

Water Market Update Victoria

30 July 2019



Environment,
Land, Water
and Planning

Victorian water market update

Media Release

The Hon Lisa Neville MP
Minister for Water
Minister for Police and Emergency Services



Wednesday, 10 July 2019

MINISTER TAKES CONTROL OF LOWER MURRAY WATER EXTRACTION

The Andrews Labor Government is protecting the environment and water entitlement holders against the negative impacts of increasing water extractions below the Barmah Choke with a new licence review process.

Minister for Water Lisa Neville has directed Lower Murray Water and Goulburn Murray Water to refer all licence applications in the lower Murray region to her for assessment for the next 12 months.

No new licences for extraction will be issued or limit increases granted unless it can be shown that there will be no increased risks to the environment or entitlement holders.

Increased demand for water downstream has resulted in high summer flows, which are eroding important waterways such as the Barmah Choke and Goulburn River – while growth in extraction is also changing the risks of delivery shortfalls.

An independent report on the supply of water in the southern Murray-Darling Basin shows demands for horticulture are higher than previous estimates and will continue to grow as existing plantings mature.

At Ministerial Council in December 2018, Victoria drove an agreement from all governments to direct the Murray Darling Basin Authority (MDBA) to do new modelling to quantify these risks and better understand drivers of delivery risks through the system.

While that work is underway the Labor Government is taking a precautionary approach to limit any further negative impacts from new extractions.

This approach will be reviewed in 12 months, when MDBA modelling is complete and all states can put clear plans in place to manage how water is delivered through the Murray system without unacceptable impacts to the environment and entitlements.

The Minister has asked her New South Wales and South Australian counterparts to consider similar actions before MDBA modelling is completed and has requested that this issue is discussed at the next Ministerial Council.

This move is part of the Labor Government's push to make sure market settings are appropriate and working for all water users and the environment. Key actions this year will include more consultation on water market transparency and reviewing the Goulburn to Murray trade rule.

Quotes attributable to Minister for Water Lisa Neville

"We have to make sure the risks to the environment and Victorian entitlement holders don't increase due to more extractions – that's why I will personally review all licence applications for the next year."

"This action is part of a coordinated push to improve water markets and trade rules in Victoria – including making sure intervalley trade settings in the Goulburn are appropriate and protect the environment."

"The Murray River is a shared resource between Victoria, New South Wales and South Australia. That's why I'm talking to my interstate counterparts to work together on a solution that gets the best results for all water users."

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Media Release

The Hon Lisa Neville MP
Minister for Water
Minister for Police and Emergency Services

Friday, 21 March 2019

WATER MARKET IMPROVEMENTS FOR NORTHERN IRRIGATORS

Changes to the way water is traded in northern Victoria have been agreed today in a deal to support irrigators and primary producers in dry conditions and high prices for water and trade.

Minister for Water Lisa Neville said the agreement will help irrigators and primary producers in the northern Murray-Darling Basin, including those in the Goulburn, to secure water for their crops and businesses.

The deal will see the Victorian Government and the water sector and water users agree to:

- Limit the amount of water that can be traded in the Goulburn to Murray trade rule to 100,000 ML per day.

