



Allocation water trading strategy 2024-25

July 2024

Acknowledgement of Traditional Owners

The Victorian Environmental Water Holder (VEWH) proudly acknowledges Victoria's Traditional Owners and their rich culture and pays our respect to Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We acknowledge and respect Victorian Traditional Owners as the custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.

The VEWH sees the meaningful intersection between the aims of the environmental watering program – healthy waterways, healthy communities – and the deep and enduring obligations Traditional Owners have to Country and to Aboriginal people. We deeply value the ongoing contribution that Traditional Owners and Aboriginal knowledge systems are making to planning and managing water for the environment. We recognise that this contribution is largely through frameworks and processes that have not been determined by Traditional Owners, and contribution does not imply endorsement of those frameworks and processes. More can be done to increase Traditional Owners' power and agency and enable progress towards self-determination within the environmental watering program.

Adequately recognising and strengthening the rights of Traditional Owners in water management is critical for achieving self-determination and healthy waterways into the future. The VEWH is committed to an active role in supporting and enabling this within its power and capability.

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Cover photo: Goulburn Weir by the Victorian Environmental Water Holder

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Executive summary

The VEWH's Allocation Water Trading Strategy 2024-25 provides a high-level overview of the types of water trading activities that the VEWH may undertake across Victoria and interstate in 2024-25.

Trade of allocation water (also known as temporary water) is an important tool the VEWH uses to optimise the management of environmental water. Water trading allows the VEWH to move water to the systems where it is most needed, to smooth out some of the variability in water availability across systems and across years, and create revenue that can be used to improve the management and performance of the water holdings.

This strategy covers both commercial trade of allocation water (selling and purchasing water allocation and carryover parking), and administrative trade of allocation water (transfers of allocation water between the VEWH and other water holders).

Environmental water availability is expected to be high across the Gippsland, central, western and northern regions in 2024-25.

High water allocations are expected in the first half of 2024-25 in most northern Victorian systems, therefore the VEWH will consider opportunities for commercial trade at any time during 2024-25, if there is high confidence that forecast environmental demands can be met.

The VEWH can also consider forgoing environmental watering actions at any time, to sell water to invest in project or strategic activity where environmental outcomes are likely to be better achieved through use of the revenue raised.

If the VEWH has available carryover space in the northern region toward the end of 2024-25, it may enter contracts with carryover space buyers to place their allocation water in a VEWH allocation account.

In 2024-25, the VEWH will implement a range of administrative transfers to facilitate the delivery of environmental water across Victoria, make return flows available to environmental water managers for delivery in South Australia, receive water donations and to manage carryover requirements for 2024-25. These transfers may include water held by other environmental water holders and other entities who may choose to partner with the environmental watering program for delivery of water. Administrative transfers will also be undertaken to transfer allocation available for use in the Snowy River.

Opportunities to purchase allocation may be considered in the Maribyrnong and Werribee systems (central region) depending upon assessment of seasonal conditions and environmental need, particularly if dry conditions occur in 2024-25. Water purchase may also be considered in the Broken system (northern region), if the VEWH cannot trade existing allocation from other systems into the Broken system.

For further information on environmental water trade, as well as where, when, how and why environmental water is being released in Victoria, visit www.vewh.vic.gov.au.

1 Purpose

The VEWH's Allocation Water Trading Strategy 2024-25 provides a high-level overview of the types of water trading activities that the VEWH may undertake across Victoria in 2024-25.

Information in this document on water trade relates to the trade of allocation water (i.e., the volume of water that is allocated to water entitlements each year and available for use) not trade of environmental entitlements water (i.e., the ongoing legal right to take or use water in a particular system). The VEWH can trade its water entitlements, with the approval of the Minister for Water, noting this has not occurred to date.

Allocation water trade is one of the tools the VEWH uses to effectively manage water for the environment. Water trading allows the VEWH to move water to the systems where it is most needed, to smooth out some of the variability in water availability across systems and across years and create revenue that can be used to improve the management and performance of the water holdings.

As a public sector organisation, the VEWH has a responsibility to avoid market impact where possible. Water trading undertaken by the VEWH aims to avoid negatively impacting on other market participants. The VEWH trading activities are consistent with trading rules under the *Victorian Water Act 1989* and the Basin Plan water trading rules under the *Water Act 2007* for the Victorian part of the Murray-Darling Basin.

The Murray-Darling Basin Plan water trading rules place obligations on government agencies, including environmental water holders, regarding the management of water market sensitive information (known as a 'water announcement' under the trading rules – see Chapter 12, Part 5, Division 5 of the Basin Plan). The intent of these rules is to ensure that persons or organisations with prior knowledge of market sensitive information that will be publicly announced, do not have an unfair market advantage over other water market participants. Under these rules, persons or organisations may be prevented from trading when they have knowledge of water market sensitive information before it is made public.

