



Inquiry into Water augmentation - Waterfind post-hearing responses to supplementary questions

1. Do you have suggestions and views about the current air space management arrangements for NSW water storages? How can this be improved?

In Waterfind's opinion the air space management of NSW water storages should be based on the latest available scientific evidence. For instance, the current 100GL Murrumbidgee inter-valley transfer limit is based on the volume of water that can be physically transferred out of the valley via Balranald in one year without incurring excessive transmission losses. In Waterfind's opinion this limit hasn't been pressure tested in a long time, and the Murrumbidgee irrigators would benefit from a thorough review of this limit.

Waterfind would also like to propose the NSW Government to investigate whether it would be beneficial to create a separate right for the air space component – effectively unbundle air space component from the water entitlements. At the moment, this right is built in to every water right, meaning that a certain quantity of the water storage airspace is reserved for the water right holder. If unbundled, the air space right could be traded between licence holders, just like the water component. This, in turn, could create efficiencies in air space management as the air space would go to its highest value use through market-based mechanism. There are already processes like this in place in certain Queensland water sources (e.g. in the Macintyre Brook Water Supply Scheme).

2. In your submission you state: "... many irrigators feel that environmental water is simply not managed to the same efficiency standards as water for irrigators."

How can the government better account for the success, or otherwise, of environmental releases?

As specified in Waterfind's initial submission, from an environmental point of view greater efforts are needed from the governments to increase public awareness of the progress on a range of river health indices. For instance, these may relate to vegetation, pest management, and water condition, each of which provide additional indicators of the underlying health of the water resource.

From a water market perspective, in Waterfind's opinion the key is transparency around all activities that may have a market impact. However, Waterfind considers that in this case the major issues lie around the Commonwealth level environmental water management, not state level. For instance, it can be argued that at present the lack of transparency around the Commonwealth Environmental Water Holder's (CEWH) market engagement is distorting the water market in multiple ways. For example, the CEWH's current portfolio management updates are very vague, along the lines of "the Commonwealth Environmental Water Office is currently investigating the feasibility of water allocation sales across a number of southern-connected Basin catchments in early 2017".

Without the CEWH giving any more details than this, or even up to date information about how much water is held in the CEWH accounts, many market participants are making decisions based on this imperfect information as they anticipate that the eventual release of this water for sale will have a significant market impact. Therefore, water users may be holding back with their water purchases. As a consequence, the CEWH's vague announcement to engage with the water market is having a larger impact than it should.

Besides having an impact even before the actual sale of water is announced, the CEWH's preferred method of conducting the sales via an off-market tender (instead of existing, well-functioning market mechanisms) is actually compromising the CEWH's objective not to distort the water market, as the CEWH market engagement is perceived as a separate market activity by market participants compared to 'regular' trades. In addition, off-market tenders limit the ability of smaller water entitlement holders' bids to be successful. It can also be argued that off-market tenders do not represent the prevailing and unbiased market price as, based on previous tenders, market participants have a view that Commonwealth tenders provide an opportunity for trading at better than prevailing market prices.

3. What are the current legislative and regulatory requirements for the operation of Waterfind Group?

Waterfind operates its trust accounts in accordance with common law principles that establish its legal arrangements to:

1. Protect creditors;
2. Administer its trust account separate from general accounts, requiring multiple administrators to sign for release of funds; and
3. Procedures – Waterfind's trust account is independently audited on a quarterly basis, producing an audit report that can be viewed by Waterfind customers.

As discussed in our submission, transfers of water involve a range of different rules and regulations. Waterfind operates within this regulatory framework to maintain the integrity of its online market, enabling clients to trade with the confidence that all the necessary criteria to enable a successful trade has been assessed. Waterfind's QMS Accounts Process requires the organization to maintain a Register of Standards (Appendix A) to ensure that all 84 water related rules and regulations are accounted for.

4. Your submission suggests there should be a visible queue for pending trade volumes. How should this be implemented and how do you envisage the operation of such a mechanism?

