

# Trading rules update

Department of  
Sustainability and  
Environment

**Trading rules**

**Other 2010/11 issues and achievements**

**Update on 4% limit**

**Changes likely for 2011/12**

**Gerry Egan (DSE) - Professionals information session, Shepparton, 24/5/2011**

# Trading rules - principles

## Principles set by Northern Region Sustainable Water Strategy

- Draft Basin Plan trading rules principles are similar

## Trading Rules to be consistent with the following:

- Trade generally permitted if water can be physically delivered
  - Trade up-stream (back-trade) cannot occur unless previous trade the other way
- Trade should not damage the environment or heritage assets
- Trade should not impact 3rd parties by eroding entitlements or levels of service

## Trading rules change – holding limit

- Allocation trade from interstate into Victoria
  - now subject to buyer 'holding limit'
  - the same restriction which applies for trade within Victoria
- Necessary to mitigate the impact on Victorian water users of people trading unlimited water allocation volumes from interstate to access Victoria's liberal carryover arrangements.
  - Consistent with Principle 3

# Trading rules change – some suspensions

- Applies to allocation trade:
  - from New South Wales to Victoria, and
  - from the Goulburn, Campaspe and Loddon systems to the Victorian River Murray system, or to interstate.
    - Zone 6B part of Murray system
- Why is there a suspension?
  - High Murray-Darling Basin storage levels
  - Large volumes of unused irrigation water
  - Increase in Victorian obligation to deliver water to users on the Murray not matched by the same volume of additional water.
    - Consistent with Principle 3
- Trade was suspended on 11 April 2011 until 1 July 2011.

# Trade suspension – what happens after 1 July?

- Suspension ends on 1 July 2011
- BUT
- Interstate suspension may need to be reinstated ....
  - when the Victorian share of Hume is very full,
  - until an agreement can be developed with NSW to adjust state water accounts in a way that reflects the impact of the trade, eg in Dartmouth rather than in Hume.
- Goulburn, Campaspe and Loddon suspension may need to be reinstated..
  - when there is an appreciable risk of spill of Eildon Reservoir, and
  - a large volume of water has already traded out of the Goulburn, Campaspe and Loddon.

# 2010/11 issues and achievements (1)

Trade processing performance against service standards

OK except for interstate allocation trade

- SA trades have a lower standard (20 days) – reported at a stricter level
- Low number of trades
- Back-room register “interoperability” now in place

<b>Entitlement Trade</b>	<b>Number of trades</b>	<b>Performance</b>	<b>Service standard</b>
Approval Process - % of trades approved within 20 business days	3014	93%	90%
Registration Process - % of trades registered within 10 business days	2859	100%	90%
<b>Allocation Trade</b>	<b>Number of trades</b>	<b>Performance</b>	<b>Service standard</b>
Inter-State trade - % of trades processed within 10 business days	297	79%	90%
Intra-State trade - % of trades processed within 5 business days	2634	97%	90%

## 2010/11 issues and achievements (2)

### Reduced transactions:

- Seasonal conditions
- Less Commonwealth purchases
- Movement of environmental allocations

<b>Victoria Trading Summary</b>		<b>2010/11 to date</b>	<b>This time last season</b>
<b>Water shares</b>	Number of transactions	2,844	2965
	Volume	240 GL	385 GL
<b>Allocation</b>	Number of transactions	2,577	7,725
	Volume	665 GL	596 GL

## 2010/11 issues and achievements (3)

- Back-room changes to water register functionality
  - Interstate interoperability
  - On-line allocation banking
  - Website improvements
- Barmah Choke limit
  - Restriction lifted till 30 June
  - ‘No net trade’ rule could return – watch MDBA/G-MW announcement

# Update on 4% limit

## Objectives of 4% limit -

- Mitigate the impact of change on irrigation communities
- Coordination of Commonwealth purchases with investment in irrigation infrastructure

## Exemptions for -

- Small Block Irrigators Exit Grant Package (now closed); Exceptional Circumstances - Rule 25A(a) and (d)
- On-farm efficiency programs (now includes NVIRP) - Rule 25A(b)
- Areas not a priority for modernisation “yellow areas” - Rules 25A(c) and (e)
- Living Murray (now closed); Campaspe - Rules 25A(f) and (g)

## SA litigation - close to court appearance

## Next steps:

- Any phase out is subject to progress with modernisation
- Phase 2 NVIRP funding still being finalised
- No government decision yet

# Changes for 2011/12

New application fees (CPI based escalation) from 1 July 2010

Form 39 change coming up – simpler entry of interstate info

Investigating expansion of trade in Ovens and Broken basins

MDBA proposed ‘Trading Rules’

- Part of basin plan
- Formal consultation through draft Basin Plan
- Uncertain timing of their application in Victoria

Questions?