Some of the decisions and actions the VEWH may take in relation to allocation water trade (including its administrative transfers and carryover parking) may be considered a 'water announcement' within the meaning of the Basin Plan trading rules. The Basin Plan trading rules allow that such information is not considered a water announcement if it is consistent with a publicly-available trading strategy. This document forms the VEWH's publicly-available trading strategy.

2 Trade decisions and types of trades

The VEWH regularly assesses its environmental demand and supply position throughout the year, considering factors such as environmental condition and demand, current and forecast climate conditions and water availability and carryover requirements. Figure 1 shows the key considerations that guide the VEWH's use, carryover and trade decisions.

Sections 3-6 detail trade actions that the VEWH may take in 2024-25 based on current water availability assessments and seasonal forecasts. Decisions to undertake the actions identified in this strategy will depend on unfolding seasonal conditions and environmental water demands in 2024-25 and into 2025-26.

The VEWH supports the commitment of the Victorian Government to Traditional Owner self-determination for water, most recently articulated in the Department of Energy, Environment and Climate Action (DEECA) policy *Water Is Life: Traditional Owner Access to Water Roadmap*. The policy envisages the transfer of allocation water from the VEWH to Traditional Owners for environmental watering purposes. We look forward to working with Traditional Owners and DEECA to implement the policy, under current legislative requirements, and when enabled, future legislative change.

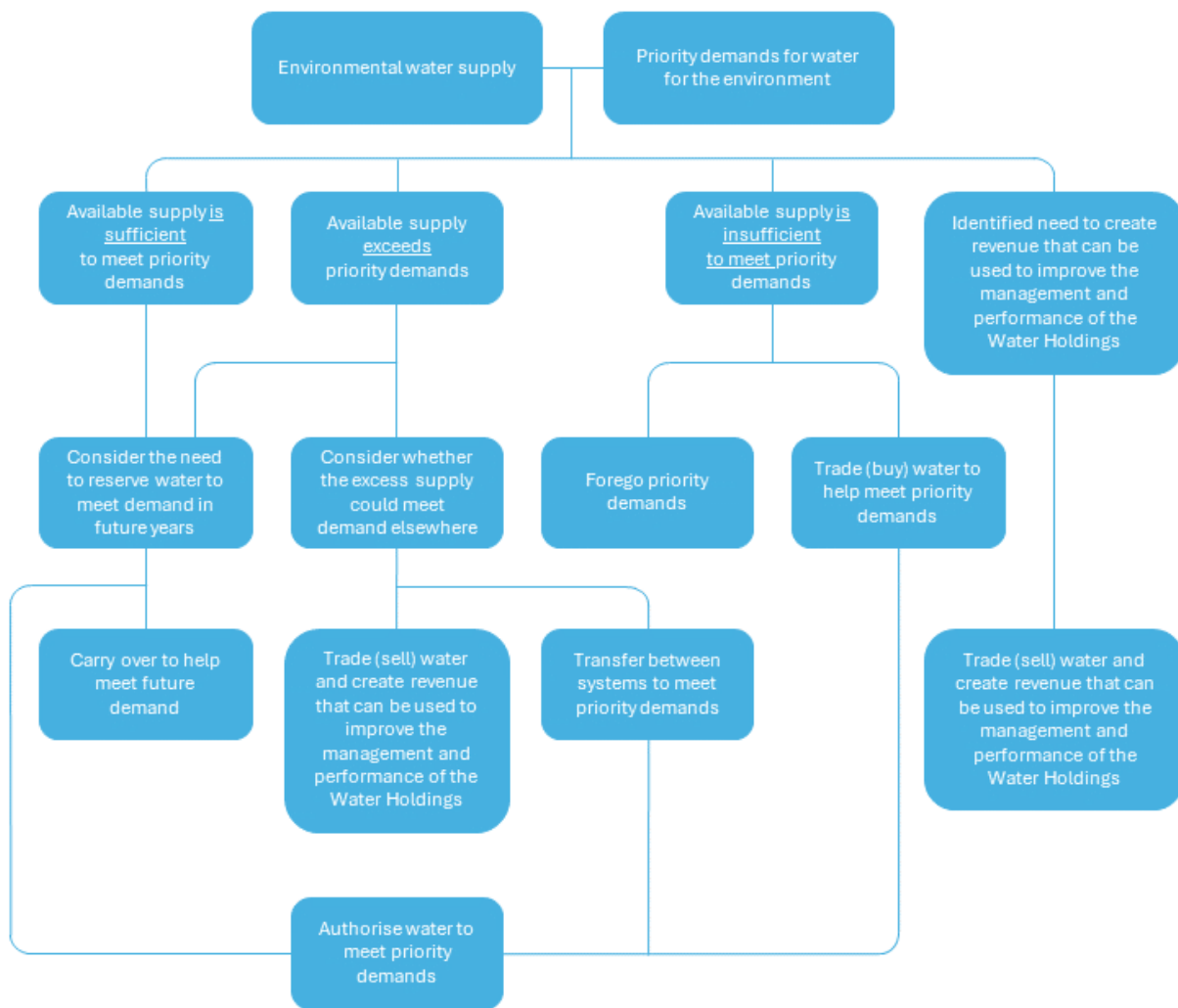


Figure 1 - Considerations guiding use, carryover and trade decisions.

