6. Victoria’s water entitlement framework and trade
Part 6.
Victoria’s water entitlement framework and trade

The volume of water authorised to be taken in Victoria is specified in a water entitlement or allowed for under a statutory right. The Victorian water entitlement framework is designed to ensure that individual entitlements to water are explicit, enforceable and, in appropriate circumstances, tradable.

A strong regulatory framework is an essential element in the management of water resources. The Victorian Water Act introduced in 1989 represented a fundamental change to the management arrangements for water in Victoria. It set out the framework for water resource management and provided for a secure system of rights and entitlements.

This legislation and a subsequent reform agenda produced major changes to the way water is managed in Victoria, including the conversion of poorly defined rights to bulk entitlements, the process to trade water, the ability to separate water from land titles and the recognition of the needs of the environment.

The Victorian Water Act provides rights to water for domestic and stock use and Traditional Owner use, and water entitlements for both consumptive and environmental purposes. Consumptive uses include the supply of urban drinking water, irrigation, industrial uses and power generation. Environmental uses include delivery of water to environmentally important sites such as wetlands and water flowing in waterways.

Entitlement holders are responsible for managing their own water needs as well as the risks of any water scarcity.

Existing entitlements are protected by the statutory framework which ensures the amount of water that can be taken is capped and makes it an offence to take water without authorisation. It also supports water access by allowing users to trade entitlement and allocation, which gives them the flexibility to manage their individual water needs.

The Victorian Water Act establishes the statutory rights and entitlements that apply in Victoria. These are supported by provisions which make it an offence to take water from a specified water source, including a waterway or aquifer, unless authorised to do so under the Act.

The holder of a water access right must comply with the conditions specified in the water access right instrument.

Note: The types of conditions that may be imposed on a water access right are set out in Tables A and B attached to the Wimmera-Mallee Index Table for surface and groundwater respectively.
6.1 Authorisations to take water

Figure 15 shows the ways water may be used in accordance with the Victorian Water Act in the Wimmera-Mallee water resource plan area. Authorised forms of take are set out in the Act:

- under a right (section 8 or section 8A),
- under an entitlement issued in accordance with the Act, or
- by another authorisation allowed for under the Act.

The type of right or entitlement required to access that water is described in more detail in Part 6.2 to Part 6.4.

Table A, an attachment to the Wimmera-Mallee Index Table, identifies the forms of take, classes of water access right and characteristics of each class of right for the Wimmera-Mallee (surface water) SDL resource unit. The Wimmera-Mallee (surface water) SDL resource unit is the only SDL resource unit in the Wimmera-Mallee (surface water) water resource plan area.

Table B, an attachment to the Wimmera-Mallee Index Table, identifies the forms of take, classes of water access right and characteristics of each class of right for the Wimmera-Mallee (groundwater) water resource plan area. These forms of take, classes of water access rights, and characteristics of each class apply in all three of the groundwater SDL resource units in the water resource plan area.
Figure 15: How water is used in the Wimmera-Mallee water resource plan area
### Table 5: Take and use of water in the Wimmera-Mallee water resource plan area

<table>
<thead>
<tr>
<th>Purpose of use</th>
<th>Method of take</th>
<th>Right or entitlement</th>
</tr>
</thead>
</table>
| 1 Domestic and stock    | Wimmera-Mallee Pipeline, groundwater bore or take from a waterway. In the Wimmera-Mallee, the water user typically takes water from the pipeline and stores it in tank(s) | • Supply by agreement (between water user and water corporation) to take from the pipeline.  
• Statutory right – section 8 of the Victorian Water Act for domestic and stock purposes. |
| 2 Traditional Owner     | Wimmera-Mallee Pipeline, groundwater bore or instream release                | • Statutory right – section 8A of the Act for Traditional Owner groups to use water for traditional purposes, where there is an agreement. |
| 3 Environmental         | Wimmera-Mallee in-stream release, and Wimmera-Mallee pipeline to wetlands    | • Environmental entitlement – environmental outcomes are actively managed with held environmental water under an environmental entitlement and minimum passing flows delivered under bulk entitlements. |
| 4 Any                   | Rain collected from roofs                                                   | • Exempted from entitlement regime. People or businesses may collect and store water that falls on their roof without seeking authorisation to collect, store and use that water. |
| 5 Any                   | Interception by a farm dam or ‘runoff dam’. People or businesses may collect water running over their land and store the water | • Statutory right – right to take and use water under section 8 of the Victorian Water Act for domestic and stock purposes.  
• A take and use licence issued under section 51 of the Act is required for all other uses. |
| 6 Irrigation or commercial | Wimmera-Mallee Pipeline, interception by farm dams or pump from a waterway  | • Take and use licence issued under section 51 of the Act and supply by agreement. This can be from surface water. |
| 7 Any                   | Groundwater extraction. People or businesses may construct a bore (subject to authorisation under a works licence) to pump groundwater | • Statutory right – right to water under section 8 of the Act for domestic and stock use.  
• Take and use licence issued under section 51 of the Act for all other uses. |
### Purpose of use | Method of take | Right or entitlement
---|---|---
8 Commercial Plantation | Interception | • Currently outside the entitlement framework.
9 Regulating flows | Harvesting inflows and managing losses | • Storage and system losses are effectively shared between the entitlement holders as they are deducted before allocations are made. Grampians Wimmera Mallee Water (GWMWater) holds a bulk entitlement for losses associated with operating the Wimmera-Mallee Pipeline.
10 Recreational | Wimmera-Mallee Pipeline for nominated recreational lakes | • GWMWater holds a bulk entitlement for delivery to nominated lakes via the Wimmera-Mallee Pipeline.
| Headworks storages and waterways | • No specific entitlement for shared benefits.
11 Town water supply | Wimmera-Mallee Pipeline or pump from a waterway | • Bulk entitlement held by water corporation (no right or entitlement required by individual households).