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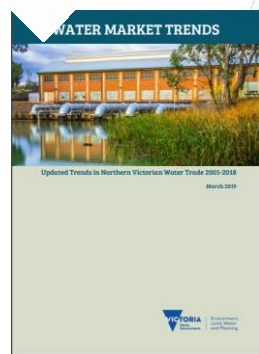
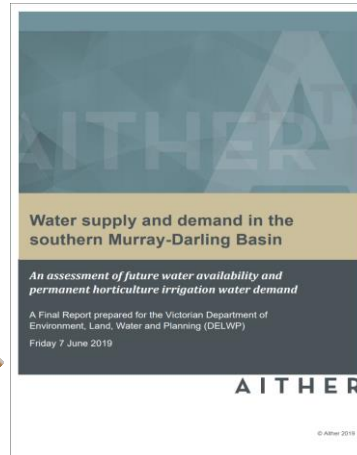
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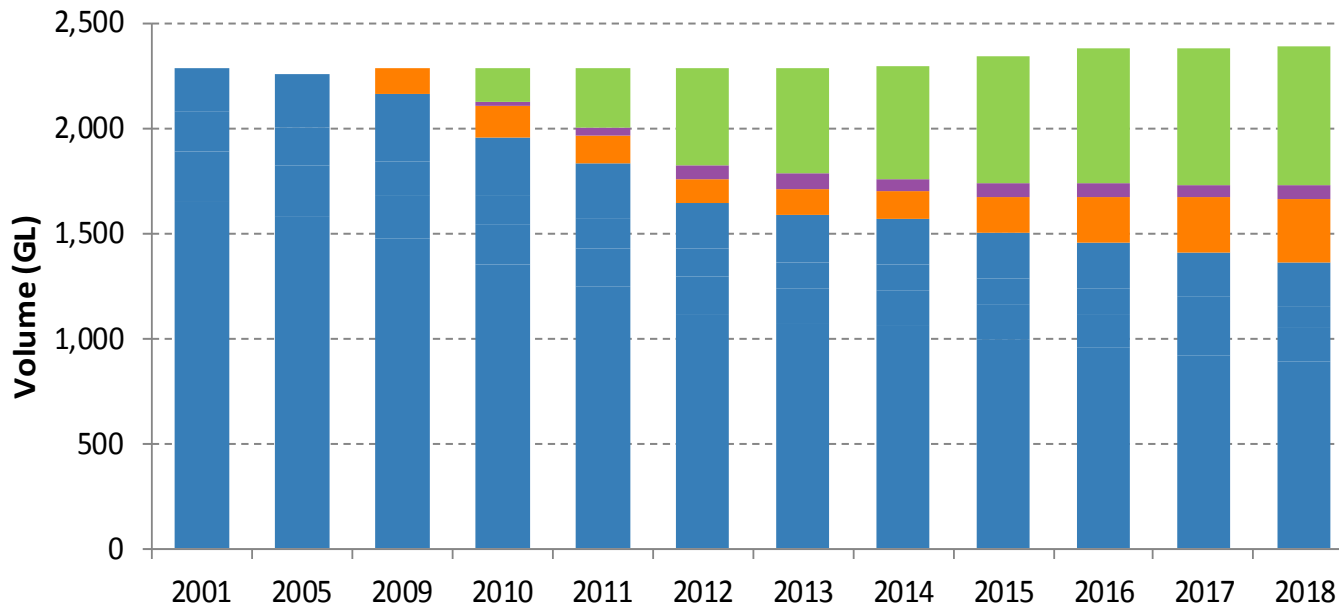
- Recent announcements by Victorian Minister for Water
- Improved public information available about changing demands and competition for water in the water market

Recent announcements

- Victoria's **Minister for Water** Lisa Neville has announced that she will be personally considering and **determining all works licence applications (licences to pump water) in the lower Murray region for the next 12 months.**
 - To make sure the risks to the environment and Victorian entitlement holders don't increase due to the cumulative impacts of more extractions
 - No new licences for extraction will be issued or limit increases granted unless it can be shown that there will be no increased risks to the environment or entitlement holders.
 - Increased demand for water downstream has resulted in high summer flows, which are eroding important waterways such as the Barmah Choke and Goulburn River – while growth in extraction is also changing the risks of delivery shortfalls.
- Minister has also asked for **inter-valley trade rules to be reviewed**, following concerns about high volumes of trade and environmental damage to the Goulburn River.
- Minister Neville has also asked DELWP to look at the **options and benefits of a completely transparent water trading system**, to provide confidence that the market is working for irrigators and not being distorted.

Changes in entitlement ownership

Changing ownership of high-reliability water shares



User Group

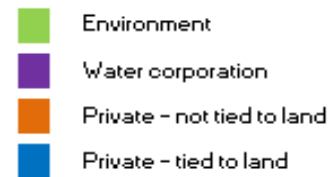
Private – tied to land
 Private – not tied to land
 Environment
 Water Corporation