This strategy covers both commercial and administrative trade.

2.1 Administrative trade

Administrative trades have no financial consideration, these include:

- transfers of VEWH allocation water between VEWH entitlements for carryover or water delivery
- transfers with other water holders or entities without financial consideration (e.g. transfers with the Commonwealth Environmental Water Holder [CEWH]).

The primary focus of VEWH operations is the delivery of environmental water to meet environmental outcomes. Administrative trade is an important tool that help the VEWH manage seasonal water availability and maximise benefits to the environment. The VEWH Office implements administrative trades as part of VEWH’s standard portfolio management practice.

2.2 Commercial trade

Commercial trades have financial consideration, these include:

- allocation water trade (selling and purchasing allocation water, including forward trading)
- carryover parking (when VEWH rents temporary carryover space to another party to allow them to carryover their allocation water into the following water year).

Decisions on commercial trade of allocation water (sales and purchases) and carryover parking are made by the VEWH Commission and implemented by the VEWH Office.

Commercial trade can be facilitated via established water markets, or by agreement between entitlement holders. Water markets in the irrigation supply systems in northern Victoria (and the broader Murray-Darling Basin) are well established and are commonly used by entitlement holders to manage water for irrigation, towns and the environment. Trade is possible in other parts of Victoria, although they generally have less well-established processes. The Victorian water grid, which connects water sources within and across different regions, enables transfer or exchange of water allocation between systems.

The VEWH invests funds from commercial sales of water allocation in future water purchases to address high-priority water shortfalls, strategic activities, knowledge, research, business costs, complementary works and measures, or other priorities to improve management of the holdings and performance of Victoria's environmental watering program.¹

¹ The VEWH consults with the DEECA when projects have Government policy or program implications.

3 Northern Region

Water markets in the irrigation supply systems in northern Victoria and the broader Murray-Darling Basin are well established and are commonly used by entitlement holders to manage water for irrigation, towns and the environment. This section covers VEWH trading activities in the following systems:

- (Victorian) Murray
- Goulburn
- Campaspe
- Loddon
- Broken
- Ovens.

The VEWH coordinates with other environmental water holders in northern Victoria, New South Wales and South Australia to deliver environmental outcomes in Victoria and at the broader Murray-Darling Basin scale. The VEWH liaises with the Murray-Darling Basin Authority (Living Murray program) and the CEWH to maximise the benefits of environmental water delivery in Victorian systems. When Commonwealth water is to be delivered in Victoria, in most cases the CEWH transfers the agreed amount of water to the VEWH. That water is held by the VEWH until used or transferred back. Excluding trade application fees there is no financial consideration with such transfers.

Transfers between environmental water holders occurs to:

- facilitate the efficient and coordinated delivery of environmental water
- maximise availability across the whole environmental water portfolio
- return unused water to the source environmental water holder
- account for delivery of water to South Australia.

Further information about Commonwealth environmental water priorities, including its Annual Water Use Options and commitments can be found here:

www.environment.gov.au/water/cewo

3.1 Expected water availability in 2024-25

Northern Victoria experienced warm temperatures and average rainfall during 2023-24, although conditions were highly variable month to month. Seasonal determinations for high-reliability entitlements and low reliability entitlements reached 100 per cent for all systems.

The allocation outlook provided by the Northern Victorian Resource Manager on 15 May 2024 indicated all systems will reach 100 percent high reliability allocation in 2024-25 under average to wet climate scenarios. The Campaspe system holds sufficient water to allocate 100 percent at the beginning of July. Under average to wet conditions allocations are expected to reach 100 percent by mid-August in the Bullarook, Goulburn, Loddon and Murray systems, and by mid-October in the Broken system. In an extreme dry climate scenario, allocations in the larger Goulburn, Loddon and Murray systems are forecast to reach 66 percent or more, while the smaller Broken and Bullarook systems are likely to receive 3 percent and zero allocation, respectively. The risk of spill estimate published by the Northern Victorian Resource Manager on 15 May 2024 forecast a near 90 percent spill risk

in the Murray and Goulburn systems and a near 70 percent spill risk in the Campaspe system during 2024-25. This risk of spill forecast reduces the value of carrying over water into 2024-25 especially since high allocations early in 2024-25 are likely to meet demands for planned environmental watering actions in winter and spring.