#### 6.2 Statutory rights

Sections 8 and 8A of the Victorian Water Act provide for statutory rights that apply without the need to obtain further authorisation from the Minister. These provide a legal right for a person to take and use water under certain conditions. They are available only in the circumstances and for the specific uses as set out in the Victorian Water Act and there are limitations on who may exercise this right.

These are rights referred to as ‘basic rights’ in the Basin Plan.

#### 6.2.1 Domestic and stock rights under section 8

Domestic and stock rights, also known as section 8 rights, provide the right in specified circumstances for a person to take water for their personal use for the purposes established in the Victorian Water Act.

Specified circumstances include, for example, where a person has access to the water because they occupy the land adjacent to a waterway and that waterway has remained the property of the Crown, with some exceptions, or they occupy a bore from which the water may be taken.

Water taken for domestic and stock purposes may only be used for:
- household purposes
- pets
- water for cattle or other stock
- on the land around a house and outbuilding, to a maximum of 1.2 hectares for fire prevention purposes with water from a spring or soak or dam
- watering a kitchen garden.
With the exception of water used on land for fire prevention purposes which may be taken as set out above, water may be taken from a:

- spring
- soak
- dam
- waterway
- groundwater.

Broadly speaking, a ‘kitchen garden’ for this purpose is a domestic garden from which no produce is sold. Use for commercial purposes such as dairies, piggeries, feedlots, poultry or intensive or commercial use is excluded.

6.2.2 Traditional Owner rights under section 8A

Any member of a Traditional Owner group who has a natural resource agreement under the Traditional Owner Settlement Act 2010 can take and use water from a waterway or bore for traditional purposes in accordance with an authorisation order made under that Act. Traditional purposes mean providing for personal, domestic or non-commercial communal needs of the group members.

6.3 Water entitlements and supply arrangements

The statutory entitlements provided for under the Victorian Water Act are:

- bulk entitlements
- environmental entitlements
- take and use licences (also called section 51 licences)
- water shares (in declared systems only)
- registration licences

All water entitlements are recorded in the Victorian Water Register, which provides an authoritative record of the entitlement volumes and associated transactions including allocations and trade. Useful information for water users about water entitlements and related arrangements can be found at [http://waterregister.vic.gov.au/](http://waterregister.vic.gov.au/)

These entitlements are referred to as ‘water access rights’ in the Commonwealth Water Act.

Protection of the resource and of existing entitlement holders is supported by safeguards in the Victorian Water Act including:

- offences for unauthorised take of water
- requirements relating to notification regarding new entitlements
- matters for consideration when dealing with applications for new entitlements or amending entitlements
- processes for consultation before amending entitlements
- a cap on the total amount of water that may authorised – including, for example, a permissible consumptive volume
- in the case of bulk entitlement, provision for either House of Parliament to disallow the creation of a bulk entitlement.
6.3.1 Bulk and environmental entitlements

6.3.1.1 Bulk entitlements

Under the Victorian Water Act, the Minister for Water may make an order granting a bulk entitlement to allow the holder to take a volume of water subject to any conditions specified in the bulk entitlement.

A bulk entitlement may only be held by a water corporation, the Minister administering the Conservation, Forests and Land Act 1987, a generation (power) company within the meaning of the Electricity Industry Act 2000, or the Victorian Environmental Water Holder (VEWH).

A bulk entitlement does not have a specified term or period and is therefore an ongoing entitlement. As noted, a bulk entitlement may be issued subject to conditions and obligations.

These typically provide for the:
- rate, location and conditions of take
- reliability associated with the entitlement
- obligations to release environmental and passing flows
- metering, accounting and reporting obligations.

The general structure of all bulk and environmental entitlements is described in Figure 16. However, all entitlements are unique as each one needs to reflect the nature of the system in which it is held.