The suggestion was in relation to trade arrangements around the Barmah Choke, and in especially in situations where the Choke trade limit is at capacity or approaching it. In Waterfind's opinion the water market would benefit from a similar arrangement for the Choke than WaterNSW has for the pending inter-valley trades out of the Murrumbidgee valley. In a nutshell, once the IVT trading has opened and closed again, the next trade applications in queue can be approved in order of receipt within 7 days of trade closing, if/when IVT account capacity permits. All queued application information is publicly displayed on the WaterNSW website and is updated daily, as trades are processed. This way market participants can assess whether their pending application is likely to be successful or not.

This is not the case with the Barmah Choke trade limit – if the trade volume is greater than the current capacity to trade allocation from above the Choke to below the Choke, the application is immediately refused and the application fee is a sunk cost for the applicant. The introduction of a visible queue for pending trade volumes would allow for market participants to only lodge trades that are able to go through, which would result in cost savings for water holders. Ideally, just like with the Murrumbidgee IVT transfers, the Choke account should also have capacity for applications lodged after closure to go into a visible queue for processing when trade is reopened.

More details about the Murrumbidgee IVT queue system can be found here:

<http://www.waternsw.com.au/customer-service/trading/murrumbidgee>

5. Can you explain further why you suggest that the current NSW temporary trade deadlines should be amended? How does this affect the Southern Connected system?

At present the interstate temporary trading to/from NSW Murray & Murrumbidgee valleys closes at the end of April, whereas SA and Vic water users can continue to trade across their state borders right up until the end of the water year (30 June). Even intrastate trading within and between NSW Murray and Murrumbidgee ends at the end of May. This means that SA and Vic irrigators have up to 2 months more time to manage their water assets, either for consumptive use or to prepare for the next season e.g. through carryover.

As an example, a Murrumbidgee General Security entitlement holders have to decide before the cutoff dates in April (interstate) and May (intrastate) how much water they will carry over to the next season, and subsequently organise either temporary purchases or sales depending on whether they need to offload or acquire more water. Similarly, High Security entitlement holders have to get rid of any excess temporary water from their accounts before the cutoff dates as these entitlements do not have a carryover ability.

After the trade closures in NSW, irrigators in QLD, Vic and SA can continue to trade. Often there are significant market movements during the final weeks of the water year, and water users in these states can benefit from water price increases/decreases. Therefore, Waterfind's view is that the current trade deadlines without a doubt place NSW Murray and Murrumbidgee irrigators into unfair position compared to South Australian and Victorian water users.

Waterfind does not see any clear reasoning why in NSW Murray and Murrumbidgee temporary trade should close earlier than other states, and asks the NSW Government to consider aligning the NSW Murray and Murrumbidgee trade closing dates with the rest of the Southern Connected system (and the rest of NSW as well – temporary trading for NSW groundwater, unregulated surface water and regulated surface water in the Northern Valleys already continues till June).

Waterfind believes that by adjusting the trade deadline to NSW water users, this simple fix would provide all irrigators within the Southern Connected System with equal opportunity to manage their water assets over the same time period.

