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Australian Competition and Consumer Commission
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Submission

Murray-Darling Basin water markets inquiry

Lifeblood Alliance consists of environmental, Indigenous and community groups committed to keeping the rivers, wetlands and aquifers of the Murray-Darling Basin healthy for the benefit of current and future generations.

We welcome the opportunity to provide comment on issues regarding the water trading market in the Basin.

Our key concern relates to the water market policy that seeks to appropriately manage the third-party hydrological and environmental impacts of changes in the timing and location of water use that arise from water trading activities.

There are a number of legal requirements in regard to protecting the environment from the impacts of water trading. The current increase in water trading to downstream developments in the Murray southern connected Basin is causing significant environmental impacts that are not being adequately addressed. Higher rates of summer water transfers has increased the reversal of seasonal flow regimes.

Increased development in the Lower Murrumbidgee has caused greater water usage in that catchment thus placing increase pressure on the Goulburn River to provide Inter Valley Transfers to downstream water orders and interstate agreements.

Environmental impacts from the water trading market include:

1. Environmental damage to the Goulburn River through erosion, threats to riparian revegetation projects and loss of benefits from environmental watering
2. Unseasonal flooding of the Barmah-Millewa Ramsar wetlands in the 2017-18 water year due to overbank flows from water order deliveries
3. Loss of natural flows from the Murrumbidgee River

Lifeblood Alliance is concerned that environmental, physical and cultural impacts from water trade have not been adequately considered, as required under the Commonwealth *Water Act 2007*.

Legal requirements to protect the environment

Under the Commonwealth *Water Act 2007* Schedule 3 restrictions to water trading are required when:

- avoiding environmental impacts
- protecting water quality
- facing delivery constraints
- geographical features are being impacted
- major indigenous, cultural heritage or spiritual significance would be impacted.

We note that there are water trade restrictions in place above and below the Barmah Choke on the Murray River. However, the range of environmental, social and cultural impacts now being inflicted on the river system have not been adequately addressed through the water trading market, as required.

Tagged trades

The concept of using a water licence from a water source that is different to the water source where the water is extracted has the potential to cause significant environmental impacts.

We note that there is limited or no regulation of tagged water accounts across the southern basin.

There needs to be improved management of the impacts of tagged trading.

Increased competition for water order releases

It is also of great concern that priority is given by river operators to extractive industry water orders over held environmental water orders when there are capacity constraints to meet all orders.

All water licences should be treated equally through delivery capacity sharing arrangements.

Recommendations:

1. Seasonal flow limits must be assigned to rivers at risk similar to the limits on the Barmah Choke.
2. Establish a National Water Trading Exchange to increase transparency and improve capacity to better manage third-party and environmental impacts.
3. Increase Federal responsibility for the alignment of State regulations and policies. Many of the third-party and environmental impacts are the result of, or enhanced by, state divisions and misalignment of policies.

For more information about this submission please contact:

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Lifeblood Alliance:

Australian Conservation Foundation, NSW Nature Conservation Council, Conservation Council of South Australia, Environment Victoria, Murray Lower Darling Rivers Indigenous Nations, Northern Basin Aboriginal Nations, River Lakes and Coorong Action Group, Environmental Farmers Network, Inland Rivers Network, National Parks Association of NSW, Goulburn Valley Environment Group, Healthy Rivers Dubbo and Central West Environment Council.