![Simplified structure of bulk and environmental entitlements](image)
6.3.1.2 Environmental entitlements

The Minister for Water may, by instrument, allocate water under an environmental entitlement to the Victorian Environmental Water Holder (VEWH). The VEWH is a corporate body established under Part 3AA of the Victorian Water Act.

The purposes of environmental entitlements are to:

- contribute to the environmental water reserve
- improve the environmental values and health of water ecosystems, including their biodiversity, ecological functioning and water quality
- assist other uses that depend on good or improved environmental condition.

See Part 12 for more information.

As with a bulk entitlement, the Minister for Water must consider the matters set out in the Victorian Water Act in considering whether or not to allocate an environmental entitlement.

These include:

- any adverse effect that the allocation or use of water under the entitlement is likely to have on existing authorised uses of water in the water system
- the conservation policy of the government
- the maintenance of the environment water reserve in accordance with the environmental water reserve objective
- whether the proposed source of water is within a heritage river area or natural catchment area within the meaning of the Heritage Rivers Act 1992, and any restriction on the use in the area under that Act
- any relevant sustainable water strategy
- any other matter the Minister thinks fit to take into account.

Environmental entitlements and bulk entitlements can be amended and traded.

6.3.2 The storage manager

The Minister may formally appoint a storage manager for bulk water supply systems that supply multiple bulk and environmental water holders and, in declared systems, water shares. The instrument of appointment sets out the Minister’s expectations about the operation of the supply system. The main responsibility of the storage manager is to supply water to meet entitlements. Other functions include:

- operating the supply system safely
- preparing an annual supply system operating plan
- calculating the volume of water available to entitlement holders and making allocations
- reporting on operations to entitlement holders
- preparing a water resource outlook for the coming water year assuming wet, average, dry and drought scenarios
- preparing water accounts for each entitlement that separately identify carryover and allocations
- recording any significant variations to the operating plan and/or discretionary operational decisions that are made and the reasons for those decisions (for example, the decision in 2012 not to transfer water from Rocklands to Toolondo)
- reviewing any significant events that may occur (such as flooding and droughts)
- consulting and working with the community to identify opportunities to provide public benefits from headworks storages.
preparing annual work plans and budgets to undertake the functions identified above.

GWMWater is the storage manager for bulk and environmental entitlements granted for the Wimmera-Glenelg headworks system. The legal document through which GWMWater was appointed and which describes its roles and responsibilities is the Appointment of Grampians Wimmera Mallee Water Corporation as Storage Manager for the Wimmera-Glenelg Headworks System (Minister for Water, 2010).

GWMWater is required to achieve 11 objectives in its storage management role, and is guided by strategically important operating rules described in Storage Management Rules for the Wimmera-Glenelg Headworks System (GWMWater, 2016).

6.3.3 Specific water entitlements in the Wimmera-Mallee supply system

In western Victoria, bulk entitlements have been granted to water corporations and the VEWH. Bulk entitlements have been granted to water corporations that supply water to urban water users or supply urban water corporations, and an environmental entitlement has been granted to the VEWH.

For the Wimmera-Glenelg regulated system the ‘source’ bulk entitlement has been granted to GWMWater which gives GWMWater the right to harvest water and the obligation to deliver water to primary entitlement holders. These primary entitlement holders include urban water corporations with bulk entitlements and the VEWH (see Part 4.7.3).

GWMWater also holds entitlements in the Pyrenees system and the Willaura system to supply towns (see Part 4.7.4).

GWMWater also holds an entitlement in the Murray system to supply the Northern Mallee Pipeline, this is detailed further in Victoria’s North and Murray Water Resource Plan.

The volume of water available in each reservoir in the Wimmera-Glenelg headworks system is pooled to calculate the total volume of water available for allocation to parts of the supply system by the Bulk Entitlement (Wimmera and Glenelg Rivers – GWMWater) Conversion Order 2010 and the associated entitlements. **Figure 17** shows the framework for entitlements supplied by the Wimmera-Glenelg headworks system.
Bulk Entitlement (Wimmera and Glenelg Rivers – GWMWater) Order 2010 (125,550 ML)

**Purpose**
- Grants the right to harvest and store water flows in the Wimmera-Mallee system and complementary obligation to supply all entitlement holders

- 100% of all inflows to system (subject to passing flow rules)
- 100% of storage capacity (subject to storage management rules)
- Obligations to provide passing flows and supply primary entitlements
- Headworks losses – evaporation

---

**GWMWater**

**Purpose**
- provides for system operating water and water that can be taken to supply customers, the environment, and for other specific purposes, including conditions and obligations

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**Bulk Entitlement (Wimmera and Glenelg Rivers – Coliban Water) Order 2010**