Regards,

Tom Rooney
Waterfind CEO

BUSINESS RELATED LEGISLATION, RULES & REGULATIONS

Title	Date of Issue	Source	Last Amended (Commencement)	Last Checked	Actions from Check
ISO 9001-2015	2008	SAI Global		06/06/17	Change – updates to be implemented by Waterfind ISO team
Work Health and Safety Act 2012	2013	South Australian Government	19 November 2015	06/06/17	No change
Work Health and Safety Regulations 2012	2013	South Australian Government	1 January 2017	06/06/17	No effect
Work Health and Safety (Transitional and Consequential Provisions) Act 2011	2011	Australian Government	14 December 2011	06/06/17	No change
Electronic Transactions Act 1999	1999	Australian Government	22 June 2011	06/06/17	No change
Duties Act 1997	1997	NSW Government	11 April 2017	06/06/17	<i>State Revenue Legislation Amendment Act 2017</i> . Assented to 11.4.2017. Date of commencement, assent, sec 2.
Duties Act 2001	2001	Queensland Government	22 June 2017	06/06/17	No change – included amendments 2016 Act No. 63; 2016 Act No. 64 and 2017 Act No. 20
Duties Regulation 2013	2013	Queensland Government	25 November 2016	06/06/17	No change – included amendment 2016 SL No. 211
Racial Discrimination Act 1975	1975	Australian Government	10 December 2015	06/06/17	No change
Sex Discrimination Act 1984	1984	Australian Government	1 July 2016	06/06/17	No change
Disability Discrimination Act 1992	1992	Australian Government	1 July 2016	06/06/17	No change
Australian Human Rights Commission Act 1986	1986	Australian Government	13 April 2017	06/06/17	No effect
Equal Opportunity Act 1984	1984	South Australian Government	8 September 2016	06/06/17	Statutes Amendment (South Australian Employment Tribunal) Act 2016 8.12.2016 Pt 9 (ss 92–100)—uncommenced 2016 67 Relationships Register Act 2016 15.12.2016 Sch 1 (cll 4–19)—uncommenced 2017 6 Statutes Amendment (Surrogacy Eligibility) Act 2017 15.3.2017 Pt 3 (s 8)—uncommenced

Title	Date of Issue	Source	Last Amended (Commencement)	Last Checked	Actions from Check
Workplace Gender Equality Act 2012	2012	Australian Government	1 July 2016	06/06/17	No change
Racial Vilification Act 1996	1996	South Australian Government	6 July 1998	06/06/17	No change

WATER RELATED LEGISLATION

Title	Date of Issue	Source	Last Amended (commencement)	Last Checked	Actions from Check
Water Act 2007	2007	Australian Government	23 May 2017	26/06/2017	Incorporating the Water Amendment (Murray-Darling Basin Agreement) Regulations 2017
Water Amendment Act 2015	2015	Australian Government	15 October 2015	26/06/2017	No change
Water Amendment (Review Implementation and Other Measures) Act 2016	2016	Australian Government	5 May 2016	26/06/2017	No change
Water Management Act 2000	2000	NSW Government	8 July 2017	26/06/2017	No effect
Water Management Amendment Act 2014	2015	NSW Government	25 October 2016	26/06/2017	No effect
Water Act 2000	2000	Queensland Government	1 March 2017	26/06/2017	No effect
Water Reform and Other Legislation Amendment Act 2014	2014	Queensland Government	5 December 2014	26/06/2017	No change
Water Industry Act 2012	2013	South Australian Government	1 July 2016	26/06/2017	No change
Ground Water (Border Agreement) Act 1985	1985	South Australian Government	30 October 2006	26/06/2017	No change
Water Resources Act 1997 (parts 1 and 8)	1997	South Australian Government	4 July 2016	26/06/2017	No change
Ground Water (Qualco-Sunlands) Control Act 2000	2000	South Australian Government	4 July 2016	26/06/2017	No change
River Murray Act 2003	2003	South Australian Government	15 December 2008	26/06/2017	No change
Natural Resources Management Act 2004	2004	South Australian Government	4 July 2016	26/06/2017	No change
Irrigation Act 2009	2009	South Australian Government	4 July 2016	26/06/2017	No change
Renmark Irrigation Trust Act 2009	2009	South Australian Government	4 July 2016	26/06/2017	No change
Water Act 1989	1989	Victorian Government	19 September 2016	26/06/2017	No change
Rights in Water and Irrigation Act 1914	1914	Western Australian Government	18 November 2013	26/06/2017	No change