The Bureau of Meteorology (BoM) has forecast variable rainfall across northern Victoria between July and September 2024. The chance of exceeding median rainfall in the northeast is below average to average, while the chance median rainfall in the northwest is above average ([Source: BoM accessed 4 June 2024](#)). Unregulated flows may still occur in winter or spring because storages are full and require relatively little inflow to spill.

Water supply is expected to exceed demand for the northern region in 2024-25, but restrictions on administrative trades of allocation water between systems may limit environmental watering actions in the Broken and Loddon systems.

3.2 Commercial trade in the northern region in 2024-25

In 2024-25 the VEWH may purchase and/or sell allocation water, and enter in carryover parking contracts.

3.2.1 Allocation water purchase

The VEWH may consider purchasing temporary water where deficits exist for critical environmental needs in 2024-25 or 2025-26. For example, a purchase may occur to meet a deficit within a system where held environmental water cannot be traded in from another system. The volume of any purchase to address a deficit is likely to be relatively small (less than ~1,000 ML) and will only be used to meet a high-priority need. The most likely system where a purchase may be considered to meet a deficit in 2024-25 is the Broken system. The VEWH has only undertaken two purchases in northern Victoria to date: 300 ML in the Loddon system in 2013-14 and 600 ML in the Broken system in 2022-23.

3.2.2 Allocation water sale

The VEWH may sell allocation water in 2024-25 in the Murray (trading zone 6 and/or 7), Goulburn (trading zone 1A and/or 1B) and/or Campaspe (trading zone 4A) systems if water availability exceeds the expected environmental demand.

In 2024-25 the VEWH may look for opportunities to trade allocation water at any time of year, if forecast environmental watering demands can be met. The volume that VEWH makes available for trade depends on assessment of VEWH's environmental water demand and supply position and is likely to be higher under average to wet conditions because some forecast demands may be met by unregulated flows.

When selling allocation water, the VEWH may enter contracts to sell forward allocation, whereby water is sold at a set price but transferred to the buyer later, possibly in the 2025-26 water year.

The VEWH may consider forgoing environmental watering actions at any time, to sell water to invest in project or strategic activity where environmental outcomes are likely to be better achieved through use of the revenue raised.

Commercial allocation water trade decisions in the northern region in 2024-25 will generally be announced via the VEWH website [here](#) (see Section 7.2). The VEWH's commercial trade announcements will cover the system in which the trade will take place, the volume, timing and mechanism (e.g. brokers, online exchange) of the trade. For example, see our 2022-23 allocation trade announcement [here](#).

3.2.3 Carryover parking

Carryover parking refers to a contract under which a party with allocation water (the “buyer”) leases carryover space in an entitlement holder's allocation account (the “seller” in this case VEWH), to carry over the buyer's allocation to the following water season.

If VEWH estimates it has available carryover space at the end of 2024-25 it may enter into contracts to lease that space. Such arrangements are most likely to be in the Murray (trading zones 6 and 7) and Goulburn (trading zones 1A and 1B) systems. When the contracts are in place water will be transferred from the buyers to VEWH accounts.

In 2024-25 VEWH may need to return allocation water that was parked in VEWH's Goulburn and Murray system allocation accounts during 2023-24 under carryover parking contracts. The volume of water returned takes account of losses for evaporation and spills.

3.3 Administrative trade in the northern region in 2024-25

Administrative water transfers are trades of allocation water that have no financial consideration and there is usually no requirement to publicly announce administrative trades. These are the most common trades the VEWH undertakes.

3.3.1 Administrative transfers between VEWH accounts for environmental water delivery

The VEWH can transfer water between its accounts to ensure water is available to deliver watering actions. These transfers are undertaken on an as-needs basis to optimise use of the VEWH's portfolio. For example, in 2023-24 the VEWH transferred 800 ML of environmental water from the Goulburn system (trading zone 1A) to the Broken system (trading zone 2) to deliver low flows in the upper Broken Creek and the Broken River.

During 2024-25 administrative transfers to enable delivery are likely to occur in the Broken system and may occur in the Loddon system.

3.3.2 Administrative transfers to maximise carryover in 2025-26

Carryover is an important tool the VEWH uses to help ensure environmental water can be delivered at a time that is of the greatest value to the environment. For example,

environmental water demand is often highest in winter and spring, and so carryover can help ensure those demands can be met, particularly when there is a risk there will be a low seasonal determination at the beginning of the season.

The VEWH may undertake administrative transfers between VEWH accounts to maximise carryover opportunity. Such transfers may occur within systems or trading zones, or across systems or trading zones (subject to system trade limits). Carryover decisions will be undertaken to maximise benefit to the environment, and are informed by:

- priority environmental demands identified for 2025-26
- the seasonal outlook for 2025-26 (e.g. Bureau of Meteorology climate and streamflow forecasts and Northern Victoria Resource Manager seasonal determination outlooks)
- carryover limits (i.e. entitlement volume and entitlement rules)
- spill risk
- costs for above entitlement storage fees.