2014-15

64%
 7%
 26%
 3%

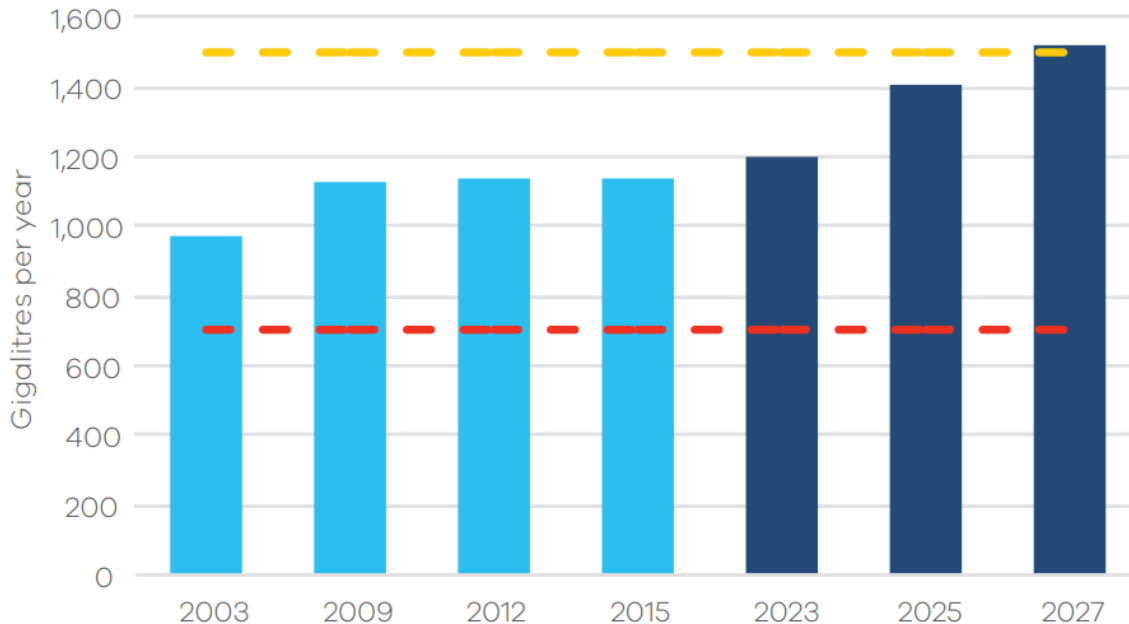
2017-18

57%
 12%
 28%
 3%

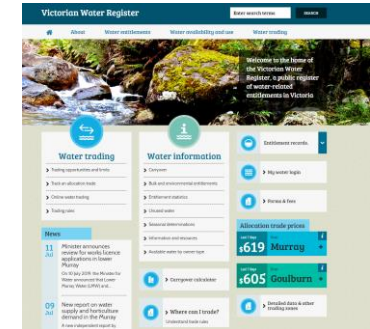


Water availability risks– lower Murray

Horticulture demand and consumptive water availability - downstream of Barmah Choke in Victoria, NSW and South Australia



- Actual horticulture demand
- Estimated forecast horticulture demand
- - - Expected future consumptive water availability - near average year
- - - Expected future consumptive water availability - drought year