WATER RELATED RULES & REGULATIONS

Title	Date of Issue	Source	Last Amended (Commencement)	Last Checked	Actions from Check
Water Regulations 2008	2008	Australian Government	28 March 2017	26/06/2017	No effect – allowed for Water Amendment (Water Information) Regulations 2017
Water Market Rules 2009	2009	Australian Government	17 October 2012	26/06/2017	No change
Water Charge (Termination Fees) Rules 2009	2009	Australian Government	17 October 2012	26/06/2017	No change
Basin Plan 2012	2012	Australian Government	24 November 2017	26/06/2017	No effect – allowed for Water Legislation Amendment (Sustainable Diversion Limit Adjustment) Act 2016
Water Sharing Plan for the Gwydir Regulated River Water Source 2016	2016	NSW Government	8 July 2016	26/06/2017	No change - Due for extension in July 2026. Amendment for No. 27 Statute Law (Miscellaneous Provisions) Act 2016. Assented to 7.6.2016. Date of commencement of Sch 2, 8.7.2016, sec 2 (1).
Water Sharing Plan for the Lower Gwydir Groundwater Source 2003	2003	NSW Government	1 October 2006	26/06/2017	No change - Currently undergoing formal review - due for extension/replacement July 2017
Water Sharing Plan for the Hunter Regulated River Water Source 2016	2016	NSW Government	1 July 2016	26/06/2017	No change - In effect from 1 July 2016 to July 2026.
Water Sharing Plan for the Lachlan Regulated River Water Source 2016	2016	NSW Government	1 July 2016	26/06/2017	No change - In effect from 1 July 2016 to July 2026.
Water Sharing Plan for the Lower Lachlan Groundwater Source 2003	2008	NSW Government	1 January 2014	26/06/2017	No change - Due for extension/replacement in July 2018
Water Sharing Plan for the Lower Murray Groundwater Source 2003	2006	NSW Government	1 January 2014	26/06/2017	No change - Currently undergoing formal review - due for extension/replacement July 2017
Water Sharing Plan for the Lower Murrumbidgee Groundwater Sources 2003	2003	NSW Government	1 January 2014	26/06/2017	No change - Currently undergoing formal review - due for extension/replacement July 2017
Water Sharing Plan for the Upper Namoi and Lower Namoi Regulated River Water Sources 2016	2016	NSW Government	1 July 2016	26/06/2017	In effect from 1 July 2016 to July 2026.
Water Sharing Plan for the Upper and Lower Namoi Groundwater Sources 2003	2003	NSW Government	1 January 2014	26/06/2017	No change - Currently undergoing formal review - due for extension/replacement July 2017
Water Sharing Plan for the Murrumbidgee Regulated River Water Source 2016	2016	NSW Government	1 July 2016	26/06/2017	In effect from 1 July 2016 to July 2026.

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Water Sharing Plan for the New South Wales Murray and Lower Darling Regulated Rivers Water Sources 2016	2016	NSW Government	1 July 2016	26/06/2017	In effect from 1 July 2016 to July 2026.
Water Sharing Plan for the Macquarie and Cudgegong Regulated Rivers Water Source 2016	2016	NSW Government	1 July 2016	26/06/2017	In effect from 1 July 2016 to July 2026.
Water Sharing Plan for the Lower Macquarie Groundwater Sources 2003	2003	NSW Government	1 January 2014	26/06/2017	No change - Currently undergoing formal review - due for extension/replacement July 2017
Water Sharing Plan for the Border Rivers Regulated River Water Source 2009	2009	NSW Government	17 September 2014	26/06/2017	No change - Due for extension/replacement in July 2019.
Water Sharing Plan for the Border Rivers Unregulated and Alluvial Water Sources 2012	2012	NSW Government	1 July 2016	26/06/2017	No change - Due for extension/replacement in July 2022.
Water Sharing Plan for Peel Valley Regulated, Unregulated, Alluvium and Fractured Rock	2010	NSW Government	1 July 2010	26/06/2017	No change - Due for extension/replacement in July 2020.
Water Sharing Plan for Murrumbidgee Unregulated and Alluvial	2012	NSW Government	4 October 2012	26/06/2017	No change - Due for extension/replacement in July 2023.
Water Sharing Plan for the NSW Murray-Darling Basin Fractured Rock Groundwater Sources 2011	2011	NSW Government	5 July 2013	26/06/2017	No change - Due for extension/replacement in July 2022
Water Sharing Plan for the Belubula Regulated River Water Source 2012	2012	NSW Government	17 September 2014	26/06/2017	No change - Due for extension/replacement in July 2023
Access Licence Dealing Principles Order 2004	2004	NSW Government	11 December 2015	26/06/2017	No change
Water Management (General) Regulation 2011	2011	NSW Government	12 August 2016	26/06/2017	No effect – Incorporated Water Management (General) Amendment (Licences) Regulation 2017
Water Regulation 2002	2002	Queensland Government	24 March 2016	26/06/2017	No change
Water and Other Legislation Amendment Regulation (No. 1) 2014	2014	Queensland Government	11 September 2015	26/06/2017	Some provisions of the WOLA Regulation 2014 were commenced on 11 September 2015 by the Water and Other Legislation Amendment Regulation (No. 2) 2015.
Water Plan (Fitzroy Basin) 2011	2011	Queensland Government	9 December 2011	26/06/2017	No change
Fitzroy Basin Resource Operations Plan 2004	2004	Queensland Government	6 December 2016	26/06/2017	No change