**Purpose**
- provides for water that can be taken for urban supply, including conditions and obligations

---

**Bulk Entitlement (Wimmera and Glenelg Rivers – Wannon Water) Order 2010**

**Purpose**
- provides for water that can be taken for urban supply, including conditions and obligations

---

**Wimmera and Glenelg Rivers Environmental Entitlement 2010 (VEWH)**

**Purpose**
- provides for water that can be taken for the environment, including conditions and obligations

---

**Pipeline losses**
- 2,960 ML

---

**Pipeline products**
- Urban, rural, supply by agreement, growth water
- 44,720 ML

---

**Glenelg compensation flow**
- 3,300 ML

---

**Recreation**
- 3,090 ML

---

**Commonwealth holdings**
- 28,000 ML

---

**Pipeline product**
- 300 ML

---

**Pipeline product**
- 2,120 ML

---

**Passing flows**
- Glenelg (Rocklands)
- Wimmera (Huddleston’s, Lonsdale)

---

**Pipeline product**
- Glenelg, Wimmera
- 40,560 ML

---

**Wetlands**
- Wimmera, Mallee, North Central
- 1,000 ML

---

**Above cap**
- unregulated flows
- system spills (above cap)

---

Figure 17: Water entitlement framework for the Wimmera-Glenelg headworks system
All bulk entitlements specify reservoir full supply levels and maximum operating levels, the types and size of entitlements to be supplied and the rules to share the volume of water available in the headworks between the entitlements.

Not all water harvested and stored by the headworks system is available for use. Evaporation, seepage and leakage are factored into headworks management, and fluctuate throughout the year, and between years.

The volume of water allocated in a year to each entitlement holder depends on how much water is available in the headworks system. The storage manager calculates how much water is available to be allocated in accordance with the rules specified in the bulk entitlement.

GWMWater’s bulk entitlement is divided into the five water products shown in Table 6.

When water is plentiful, each product and each entitlement holder receives their full allocation (100 per cent) of their entitlement. However, in years when there is insufficient water available to fully supply all entitlements, allocations to entitlement holders are in accordance with Schedule 2 of the bulk entitlements. Table 6 shows how water allocations are increased as the volume of water available increases. The storage management rules include more details about how the system is operated, including how the system reserve requirements are calculated and how the water available for allocation is determined.

**Table 6: Water entitlements and allocations supplied by the Wimmera-Glenelg headworks system**

<table>
<thead>
<tr>
<th>Water available (ML)</th>
<th>Entitlement</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>volume (ML)</strong></td>
<td></td>
<td>126,050</td>
<td>98,050</td>
<td>75,971</td>
<td>53,459</td>
<td>45,253</td>
<td>0</td>
</tr>
<tr>
<td><strong>Grampians Wimmera Mallee Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pipeline and balancing storage losses</td>
<td>2,960</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>Commonwealth Environmental Water Holder</td>
<td>28,000</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Glenelg compensation flow</td>
<td>3,300</td>
<td>100%</td>
<td>100%</td>
<td>25%</td>
<td>2%</td>
<td>2%</td>
<td>0</td>
</tr>
<tr>
<td>Recreation</td>
<td>3,090</td>
<td>100%</td>
<td>100%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Wimmera-Mallee Pipeline product</td>
<td>44,720</td>
<td>100%</td>
<td>100%</td>
<td>81%</td>
<td>58%</td>
<td>48%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Coliban Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wimmera-Mallee Pipeline product</td>
<td>300</td>
<td>100%</td>
<td>100%</td>
<td>81%</td>
<td>58%</td>
<td>48%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Wannon Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wimmera-Mallee Pipeline product</td>
<td>2,120</td>
<td>100%</td>
<td>100%</td>
<td>81%</td>
<td>58%</td>
<td>48%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wetlands</td>
<td>1,000</td>
<td>100%</td>
<td>100%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Wimmera-Mallee Pipeline product</td>
<td>40,560</td>
<td>100%</td>
<td>100%</td>
<td>81%</td>
<td>58%</td>
<td>48%</td>
<td>0</td>
</tr>
</tbody>
</table>
Notes in relation to Table 6:

- If the volume available is between any two columns, the share is calculated accordingly. For example, if there is 60,000 ML of water available (between columns C and D), Wannon Water’s share is: \[ (1,723-1,220) \times (60,000-53,459)/(75,971-53,459) \] + 1,220 = 1,366 ML.
- The calculation in the above is to be rounded to the nearest whole number.

Table 6 shows that 126,050 ML of water is supplied when sufficient water is available. Different entitlements are restricted at different rates when less water is available. The pipeline product is the most secure. The recreation, wetland and Glenelg compensation flow product have a lower reliability. The Commonwealth Environmental Water Holder has the lowest reliability of supply.

Each entitlement holder may use their allocation over the year and may also carry over any unused allocation to use in the following year. The carried-over volume is reduced by 15 per cent to account for evaporative losses over the year.