Water supply & demand – lower Murray

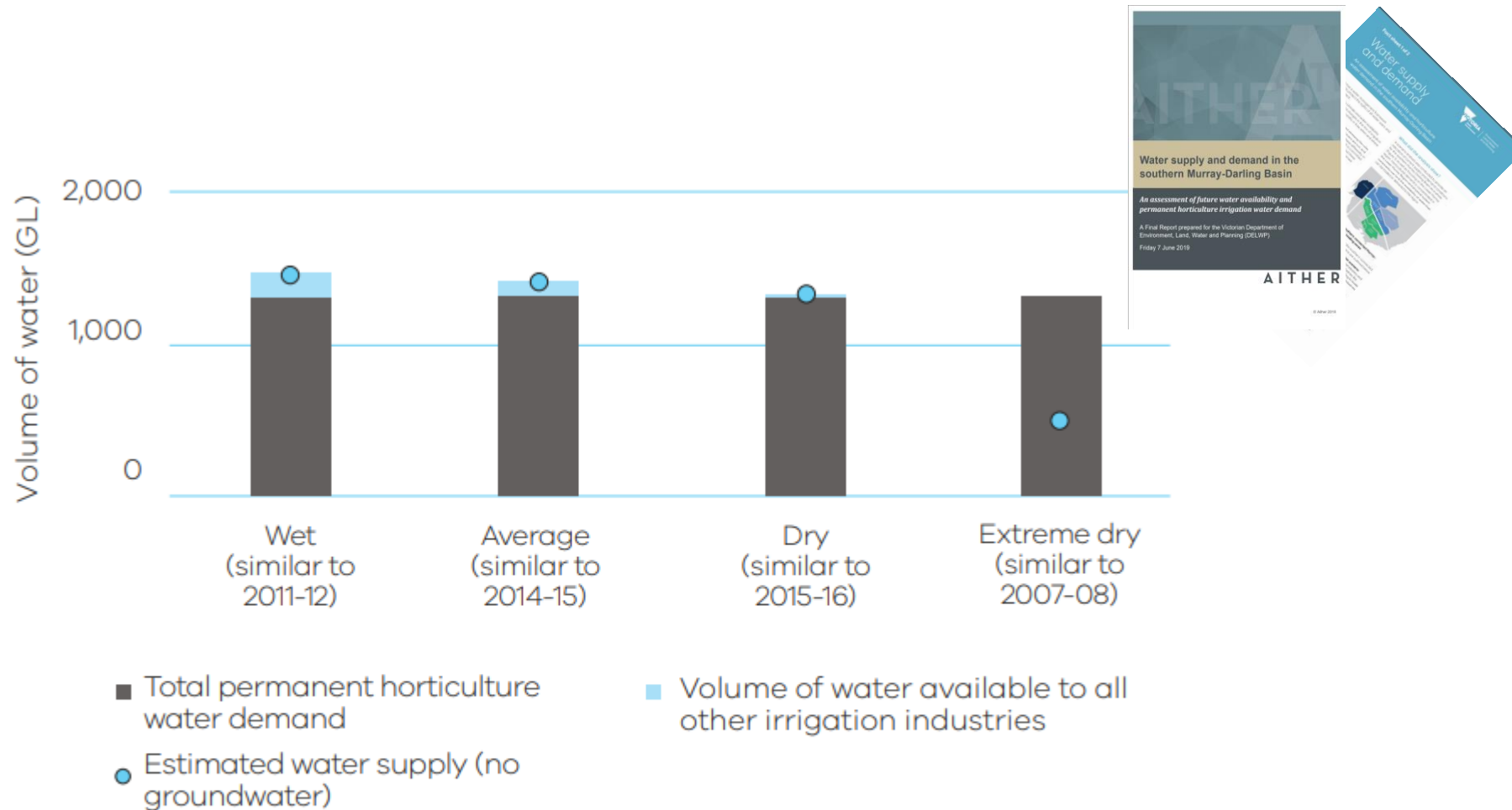
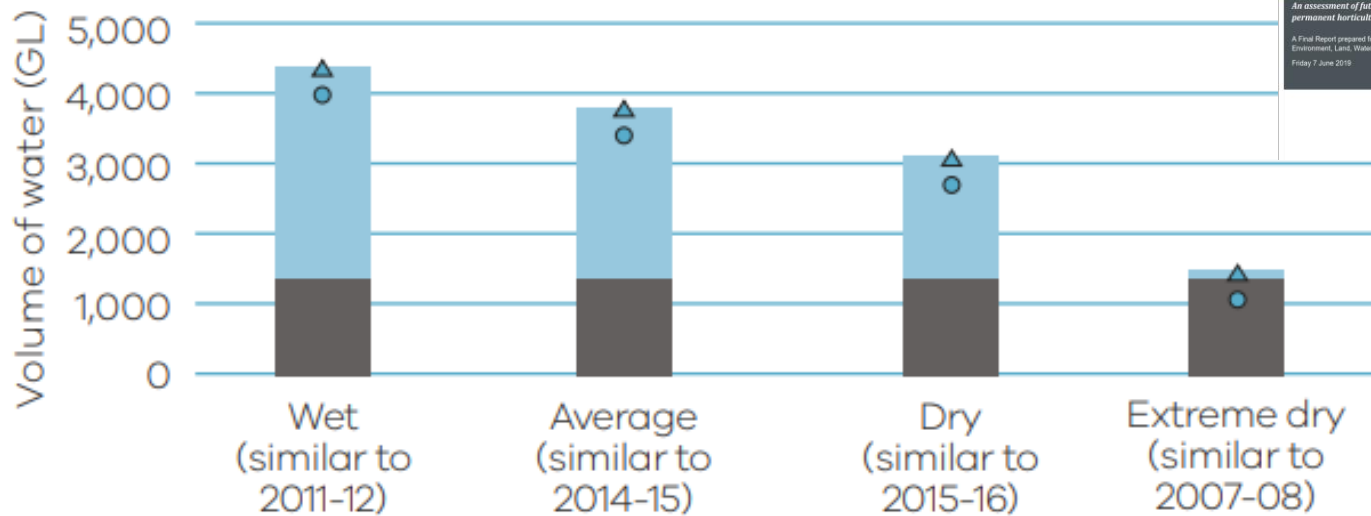


