian Government to inform consultation with local irrigation customers and community members in coming months.

The Regulatory Impact Statement being developed for proposed changes to Goulburn to Murray trade will need to have regard for how the environmental values of the Lower Broken Creek should be considered for delivering inter-valley trade water in the future, as well as what trade and operating arrangements provide the best outcomes across the system.