GWMWater supplies its urban and rural customers through its pipeline product. The two customer groups are not differentiated in the bulk entitlement. Unused water from either customer group is pooled and redistributed to supply both customer groups in the following years. The availability of carryover provides additional flexibility to GWMWater to secure its water resources over the long term and avoid restrictions in years with insufficient water available to make a full allocation.

GWMWater’s rural customers supplied by the Wimmera-Mallee Pipeline have tradeable supply by agreements. These are recorded at an individual customer level in the Victorian Water Register.

Coliban Water and Wannon Water supply towns in the Wimmera-Mallee water resource plan area and have bulk entitlements of pipeline product for this purpose. Wannon Water can be supplied only from Rocklands Reservoir.

The environmental manager (VEWH) has an entitlement of 40,560 ML of pipeline product, and 1,000 ML of wetland product. These products are supplied from the headworks in accordance with environmental watering proposals prepared by the Wimmera, Mallee, North Central and Glenelg-Hopkins catchment management authorities and authorised by the VEWH. The VEWH maximises the benefits from the available water by releasing stored environmental allocations to supplement passing flows, unregulated flows and spills that may occur after heavy rain.

The entitlement held by VEWH includes pipeline product and conditions that require passing flows to be provided immediately below harvesting points. The volumes of passing flows released are reduced in the same proportion as the pipeline product is restricted when the volume of available water falls below 98,050 ML.

Storage inflows that exceed the full supply level of the headworks storages cannot be harvested and are released as spills, providing flows to the environment. These passing flows, unregulated flows and spills make up a significant proportion of above cap water that is available to the environment.

However, an important characteristic of these flows is that the environmental manager cannot influence when and where they occur.6

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6 Passing flows generally occur from June to November, December to May for Huddleston’s Weir, all year at Fyans Creek and November to May for Wannon River. They can be accumulated or released from other reservoirs following agreement between the storage manager and the VEWH to improve environmental effects, allow for maintenance or protect water quality in the Wimmera-Glenelg headworks system (GWMWater, 2016).
6.4 Individual arrangement for access to water

6.4.1 Take and use licences

A person must apply to the Minister for a take and use licence to take surface or groundwater from a specified source. The licence authorises a person to take and use water from a waterway, catchment dam, spring, soak or aquifer.

A take and use licence is issued for a set period of up to 15 years.

The Minister has delegated licensing responsibilities to GWMWater and Goulburn-Murray Water within their boundaries. In practice, the relevant rural water corporation issues licences unless there is a conflict of interest. In these cases, the Minister makes a decision about the licence application.

The Minister and their delegates must have regard to a range of matters when considering an application for a licence, including but not limited to:

- the existing and projected availability of water in the area
- the need to protect the environment
- any permissible consumptive volume (PCV). A PCV is a cap on the total volume of water that may be licensed for extraction from a specific unit, zone or water system
- any adverse effect that the allocation or use of the water is likely to have on existing authorised uses, a waterway or aquifer.

Licences are issued and managed by water corporations in line with the Ministerial Policies for Managing Take and Use Licences (Minister for Water, 2014b). These policies set out matters and actions the Minister asks delegates to consider or carry out. Policies have also been issued for protecting high-value ecosystems that depend on groundwater when water corporations are considering applications for take and use of groundwater (Minister for Water, 2015a).

Each licence is subject to conditions specified on the licence. A standard set of conditions is included in each licence. Additional customised conditions may also be included.

Take and use licences to access surface water include conditions that enable restrictions and bans to protect environmental flows and to share available water during periods of low flow. Restriction rules are developed and documented in statutory management plans for water supply protection areas and local management plans in other areas.

Policies have also been issued for protecting high-value groundwater-dependent ecosystems when considering applications for take and use of groundwater (Minister for Water, 2015a).

Take and use licences can be renewed. Renewal is subject to consideration of the same matters as those that applied to the issue of a licence. The Minister must renew a licence unless he or she believes there is good reason not to. Further or different conditions may be included in a renewed licence.

Take and use licences can be traded subject to the requirements of the Victorian Water Act and any local rules to control third-party impacts.

DELWP has released guidelines (DELWP, 2015b) on how to determine resource share for the purpose of deciding whether to set a cap for groundwater.

Water users must also hold a works licence under section 67 of the Victorian Water Act if they require works, such as a pump on a waterway or a bore, to take water under a take and use licence.
6.4.2 **Registration licences**

A registration licence authorises take and use from a dam, spring or soak. Registration licences were issued between 1 July 2002 and 30 June 2003 and recognised historical water use. A registration licence is perpetual and does not attract a licence fee. It is attached to land and can only be transferred on the sale of land. As noted, a registration licence cannot be traded, except with the sale of the land, but may be converted into a take and use licence if the holder wants to trade.