Administrative transfers to facilitate carryover are likely to be undertaken in June 2025, to optimise environmental water availability for the new season opening on 1 July 2025.

3.3.3 Administrative water transfers to enable reuse of return flows

Trade is the mechanism used to ‘shepherd’ environmental water that flows along the Murray River and across the border from Victoria to South Australia.

This reuse policy, known as ‘return flows’, is available for environmental water delivered from VEWH’s Goulburn, Murray, Campaspe and Loddon entitlements in the northern region. It increases the efficiency of environmental water use and helps reduce the volume of water needed to be recovered for the environment.

For example, environmental water is delivered in the Goulburn River to provide environmental benefits such as stimulating fish to breed and promoting the growth of vegetation on river banks. The water flows down the Goulburn River and into the Murray River. The VEWH can apply to the storage manager (Goulburn-Murray Water) to have the volume of environmental water that reached the Murray River re-credited in VEWH Murray accounts as a return flow. This water can then be re-used at priority environmental sites further downstream in Victoria (such as Gunbower Forest or Hattah Lakes) and then used again for environmental outcomes in the Murray River in South Australia.

If the water is to be re-used in South Australia, the VEWH trades the re-credited return flow volume to environmental water managers in South Australia. This may include return flow transfers to South Australia for the CEWH and Living Murray program, when the VEWH delivers water on their behalf.

During the season, the VEWH makes regular transfers of environmental return flows to South Australia to account for the water that flowed into South Australia. In 2023-24, the VEWH transferred more than 415,000 ML of environmental return flows to South Australia (progressively traded over the year). Excluding application fees there is no financial consideration for these transfers.

The conditions of VEWH's access to return flows are in the VEWH's Campaspe, Goulburn, Loddon and Murray entitlements. These entitlements can be viewed online at: waterregister.vic.gov.au/water-entitlements/bulk-entitlements.

3.3.4 Administrative transfers for the Snowy River

Water from the Snowy hydro-electric scheme is made available to the Murray system to support consumptive water deliveries.

The VEWH holds entitlements in the Murray, Goulburn and Loddon systems that form part of the Victorian government's commitment under the Snowy Water Inquiry Outcomes Implementation Deed to recover water for the Snowy and Murray rivers. The water recovery project aimed to increase environmental water availability to the Snowy and Murray rivers by recovering water in the Murray and its tributaries that can be substituted for Snowy water to supply Murray water users.

A substitution arrangement is in place to enable the VEWH entitlements in the Murray, Goulburn and Loddon to increase environmental flows in the Snowy River (Snowy River Increased Flows) and Murray River (Murray River Increased Flows) Allocation trade is the mechanism used to give effect to the substitution arrangement.

Each year, water is allocated to entitlements held by VEWH in the Murray, Loddon and Goulburn systems in line with seasonal determinations in those systems. At the end of each Victorian water year (the end of June), any water allocated to these entitlements between 1 February the previous year and 31 January of that year (minus spills) must be traded by the VEWH to a holding account for the Snowy. Similar arrangements are in place for the New South Wales Murray and Murrumbidgee systems.

The volume of water the Snowy 'owes' the Murray for consumptive purposes is reduced by the equivalent amount of the transfers. This offsets the volume of water that must be supplied from the Snowy system to the Murray and Murrumbidgee rivers, thereby freeing up water for environmental flows in the Snowy River and Murray River, while ensuring the equivalent amount of consumptive water is available in the Murray.

In 2023-24, the VEWH traded the following volumes from each system to the Snowy holding account:

- Murray system – 46,070 ML
- Goulburn system – 64,580 ML
- Loddon system – 470 ML.

3.3.5 Commonwealth Environmental Water Holder transfers

Environmental water committed by the CEWH to a Victorian environmental watering action in the northern region is transferred to the VEWH for delivery once the environmental water demand and water availability is confirmed. Unused Commonwealth environmental water is transferred back to CEWH accounts if it is not needed for delivery in Victoria before the end of the water year.

Such transfers may occur within a particular system or trading zone, or across connected systems or trading zones. The transfer of water between environmental water holders in Victoria is subject to the same allocation trade opportunities and limits as consumptive water users, in accordance with Victorian trading rules.

