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DARLING**
BASIN AUTHORITY

Goulburn to Murray Trade Review

Feedback on Regulatory Impact Statement

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Acknowledgement of the Traditional Owners of the Murray–Darling Basin

The Murray–Darling Basin Authority pays respect to the Traditional Owners and their Nations of the Murray–Darling Basin. We acknowledge their deep cultural, social, environmental, spiritual and economic connection to their lands and waters.

The guidance and support received from the Murray Lower Darling Rivers Indigenous Nations, the Northern Basin Aboriginal Nations and our many Traditional Owner friends and colleagues is very much valued and appreciated.

Aboriginal people should be aware that this publication may contain images, names or quotations of deceased persons.

Introduction

The Murray-Darling Basin Authority (MDBA) welcomes the opportunity to provide feedback to the Department of Environment, Land, Water and Planning (DELWP) on the *'Regulatory Impact Statement for the Goulburn to Murray Trade Review – assessing changes to trade, tagging and operating arrangements'* (the RIS).

This submission highlights some key considerations and potential risks of any change proposed by the RIS, then provides feedback on the preferred and other options outlined in the RIS.

Key considerations and potential risks

Given the MDBA's responsibilities as operator of the River Murray on behalf of NSW, Victoria and South Australia and, in particular, its responsibility to mitigate third party impacts under Clause 33 of the Murray-Darling Basin Agreement, we urge Victoria to take the following considerations into account in review of the Goulburn to Murray trade and operational rules.

- Shortfall risks – how the MDBA 'calls' on water from the Goulburn to the Murray, as this also impacts volumes likely to be held in the Goulburn system and volumes able to be delivered. The MDBA supports a principle of ensuring that any demand created by water trade should be matched by a delivery of the traded water volume. If this does not occur, the risk of a delivery shortfall in the Murray is increased. This is particularly relevant over the peak irrigation season.
- Operational planning – additionally, there is a risk that MDBA's operational planning becomes difficult under the proposed delivery arrangements if there is temporal misalignment of traded demand and delivery. The MDBA notes the flexibility provided in the proposed preferred option aims to minimise this potential impact. However, there are complex interactions in rebalancing system operations for new delivery patterns that can affect both third party water availability through spills/water accounting and system planning and shortfall risks.
- Special accounting – the impacts on Murray resources due to the volumes of water held at the end of the year in the Goulburn system, and any risks to other Basin states' water availability through the changed trade rules as differing volumes of water held in the Goulburn IVT account can affect water availability through special accounting and second year water accounting.
- Increased losses – the likelihood of any impacts on other states' water resources from the delivery of the IVT from the Goulburn. As an example, potential flows of 6,000 ML/day from the Goulburn are noted as an option, flows of this magnitude may lead to increased losses in the Murray (and Goulburn) and potentially risk other states' water availability as Murray losses are shared 50/50 between NSW and Victoria during regulated times.
- Water market – likely changes to the southern-connected Basin water market, so that Victoria can inform the market of any likely outcomes arising from a rule change.
- Environmental water – the potential implications for delivery of environmental water of the proposed operating rules for the Goulburn River. Capping the delivery rates from the Goulburn may risk the ability for environmental water holders to access from the Goulburn, which is an important part of the pre-requisite policy measures.

- Any transitional rules or operations should also take these risks to third parties into account during the transition period.

The MDBA notes that Victoria has engaged in discussions involving the above considerations. However, given potential impacts on the overall River Murray system, these issues need to be resolved prior to implementing the new rules.