6.4.3 **Water shares**

A water share is an ongoing entitlement to a share of the water available in a water system. To date, water shares have been issued only for declared systems with irrigation districts. These are regulated systems with dams or storages that harvest large volumes of water for regulated release to a large number of irrigation customers. A water share identifies its water system, the maximum volume (e.g. 100 ML), and whether it is a high- or low-reliability water share.

Both water shares and allocations under water shares can be traded. No water shares have been issued in the Wimmera-Mallee water resource plan area.

6.5 **Other supply arrangements**

6.5.1 **Urban water supply**

Individuals who are supplied by urban water corporations are not required to obtain an entitlement or to exercise a right under the Victorian Water Act to obtain water for use in their homes. Urban reticulated water supply is managed by water corporations. A water corporation with a water district must supply water to the owners of all serviced properties. This obligation is met under the entitlement to water in the urban water corporation's bulk entitlement or privately-owned water shares.

Where a serviced property is supplied by a water corporation, the volume of water is subject to restrictions under the permanent water saving rules or water restrictions imposed during times of water shortage (see Part 9.3.1).

6.5.2 **Supply by agreement**

A water corporation may decide to enter into contractual arrangements known as a supply by agreement to supply water to customers where, for example, there are properties that are not designated as serviced properties. This is a contractual arrangement which may specify a range of matters including the volume of water, flow rates, quality, period of time and the purpose for which the water will be used. The water supplied under these supply by agreements is sourced from the water corporation’s bulk entitlement to water. For example, the Commonwealth Environmental Water Holder hold a supply by agreement with Grampians Wimmera Mallee Water for their entitlement.

6.6 **Above cap and system water**

In addition to individual water entitlements, there is a large amount of other water, ‘above cap’ water, that is left in the system which is in excess of the water which is authorised to be taken under the Victorian Water Act. System water is defined in bulk and environmental entitlements to support reliability, water quality, or to support delivery of individual water entitlements, for example passing flows or defined losses. Both above cap and system water can have multiple benefits including supporting system reliability, environmental values and deliverability. How this

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7 Serviced properties (section 144) and water districts (Part 6A, section 122GA) are declared under the Victorian Water Act
water contributes to achieving environmental outcomes or objectives is outlined further in Part 12.2.3.

Each system has system specific rules, defined in bulk entitlements, which reflect the historic operations, the needs of users, interactions with other systems and the environment.

6.6.1 Above Cap

Above cap water is the water which is left over after passing flows have been met and all take under an entitlement or right has been extracted. In unregulated systems, this is most of the flow in the river that remains after entitlement holders have extracted water available under their entitlements or right. In regulated systems this is the flow in the river which is not allocated under entitlements and is not meeting a requirement downstream. This may occur when storages spill and there is not sufficient airspace in storages or consumptive demand downstream to make use of this water.

This water contributes to environmental outcomes but is not solely for the environment as it also supports stock and domestic users and may be re-regulated downstream for consumptive use, for example, spills from one storage may become inflows to a downstream storage.

6.6.2 System water

System water is all the water that is described in the bulk entitlements which is not specifically for environmental or consumptive use. This water will likely have a specific purpose, for example water for passing flows, water to cover delivery losses in irrigation districts or water reserves for release to mitigate water quality impact from water quality events.

Bulk and environmental entitlements usually include conditions that require passing flows to be provided to meet target flows at key points in the system as specified in the bulk or environmental entitlement, with the volume delivered based on total water availability. The volume of water provided by passing flows is not known in advance because the volume released from storages or weirs varies from day to day, depending on the natural inflows occurring at the time. Different systems prescribe different portions for the system water and will depend on the complexity of the system and the arrangements as described in the bulk entitlements. System water may go by other names as specific to the use of the water. Note that Part 7 and Appendix B assessed the risks to system water (controlled water and system operating water) for the environment separate to consumptive and other economic users.

6.7 Specific water access arrangements under entitlements

Access arrangements are an important tool used by water managers to protect passing flows when conditions are dry. Restricting take in these times protects environmental values and section 8 and 8A rights.

6.7.1 Rosters, bans and restrictions

In undeclared regulated or unregulated water systems conditions in some bulk entitlements preserve baseflows in rivers, and rosters, bans and restrictions are used to ration take and use licence holders’ access to water in dry conditions. Bulk entitlements usually have a passing flow clause, which describes a base level of water that cannot be taken for consumptive use.

Take and use licences authorising access to surface water include conditions that enable restrictions and bans to protect the environment and support water sharing during periods of low flow.

In unregulated systems, environmental flows are provided by the naturally variable flow but are affected by any authorised consumptive uses. Environmental flows in these systems are not
managed. Instead, some level of protection is provided by placing limits on the total volume of water that can be diverted from waterways or aquifers and through conditions on take and use licences that can limit when water can be taken over the year (i.e. winter-fill licences) and impose restrictions and bans on take during periods of low flows. Restriction rules are developed and documented in statutory management plans in water supply protection areas or communicated in local management plans in other areas.

