



SUBMISSION: GOULBURN TO MURRAY TRADE REVIEW – May 2020

Context

The Commonwealth Environmental Water Holder (CEWH) is a statutory position established under the *Water Act 2007* (Water Act) responsible for managing the Commonwealth environmental water holdings and the Environmental Water Holdings Special Account. The CEWH is supported by staff of the Commonwealth Environmental Water Office (CEWO). The Commonwealth environmental water holdings must be managed to protect and restore the environmental assets of the Murray-Darling Basin, including watercourses, lakes, wetlands and floodplains, in the national interest. The CEWH's function is a critical part of the sustainable management of the Murray-Darling Basin's water resources over the long-term for environmental, social and economic outcomes.

The Commonwealth environmental water holdings are subject to the same trade, allocation and carryover rules for each entitlement type as all other entitlement holders (e.g. agricultural users). The CEWH also pays the same fees and charges as all other entitlement holders.

Like other entitlement holders, the CEWH has three options for managing allocations accrued to Commonwealth environmental water entitlements. These options are to 1) deliver the allocations in the current water year, 2) carryover allocations to the following water year, or 3) trade a portion of allocations on the open market. The trade of Commonwealth environmental water is governed by Section 106 of the Water Act, which outlines the circumstances under which trade can be undertaken and the purpose of the trade. In practice, commercial trade of Commonwealth environmental water holdings is relatively infrequent, however the Goulburn is one of the few catchments in the Murray-Darling Basin where the CEWH has previously traded allocations. Further details are available on the CEWH website at: <http://www.environment.gov.au/water/cewo/trade>

Commonwealth environmental water management in the Goulburn catchment

The Commonwealth holds 312,557 ML of high reliability shares and 42,467 ML low reliability shares in the Goulburn system. Delivery of Commonwealth environmental water in the Goulburn is co-ordinated with other environmental water holders including the Victorian Environmental Water Holder. How and when environmental water is delivered in the Goulburn system is informed by catchment plans developed by the Goulburn Broken Catchment Management Authority (GBCMA), as well as broader *Basin annual environmental watering priorities* and the *Basin-wide environmental watering strategy* developed by the Murray-Darling Basin Authority.

Commonwealth environmental water in the Goulburn system is also co-ordinated with operational flows in the lower Goulburn River and Lower Broken Creek. This includes deliveries of Inter-Valley Trade (IVT) water called upon by the river operators.





Goulburn IVT implications for Commonwealth environmental water delivery

The CEWO is supportive of the current review of IVT rules to better protect the lower Goulburn River. As noted in the consultation paper¹, Goulburn IVT delivery in recent years has resulted in clear damage to the environmental values of the lower Goulburn.

How and when Goulburn IVT is delivered has direct implications for Commonwealth environmental water management. For example, the recent damage caused by IVT delivery has necessitated new flow management strategies to protect the lower Goulburn riverbank. This includes a 6-week low flow period in the lead up to summer (which inhibits environmental water delivery) and slower rates of fall following unregulated flow events (which requires additional environmental water to enable). Any changes to IVT rules will likely have further implications for Commonwealth environmental water management. These could be positive or negative depending on the scenario.

The CEWO does not have a preferred trade rule option from those presented in the consultation paper. However, we have several concerns we want factored into the determination on the future trade and operating rules under consideration.

Concerns in Goulburn to Murray trade and operating rule review

1. Potential channel capacity issues in spring – The future trade rule options put forward in the consultation paper indicate the potential for a greater focus on IVT delivery earlier in the season, particularly spring. Spring is an important time for environmental water delivery in the Goulburn to meet both local and downstream environmental demands. There are current constraints in the lower Goulburn in the flow range up to around 10,000 ML/d at Shepparton that limit flow delivery. These include limitations on the ability to deliver flows above 3,000 ML/day for extended durations due to inconvenience for private diverters, and requirements for advance notification when flows are planned to exceed 3,000 ML/d. These constraints will undoubtedly result in increased channel capacity competition between environmental water and IVT if greater volumes of IVT are delivered in spring.

The CEWO encourages the Victorian Government to accelerate resolution of constraints in the lower Goulburn River. Relaxing constraints in the lower Goulburn, including on flows less than 10,000 ML/d, will allow greater flexibility in the delivery of both environmental water and IVT for the benefit of the local environment. This will provide increased capacity for IVT to be delivered in an environmentally sensitive manner. Depending on the future trade rule, enabling higher flow rates for river operations is also expected to support increased trade opportunity, thereby benefiting both consumptive users and the environment.

2. Underwriting transmission losses from IVT delivery – Under current operating rules Goulburn IVT can be delivered via Lower Broken Creek. Delivery of IVT down Lower Broken Creek meets environmental demands in that system. However, as this is a less efficient delivery route compared to the lower Goulburn, the CEWH has historically

¹ Department of Environment, Land, Water and Planning 2020, Changes to the Goulburn to Murray trade rule Consultation Paper



agreed on a case-by-case basis to pay a 10% transmission loss of IVT passed down Lower Broken Creek. This arrangement has historically benefited both parties as it has allowed additional IVT to be delivered in an environmentally sensitive manner, whilst providing outcomes in Lower Broken Creek for reduced cost to environmental water holders.

Recent years have seen much greater volumes of IVT passed down Lower Broken Creek, resulting in flow rates double what would otherwise likely be targeted with environmental water (~500 ML/d compared to ~250 ML/d). Whilst these high IVT deliveries have not necessarily done harm to Lower Broken Creek, the CEWO is concerned that there is an underlying expectation that environmental water is expected to bear the transmission losses irrespective of what volumes of IVT are delivered through the system. When CEWO staff have queried this in the past, river operators have responded that the alternative is for the additional IVT to be delivered down the lower Goulburn, which would likely wreak environmental damage.

Through the consultation process, Victorian Department of Environment, Land, Water and Planning (DELWP) officers have advised that future operating rules will assume a volume of IVT will be delivered down Lower Broken Creek. **CEWO stress that there is no guarantee that Commonwealth environmental water holdings will be available to underwrite the transmission loss of these IVT deliveries.** If these assumed IVT flows will otherwise need to be delivered down the lower Goulburn River, then Victoria should factor this scenario into the IVT operating rules. Alternatively, Victoria should also consider bearing the 10% transmission loss of delivering IVT down Lower Broken Creek as a system loss. This arrangement would be similar to how transmission losses for lower Goulburn IVT delivery up to 3,000 ML/d are currently accounted as system losses.

3. Flexibility for low-flow period in summer– As a result of the recent IVT damage to the lower Goulburn riverbanks, GBCMA have implemented a flow priority for a 6-week low-flow drying phase of 1,000 ML/d or less ahead of higher IVT flow rates in summer. In the past two years (2018 and 2019) the low-flow period has occurred in November to enable high IVT deliveries from December onwards. November is a critical time for environmental water delivery in the southern Basin, and the flexibility to deliver flows greater than 1,000 ML/d in the lower Goulburn in November is vital to achieve the environmental outcomes of the Basin Plan 2012.

CEWO request DELWP to investigate opportunities within the IVT operating rules to limit IVT flows to a maximum of 1,000 ML/d in the lower Goulburn throughout December, or even into January on an annual basis. Incorporating this feature into the IVT operating rules would provide greater flexibility for late spring water delivery in the lower Goulburn of both IVT and environmental water.