Feedback on the preferred option

The MDBA notes Victoria’s preferred option (Option 2) introduces a range of issues which would benefit from consideration once further details are known. The MDBA offers the following feedback:

- The MDBA supports in-principle lower summer and autumn flows in the lower Goulburn River. However, if flows are not sufficient to meet the extra demand in these months, created by trade to the Murray, the risks of delivery shortfall in the Murray will intensify.
- The MDBA supports in-principle the joint development, through WLWG and if necessary, with subsequent approval by the Basin Officials Committee, of an annual operating plan for the delivery of IVT from the Goulburn system, including lower Broken Creek and the Campaspe River. The operating plan would need to be flexible and adaptable to accommodate a wide range of potential operating scenarios, including avoiding delivery during high flows in the Goulburn and/or Murray Rivers. The operating plan would also need to take into account and adapt to changing requirements for environmental watering actions both in the Goulburn system and the River Murray system. These requirements are likely to change between years and within-year as the season unfolds.
- The MDBA supports in-principle variable base flows over summer, with up to 3 separate pulses with flows up to 3,000 ML/day. Further work is required to determine if there are any negative impacts to third parties from pulses up to 6,000 ML/day. If so, there may need to be additional measures to provide appropriate third-party protection. Further, the MDBA encourages Victoria to consider the intersection between this work and Victoria’s work on relaxing constraints, which is also considering the relocation of pumps in the Lower Goulburn to a higher flow rate than 6,000ML/d.
- The MDBA supports in-principle the two-part allocation trade rule. In particular, the limit on trade after mid-December will enable the IVT account balance to reduce as water is delivered and hence decrease the risk of any implications of a high balance for special accounting and second year water accounting.
- The MDBA supports in-principle adding the full legacy water commitments (approximately 140 GL) to the Goulburn IVT account balance at the beginning of the water year, with a possible reduction of this volume depending on the seasonal outlook in mid-December. The MDBA suggests that Victoria consider quarantining the volume of entitlements in the Goulburn which have “grandfathered” tags to the Murray.

Feedback on other options

- The MDBA does not support the base case option. However, the current operating rule combined with a restriction on tagged water use in line with trade limits and an agreed operating plan that limits the duration of high summer flows may provide a workable solution in the short term.

- The MDBA notes Option 1, (with lower deliveries from the Goulburn River over summer and autumn), as potentially providing better environmental outcomes. However, the MDBA notes that this option also reduces the opportunity for allocation trade and tagged use from the Goulburn system. The risks of delivery shortfalls in the Murray may also be heightened with this option compared with Option 2.
- The MDBA does not support Option 3 if, as stated in the RIS, there is likely to be limited long-term recovery of the environment of the lower Goulburn River and a high risk of further environmental damage.
- The MDBA does not support Option 4 as unlimited tagged use from July to October would increase delivery pressure on the Murray in subsequent months as this tagged use from the Goulburn would postpone use from Murray entitlements. As stated in the RIS, this option presents unacceptable third-party impacts.

Feedback on options for Lower Broken Creek

The MDBA is unable to provide comprehensive feedback at this time on proposed options for the Lower Broken Creek as further detailed information is required.

Feedback on transitional arrangements

- The MDBA supports in-principle the transitional trade rule for 2021-22, noting that the IVT balance at the end of that year could be around 50-150 GL, depending on delivery opportunities and other factors. In the transition period, there may be limited opportunities for allocation trade or tagged use from the Goulburn system.
- The MDBA's feedback on the transitional operating arrangements is the same as provided above under the preferred option and general considerations and risks sections.
- The MDBA's feedback on the transitional tagged use arrangements is the same as provided above under the preferred option and general considerations and risks sections.

Compliance

The MDBA is the compliance and enforcement authority for the Basin Plan Water Trading Rules under the *Water Act 2007* (Cth) and the [Basin Plan 2012](#) (Cth). It is the responsibility of Victoria to ensure that any arrangements are consistent with all relevant legislative frameworks.

The MDBA notes that the RIS outlines some of the intersections between proposed trade rule changes and state and Commonwealth Murray-Darling Basin compliance requirements. The MDBA urges Victoria to ensure a comprehensive understanding of all legal implications of any rule change, particularly where that change may conflict with the Basin Plan Water Trading Rules sections 12.18 and 12.23. Any option pursued must be consistent with obligations under the Basin Plan.

The MDBA will continue to work with DELWP, Goulburn Murray Water and other stakeholders to ensure compliance with the Basin Plan and that third parties are appropriately protected by any changes to the trading rules and operations.

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