### 6.7.2 Water allocation

The water allocation rules describe how water available will be shared amongst primary entitlement holders including bulk entitlement holders, environmental entitlement holders and recreational users in accordance with rules defined in bulk and environmental entitlements. The water allocation method determines the amount of water available for use in the water system for that season.

The water allocations are made at the start of each water year based on the total water in storage and a forecast of inflows during the year, minus an estimate of the total water required to operate that system over the year and water already committed, including carryover. Water allocations are revised monthly throughout the year and increases to allocations are made based on current operational data such as actual deliveries, losses and inflows, and revised forecasts for the remainder of the season.

### 6.7.3 Carryover

**Surface water carryover**

Carryover was initially introduced in the Wimmera-Glenelg systems in 2010 following the completion of modernisation works and the restructure of entitlements. Carryover arrangements allow water not used in a water season to be taken and used into the next water season. A central principle behind carryover is that unused water may be carried over by individuals to the next year but must not displace inflows that support new allocations. Carryover is designed to maximise the water available in the early part of the season. It allows the holder more flexibility to hold, use or trade water when it’s of the greatest value to their business, and to prepare for water shortages.

The Victorian Water Act enables the Minister for Water to make a declaration in relation to a water system allowing for carryover in that system. A declaration provides that water not used in one water season may be taken and used, that is ‘carried over’, in the next water season subject to any rules or conditions determined by the Minister for Water.

The Minister has made rules about how users can carry over water so that carryover does not have a negative impact on other entitlement holders or the environmental water reserve.

**Groundwater carryover**

The Minister has made declarations for the carryover of groundwater in some groundwater management areas. Groundwater carryover operates on the same principles as for surface water. The declaration enables the licence holder to carry over a fixed percentage of their unused licence volume to the following year.
6.8 Certainty of entitlements

The volume and reliability of existing entitlements to surface water and groundwater may be eroded if additional entitlements are granted. The Victorian Water Act provides significant safeguards to protect the integrity of water shares, bulk and environmental entitlements and take and use licences.

These safeguards include:

- offences for unauthorised use of water
- formal statutory processes that must be followed to:
  - issue a new water share
  - issue a new or amend bulk entitlement (see Figure 18)
  - issue a new or amend an environmental entitlement (see Figure 19)
  - issue a new take and use licence
  - amend conditions of a take and use licence under a water supply protection area management plan
- a cap on the total amount of water that can be authorised for extraction in the Wimmera-Mallee (surface water) water resource plan area from a surface water system is limited by the sustainable diversion limits set by the Murray-Darling Basin Authority
- a cap on the total amount of groundwater that can be authorised for extraction in the Wimmera-Mallee (groundwater) water resource plan area is limited by the sustainable diversion limits set by the Murray-Darling Basin Authority and where a groundwater system has been declared by the Minister by an Order published in the Government Gazette (section 22A) is limited by the permissible consumptive volumes which also cap the total volume of water available to issue under a take and use licence
- requirements for notification to be given to other entitlement holders when the Minister is considering an application to grant or amend a:
  - bulk entitlement (section 38)
  - environmental entitlement (section 48D)
  - take and use licence (section 49)
- considerations which the Minister must regard when considering an application to issue or amend an entitlement (for example, sections 33J, 53, 40 and 48F), including:
  - any adverse effect that the allocation or use of water under the entitlement is likely to have on existing authorised water users
  - the maintenance of the environmental water reserve
- provision for either House of Parliament to disallow a bulk entitlement

The Victorian Water Act requires an application to be made to the Minister for the issue or amendment of a bulk or environmental entitlement. Further, the Act outlines the consultation steps and matters to consider before an entitlement can be amended.

A bulk entitlement may be amended on application to the Minister made by an Authority holding a bulk entitlement or another Authority with the support of the Minister. Bulk entitlements are amended in the same manner as they are granted. The process to grant or amend a bulk entitlement is set out in section 44 of the Victorian Water Act. This process must be followed before an amendment may be made. The Act prevents the Minister from issuing a direction about how the Victorian Environmental Water Holder is to manage its environmental entitlements.
Applications for new, or major amendments to, bulk and environmental entitlements can take up to two years to be approved. The Act provides procedural safeguards to minimise the influence of vested interests and to address the technical challenges in explicitly and exclusively specifying rights to water resources that move through river drainage basins and groundwater systems.

A minor amendment may be made to a bulk entitlement by notice using a streamlined process where the proposed amendment would:

- correct a mistake in the description of any element of the entitlement
- make a minor variation arising from practical operations
- vary or impose a new obligation on a resource manager or storage manager
- make any other amendment that does not impact on another person’s entitlement to water and does not adversely affect the environmental water reserve

Bulk entitlements may be traded permanently (transferred under section 46D) and water held under a bulk entitlement can be temporarily traded (assignment of allocation under section 46). These trades require approval by the Minister for Water or the Minister’s delegate and the Authority whose works will be used to deliver the water.