In 2024-25, transfers between the VEWH and CEWH are likely to occur in the Goulburn, Murray, Campaspe, Loddon, Broken and Ovens systems to facilitate environmental water delivery. Due to the large size of environmental watering activities in the Murray and Goulburn systems, volumes transferred from CEWH to VEWH can be large (i.e. greater than 100 gigalitres) but will vary depending on CEWH commitments and water availability. In the Ovens, Broken, Loddon and Campaspe systems, transfers are generally smaller (i.e. less than 10 gigalitres). Potential transfers are assessed for their impact on any trade limits that apply, to avoid significant impact on other water market users when possible.

VEWH transfers to CEWH are generally relatively small in volume, as they are associated with returning unused water held by the VEWH at the end of the water year (June).

For information regarding CEWH water commitments and portfolio management activities, see www.environment.gov.au/water/cewo

3.3.6 Living Murray program water

VEWH environmental water entitlements held on behalf of Living Murray may only be used to deliver environmental water to Living Murray icon sites. Trade of Living Murray environmental water cannot be conducted for financial gain. As is the case with VEWH administrative trades, allocation water can be transferred between TLM accounts for delivery and carryover.

Further information regarding Living Murray's trading activities can be found on the Murray-Darling Basin Authority website at www.mdba.gov.au.

4 Western Region

The VEWH holds an environmental entitlement for the Wimmera-Glenelg supply system, which is used to meet demands across the Wimmera and Glenelg rivers systems, and to supply small wetlands in the region via the Wimmera Mallee pipeline.

There is no mature water market in the western region, however, allocation trades can be conducted between entitlement holders within the Wimmera-Glenelg supply system with the permission of the Minister for Water (or their delegate).

4.1 Expected water availability in 2024-25

Rainfall across the western region in 2023-24 was below average but there were reasonable inflows to storages to support allocations. Allocations to the VEWH's Wimmera-Glenelg entitlement for the Wimmera and Glenelg rivers reached 87 percent and allocations to the Wimmera-Mallee wetlands entitlement reached 49 percent. There was no allocation to the CEWH in 2023-24.²

The Bureau of Meteorology has forecast median rainfall across the western region between July and September 2024. At the time of writing GWMWater had not issued an allocation outlook for 2024-25 however, given storage levels VEWH expects a modest opening allocation to the Wimmera and Glenelg rivers in July 2024. The CEWH is not likely to receive any allocation in 2024-25 unless storage inflows are significantly above the long-term average. VEWH and CEWH carryover from 2023-24 will help support environmental watering actions in 2024-25 and subsequent years if dry conditions develop and persist.

Allocation to the VEWH's Wimmera-Mallee pipeline wetlands environmental entitlement is only likely under an average or wet scenario. Carryover from 2023-24 will be sufficient to meet critical environmental needs for Wimmera-Mallee wetlands over the next three or more years.

4.2 Trade opportunities

Allocation trade is not currently planned to increase supply for the Wimmera, Glenelg or Wimmera Mallee pipeline wetlands systems in 2024-25.

² Water available to the CEWH can be delivered to the Wimmera River system.

5 Central Region

This section covers potential VEWH trading activities in the following systems:

- Yarra
- Tarago
- Maribyrnong
- Werribee
- Moorabool
- Barwon.

There are a range of trade opportunities in the central region, including through established water markets in the Werribee and Bacchus Marsh irrigation districts, or through commercial or substitution arrangements with other bulk water entitlement holders (such as urban water corporations).

5.1 Expected water availability in 2024-25

The Bureau of Meteorology has forecast median or slightly below median rainfall between July and September 2024 across the central region.

Most storages in the central region are nearly full and therefore the VEWH is likely to have high water availability in most central systems where it holds environmental entitlements.

The VEWH doesn't have an environmental entitlement in the Maribyrnong system but may purchase water from other entitlement holders to deliver environmental flows in Jacksons Creek (Maribyrnong system).

5.2 Trade opportunities

Allocation trade is not currently planned to increase supply for the Yarra, Tarago, Werribee Moorabool and Barwon systems in 2024-25.

Under a proposed direction of the *Central and Gippsland Region Sustainable Water Strategy* within 5 years the Victorian Government proposes to improve water management in the Moorabool and Barwon systems through temporary transfers to the VEWH when conditions allow. It is currently unknown what impact this may have on environmental water trades in 2024-25.

Trade may be considered in the Werribee system in 2024-25 if there is low availability of environmental water and critical environmental need. Potential trade opportunities are yet to be investigated and a decision to trade will be dependent on ongoing assessments of seasonal conditions and environmental need.

The VEWH does not hold an environmental entitlement in the Maribyrnong system, but as was the case in 2023-24 and previous years, the VEWH may work with Melbourne Water to explore options to purchase unused licence allocation to support environmental water deliveries to Jacksons Creek. This arrangement will only occur in 2024-25 with the

agreement of all parties involved if there is sufficient supply available and an environmental need for the water.

6 Gippsland Region

This section covers potential VEWH trading activities in the following systems:

- Latrobe
- Thomson
- Macalister
- Snowy.