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Water Plan (Burnett Basin) 2014	2014	Queensland Government	6 December 2016	26/06/2017	No change
Burnett Basin Resource Operations Plan 2003	2003	Queensland Government	1 November 2014	26/06/2017	No change
Water Plan (Condamine and Balonne) 2004	2004	Queensland Government	6 December 2016	26/06/2017	No change - currently under public notice and due for review in 2019 to conform to MDB Plan 2012.
Condamine and Balonne Resource Operations Plan 2008	2008	Queensland Government	6 July 2015	26/06/2017	The amendment allows water users in the Lower Balonne Water Management Area to change the management of their entitlements from 'multiyear accounting' water sharing rule to an 'instantaneous volumetric limit' water sharing rule.
Water Plan (Border Rivers) 2003	2003	Queensland Government	6 December 2016	26/06/2017	No change - due to expire in 2019, with the new plan to conform to MDB Plan 2012. DNRM plan to amalgamate Border Rivers and Moonie plans for administrative efficiency. Groundwater is another issue.
Border Rivers Resource Operations Plan 2008	2008	Queensland Government	30 May 2011	26/06/2017	No change, due to expire in 2019, with the new plan to conform to MDB Plan 2012. DNRM plan to amalgamate Border Rivers and Moonie plans for administrative efficiency. Groundwater is another issue.
Water Plan (Barron) 2002	2002	Queensland Government	6 December 2016	26/06/2017	No change - previously the Water Resource Plan
Water management protocol (Baron) 2017	2017	Queensland Government	9 June 2017	26/06/2017	No change - previously the Resource Operations Plan (Baron)
Baron Operations Manual 2017	2017	Queensland Government	6 June 2017	26/06/2017	No change
Water Plan (Burdekin Basin) 2007	2007	Queensland Government	3 February 2017	26/06/2017	No change - previously the Water Resource Plan. Includes amendments 2016 SL No. 216 and 2017 SL No. 7
Water management protocol (Burdekin Basin) 2017	2017	Queensland Government	1 May 2017	26/06/2017	No change - previously the Resource Operations Plan (Burdekin Basin) 2009
Burdekin Haughton Operations Manual 2017	2017	Queensland Government	1 May 2017	26/06/2017	No change
Bowen Broken Operations Manual 2017	2017	Queensland Government	1 May 2017	26/06/2017	No change
Water Plan (Mary Basin) 2006	2006	Queensland Government	6 December 2016	26/06/2017	No change - previously the Water Resource Plan. On 8 July 2016 expiry was <u>postponed</u> to 1 September 2021.

