

Interstate Water Trade



MDBC F/S8 06/21272

FACT SHEET 8
MAY 2006

From the pilot program to expanded interstate water trade - what are the differences?

FROM THE PILOT PROGRAM TO EXPANDED INTERSTATE WATER TRADE - WHAT ARE THE DIFFERENCES?

This Fact Sheet is intended for those water users familiar with water trading in the pilot region who wish to know what the changes under the new agreement to expand interstate water trade in permanent entitlements mean to them.

Main Changes

The area where permanent water entitlements can be bought or sold now includes the upper River Murray, the River Murray in South Australia and the regulated reaches of the Goulburn, Campaspe, Loddon and Murrumbidgee river systems.

- Exchange rates have become more important. The pilot region was selected because trade was able to be restricted to similar water products in a specified area – one megalitre purchased was in most cases one megalitre (ML) delivered. However, because the water products in the expanded area vary significantly, and the distances between point of origin and destination are much greater, one ML of water purchased can mean less than one ML of water delivered.
- Restrictions to trade out of irrigation areas are reduced. The Intergovernmental Agreement sets the threshold at 4% of an area's water being sold out annually before restrictions can be applied. This will be reviewed in 2009 with a view to raising the threshold.
- System capacity constraints, particularly in terms of peak demand, may restrict the ability to trade. Buyers and sellers must consult with appropriate state agencies to determine whether water can be delivered.
- Sellers of water may be required to continue to pay an annual access fee for the right to maintain access to irrigation infrastructure.
- The expanded area for trade also increases the number of regional land and water management plans that cover the trading area. Appropriate environmental clearances will need to be determined and taken into account by buyers and sellers.

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Dairy Cows grazing at Woodlands Dairy (photo: Regional Reach Advertising, May 2006)

Hattah Lakes (photo: Andrew Keogh)

Forage Sorghum field at Wylarah (photo: Regional Reach Advertising, May 2006)