Opportunities to trade in the Gippsland region exist through the established water markets (e.g. Macalister Irrigation District), or through commercial or substitution arrangements with other water entitlement holders (such as urban water corporations).

6.1 Expected water availability in 2024-25

Water for the environment for the Latrobe, Thomson and Macalister systems is held in Blue Rock Reservoir, Thomson Reservoir and Lake Glenmaggie respectively. Environmental water supply in all system in 2024-25 is expected to be high, which should enable high priority watering actions to be delivered in winter and spring without compromising the ability to meet critical demands later in the year.

Environmental water availability and delivery for the Snowy River is determined through interstate agreements: Victoria's contribution to Snowy environmental water availability comes from entitlements held in the Murray, Goulburn and Loddon systems. This water is made available for environmental flows in the Snowy River via a substitution method, whereby Victorian environmental water replaces water that was earmarked for transfer from the Snowy to Victoria to support irrigation demands in the Murray. Further information about this process is presented in section 3.3.4.

6.2 Trade opportunities

Commercial allocation trade (buying or selling) is not currently planned in the Gippsland region in 2024-25. Options to deliver water for the environment to the Latrobe River via the Tyers River may be investigated in 2024-25. These options include a physical transfer of water from Blue Rock Reservoir to Moondarra Reservoir via existing infrastructure operated by Gippsland Water or a temporary administrative transfer arrangement.

7 Frequently asked questions

7.1 Where can I find out more about this year's plans for environmental watering in Victoria?

Information about the environmental watering in Victoria can be found in the VEWH's *Seasonal Watering Plan 2024-25* at www.vewh.vic.gov.au.

The plan previews the potential environmental watering that could be implemented using water available under all environmental water entitlements held in Victoria. This includes water available under the VEWH's environmental water entitlements and water held by other environmental water holders, such as the CEWH.

Decisions to implement environmental watering actions in Victoria, including commitments of CEWH and Living Murray water, are published via seasonal watering statements on the VEWH website.

7.2 Will VEWH announce its trade decisions?

VEWH will announce commercial trade decisions on its website. Commercial trade announcements will cover the system in which the trade will take place, the volume and timing of the allocation trade.

There may be circumstances when a trade decision would not be announced, for example if the action was urgently required (e.g. purchase of a small volume to ensure a watering action could continue) or if there is no established market that can be affected by trade activities. However, large purchases or sales of allocation or carryover parking (for example 1,000 ML or greater and assessed relative to the size of the available market) will always be announced by VEWH, unless it is deemed that an announcement could have a potentially adverse impact on the market.

The VEWH will also place notice of a trade decision on the VEWH website if it is:

- related to a water system covered by this trading strategy; and
- not consistent with the activities covered by this trading strategy; and
- may have an adverse impact on the water market if it is not publicly announced.

As there is no financial consideration associated with administrative water transfers, decisions to undertake these transfers are not publicised when they occur. The VEWH reports all water transfers, including those with other environmental water holders, in its corporate annual report at the end of each financial year.

The VEWH reports annually on the management and use of environmental water in Victoria, including carryover and trade, through its annual reports and *Reflections*. These are available at <http://www.vewh.vic.gov.au/>.

7.3 Has the VEWH bought or sold allocation, or undertaken carryover parking, in the past?

Since its commencement, the VEWH has bought and sold allocation water in various systems around Victoria, including the Murray, Goulburn, Broken, Loddon, Wimmera-Glenelg, Werribee and Maribyrnong systems (see Figure 1 for total volumes traded each year).

VEWH sold available carryover space for the first time during 2023-24. Fifteen thousand megalitres of private allocation water was placed in VEWH allocation accounts across the Goulburn and Murray systems.