Figure 2: Water availability scenarios and projected permanent horticulture water demand (at full maturity) - lower Murray region

Water supply & demand - sMDB



- Total permanent horticulture water demand
- Volume of water available to all other irrigation industries
- Estimated water supply (no groundwater)
- ▲ Estimated water supply (surface water and groundwater)

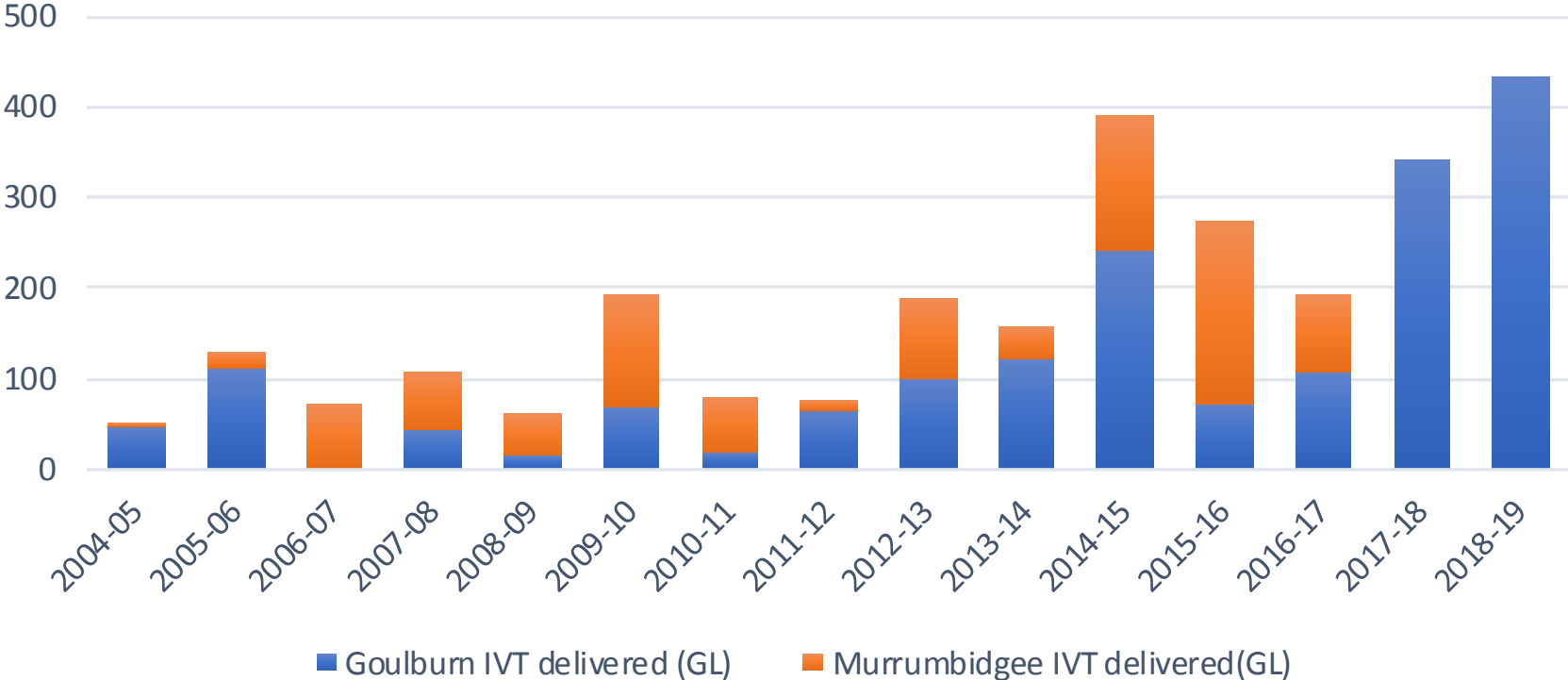


Limits on delivering water to the lower Murray

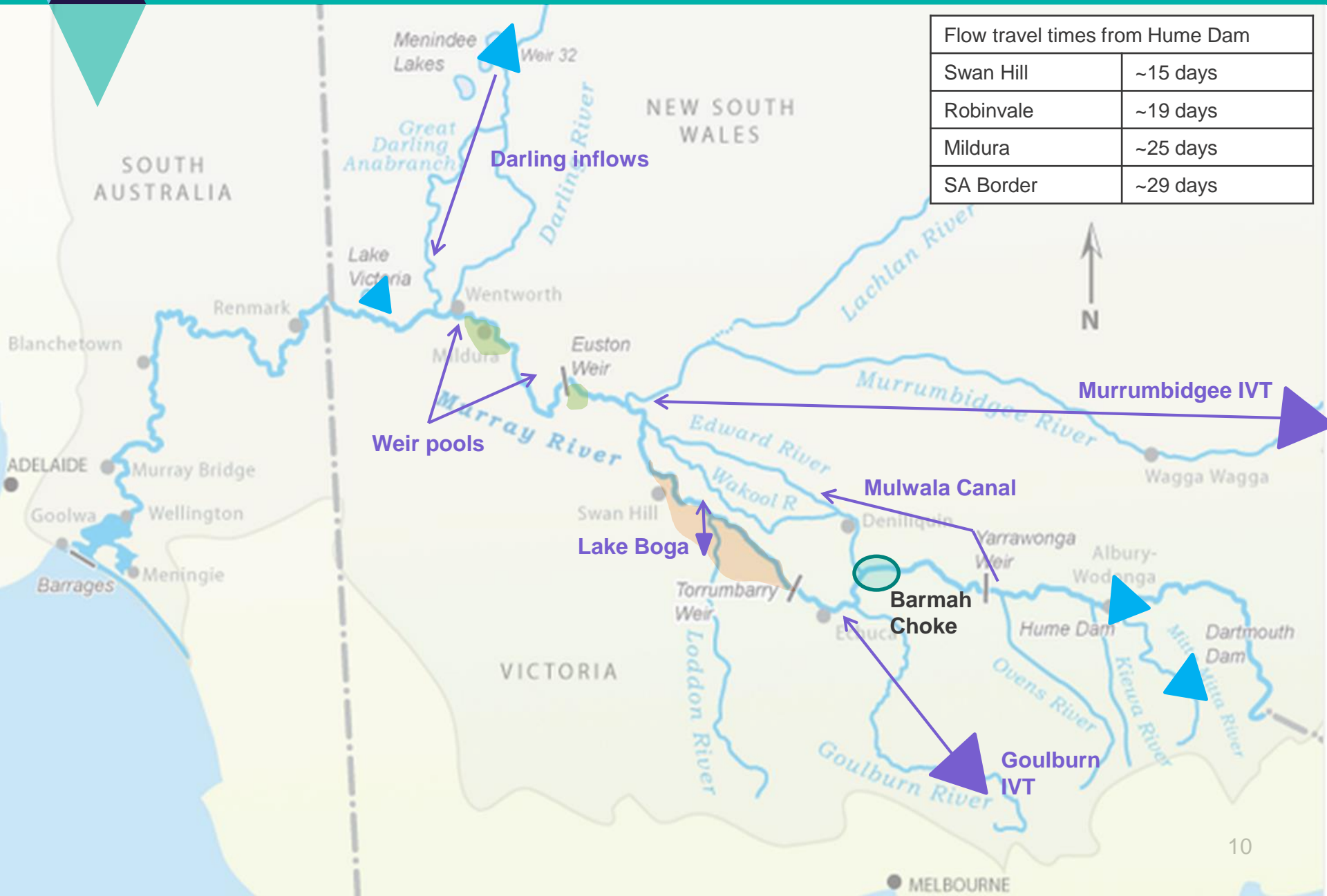


Reliance on Allocation Trade below Barmah Choke

Deliveries from Inter-Valley Trade accounts since 2004-05



River Murray delivery risks



What's changed/changing

Forecasting capability
Climate change impacts



Thankyou