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Mary Basin Resource Operation Plan 2011	2011	Queensland Government	2 September 2011	26/06/2017	No change
Water Plan (Pioneer Valley) 2002	2002	Queensland Government	6 December 2016	26/06/2017	No change – previously the Water Resource Plan.
Pioneer Valley Resource Operations Plan 2005	2005	Queensland Government	1 February 2016	26/06/2017	No change – was <u>amended</u> in June 2015 with a particular focus on implementing groundwater allocation and management strategies
Water Plan (Whitsunday) 2010	2010	Queensland Government	6 December 2016	26/06/2017	No change – previously the Water Resource Plan
Whitsunday Resource Operations Plan 2011	2011	Queensland Government	1 December 2011	26/06/2017	No change
Water Plan (Gulf) 2007	2007	Queensland Government	6 December 2016	26/06/2017	No change – previously the Water Resource Plan
Gulf Resource Operations Plan 2010	2010	Queensland Government	21 August 2015	26/06/2017	No change
Water Resources (McLaren Vale Prescribed Wells Area) Regulations 1990	1990	South Australian Government	24 December 1998	26/06/2017	No change
Barossa Water Allocation Plan	2000	Adelaide & Mt Lofty Ranges NRM Board	18 June 2009	26/06/2017	No change
Northern Adelaide Plains Prescribed Wells Area Water Allocation Plan	2000	Adelaide & Mt Lofty Ranges NRM Board	22 December 2000	26/06/2017	No change (review still under way to combine Central Adelaide, Dry Creek and Northern Plains)
River Murray Regulations 2003	2003	South Australian Government	19 January 2006	26/06/2017	No change
Water Resources (Northern Adelaide Plains Prescribed Wells Area) Regulations 2004	2004	South Australian Government	22 July 2004	26/06/2017	No change
Water Resources (Barossa Prescribed Water Resources Area) Regulations 2005	2005	South Australian Government	19 May 2005	26/06/2017	No change
Eastern Mount Lofty Ranges Water Allocation Plan	2013	South Australian Murray-Darling Basin Natural Resources Management Board	17 December 2013	26/06/2017	No change
Water Allocation Plan (WAP) for the River Murray Prescribed Watercourse	2002	South Australian Murray-Darling Basin Natural Resources Management Board	1 Jan 2011	26/06/2017	No change. Consultation closed, with a <u>draft plan</u> released. Full compliance isn't required until 2019.

Title	Date of Issue	Source	Last Amended (Commencement)	Last Checked	Actions from Check
McLaren Vale Water Allocation Plan	2007	Adelaide & Mt Lofty Ranges NRM Board	17 Feb 2007	26/06/2017	No change
Water (Resource Management) Regulations 2007	2007	Victorian Government	17 June 2014	26/06/2017	No change
Directions on Delivery Entitlements 2007	2007	Victorian Government	1 July 2007	26/06/2017	No change
Policies for Managing Works Licences 2007	2007	Victorian Government	2 September 2016	26/06/2017	No change
Policies for Managing Water-Use Licences in Salinity Impact Zones 2007	2007	Victorian Government	20 June 2007	26/06/2017	No change
Trading Rules for Declared Water Systems 2008	2008	Victorian Government	1 July 2014	26/06/2017	No change
Upper Collie Water Allocation Plan	2009	Western Australian Government	12 August 2009	26/06/2017	No change
Lower Collie Surface Water Allocation Plan	2011	Western Australian Government	25 August 2015	26/06/2017	No change
South West Groundwater Areas Allocation Plan	2009	Western Australian Government	1 May 2009	26/06/2017	No change
Gnangara Groundwater Areas Allocation Plan	2009	Western Australian Government	November 2009	26/06/2017	The Department of Water is working with groundwater users to find ways to adapt and reduce use, and will update the Gnangara groundwater allocation plan ready for public comment in late 2017
Operational policy 5.13 – Water entitlement transactions for Western Australia	2010	Western Australian Government	1 November 2010	26/06/2017	No change.
Statewide policy no. 11 – Management of unused licensed water entitlements	2003	Western Australian Government	1 November 2003	26/06/2017	No change.