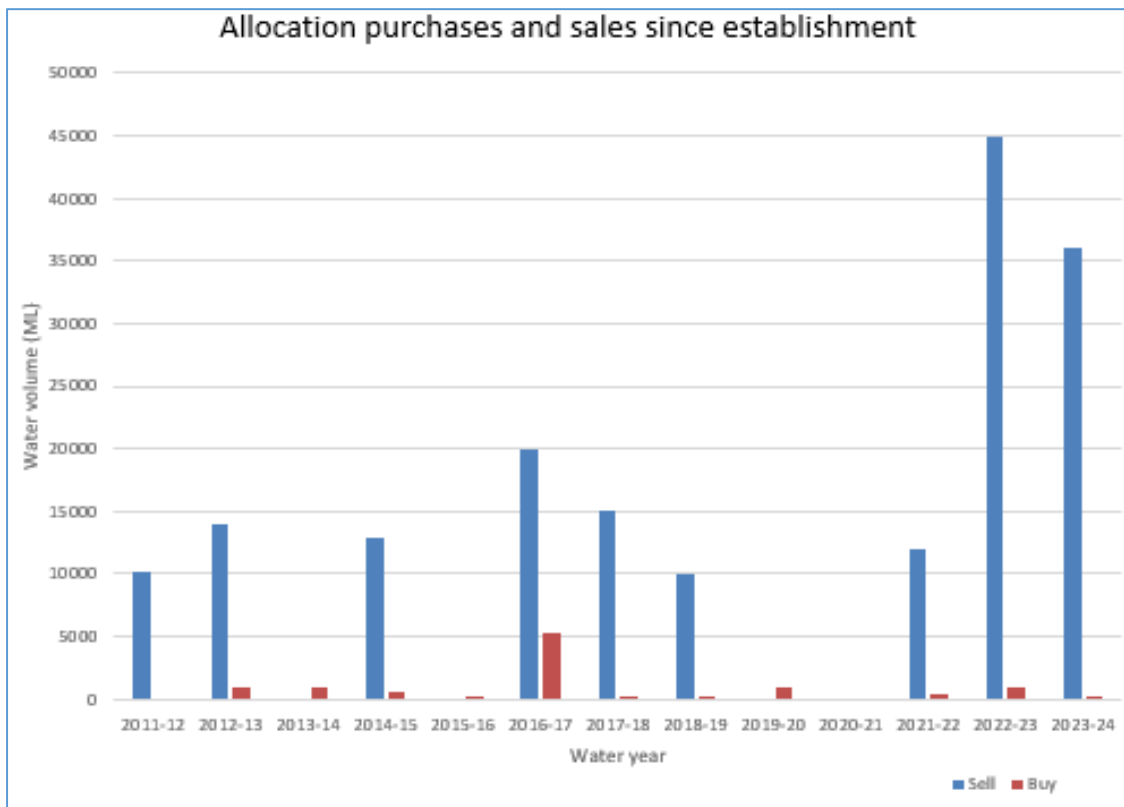


Figure 2 – VEWH commercial trade activity 2011-12 to 2023-24

7.4 How does the VEWH participate in the market?

VEWH’s selected mechanism for participating in the market will vary depending on different factors. These may include whether the VEWH is buying or selling allocation water or carryover parking, whether there is an established market, the size of the market, the system in which the trade is to occur, and/or the volume of water VEWH is buying or selling. Different mechanisms will suit different circumstances.

In the past, when trading in the northern region where there are large and established water markets, the VEWH has used a mixture of brokers and web-based water exchanges to conduct its trade activity. Brokers selected by VEWH must be members of the Australian

Water Brokers Association to help ensure they are operating with a high standard of ethics and business practices.

7.5 Does the VEWH take steps to ensure market prices are not affected by VEWH trading?

As a public sector organisation, the VEWH seeks to ensure it is operating in the public interest and is not causing impacts to market participants. When considering the volumes of water to sell or purchase, the method of market participation, and the prices considered, the VEWH undertakes an assessment of potential market impacts and takes steps to minimise those impacts.

VEWH activity in the water market, including its choice of market intermediaries and mechanisms, is guided by the following considerations:

- Ensuring adequate information is provided to the marketplace
- Ensuring no positive or negative discrimination against potential buyers and sellers or intermediaries
- Minimising any real or perceived impacts on the market from trading activity
- Ensuring efficient transaction costs and management fees
- Ensuring systems and contractual arrangements are in place to guarantee transactions are executed in a timely, accountable and efficient manner.

In addition, the Victorian Government has set Ministerial rules around how the VEWH can make decisions, including about water trade. In setting these rules, the government has ensured that the VEWH is trading only in the public interest, to protect environmental values without adverse community impacts.

7.6 Can the VEWH donate water?

The VEWH is unable to donate water. Under the Victorian Water Act, the VEWH must manage the Water Holdings to meet its statutory objectives; the VEWH water must be used for environmental outcomes, or any revenue generated from water sales must be used to improve the management and performance of the water holdings.

The VEWH can accept donations of water.

7.7 Can the VEWH consult with people before deciding to trade water?

There are rules which restrict how market participants communicate before a trade is publicly announced. The rules aim to ensure all market participants have access to relevant information equitably.

The VEWH publicly releases this allocation trade strategy to outline decisions that might be made during the year. While advance notification of trade decisions cannot be given ahead of public announcements, there is opportunity to influence how water for the environment is used, both through the annual Seasonal Watering Plan process, and through variations to the Plan through the year.

The VEWH aims to increasingly work with Traditional Owners either directly or via waterway managers toward delivering self-determination where possible under water for the environment legislative requirements, and as guided by the Department of Energy, Environment and Climate Action policy *Water is Life: Traditional Owner Access to Water Roadmap*.

7.8 Additional questions?

If you have any queries or would like to contact us, please do and one of our friendly staff will get back to you shortly.

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