As with bulk entitlements, environmental entitlements are ongoing and can be traded, along with allocations under an environmental entitlement. Trade (assignment) of environmental entitlements needs approval by the Minister and the Authority whose works will be used to deliver the water.

Figure 18 and Figure 19 show the processes set out in the Victorian Water Act that must be followed to grant a new bulk water entitlement or make a major amendment to an existing one. The process for environmental entitlements is similar.

The process to issue or amend a bulk or environmental entitlement is transparent. The Victorian Water Act requires bulk and environmental entitlement holders to apply to the Minister for their entitlement to be amended. The Act prevents the Minister from issuing a direction about how the environmental water holder manages its environmental entitlements.

Applications for new, or for major amendments to, bulk and environmental entitlements can take up to two years to be approved. The Act provides procedural safeguards to minimise the influence of vested interests and address the technical challenges in explicitly and exclusively specifying rights to water resources that move through river and groundwater basins.
Either House of Parliament may disallow Order within 18 sitting days

Minister published approved Order in Government Gazette

Minister considers application. Must not approve is likely to have significant adverse effect on authorised uses of water or the environment

Minister may appoint panel to investigate effects (modeling and environmental assessment), considers submissions and consults. Consensus approach (can take more than a year)

Likely effects of granting application must be assessed in line with Section 40 of the Act

Minister may appoint panel to investigate effects (modeling and environmental assessment), considers submissions and consults. Consensus approach (can take more than a year)

Minister considers application. Must not approve is likely to have significant adverse effect on authorised uses of water or the environment

Minister published approved Order in Government Gazette

Either House of Parliament may disallow Order within 18 sitting days

**Figure 18: Process in the Victorian Water Act to amend a bulk water entitlement**
If approved, Minister publishes the new environmental entitlement/amendment is published in the Victoria Government Gazette

Minister determines the request (approve or refuse).

If approved, Minister publishes the new environmental entitlement/amendment is published in the Victoria Government Gazette

Likely effects of granting the application must be assessed consistent with section 48F of the Victorian Water Act

The Minister must advertise in a manner deemed fit

OR

Require the VEWH to advertise in a manner specified by the Minister

VEWH applies to the Minister for an amendment to an environmental entitlement (public consultation required)

The VEWH applies to the Minister for a new environmental entitlement (public consultation required)

OR

Minister allocates an environmental entitlement to the VEWH (no public consultation required)

Figure 19: Statutory process requirements for new or major amendments to environmental entitlements
6.9 Qualification of rights

In extreme events described in Part 9, the Minister may qualify any water entitlement. This is an emergency measure which allows the Minister for Water to intervene by declaring a water shortage and qualifying rights and entitlements in a water system. This may temporarily overrule some or all the water sharing arrangements in a system.

Section 33AAA of the Victorian Water Act allows the Minister to qualify rights temporarily if he or she declares that a water shortage exists. The Minister must be satisfied that there is, or will soon be, insufficient water available to satisfy any rights to water. This power has been used during severe droughts, for example to reduce passing flow obligations to make sure town water demands can be supplied under Stage 4 restrictions.

The Department of Land, Environment, Water and Planning (DELWP) has issued guidelines for exercising these powers and expects that qualification of rights will only be done in extraordinary and unforeseen circumstances (DELWP, 2016b).

The Minister may also permanently qualify rights to water under section 33AAB of the Victorian Water Act. Permanent qualification of rights can be declared only on completion of a long-term water resource assessment. Assessments are to be reviewed every 15 years.

6.10 The Victorian Water Register

The Victorian Water Register provides water users with essential information about water entitlements, seasonal determinations, trade and transfers. The Water Register is the authoritative record of water entitlements and facilitates the transactions that underpin Victoria’s water markets.

All water entitlements in the Wimmera-Mallee water resource plan area are recorded on the Victorian Water Register (VWR), which provides the Victorian Government with the point of control for the state’s water entitlement and allocation system. It is a public register of all water-related entitlements in Victoria and was designed and built to record water entitlements with integrity and provide crucial information for managing Victoria’s water resources. Important attributes of the register are shown in Figure 20.

The register holds statewide surface water and groundwater entitlement records and information about ownership, transfers and where relevant, allocations to bulk entitlements, environmental entitlements, water shares (in declared systems), licences to take and use water and supply by agreements. It also records ownership and details about water-use licences, water-use registrations and water shares (in declared systems) and works licences. See Part 15 for more information.
### Victorian Water Register

- central to Victorian water management
- provided for under the Water Act 1989
- supports the state’s entitlement framework
- governed by a partnership between DELWP, the Water Registrar and water corporations

### Features of the Victorian Water Register
- good governance
- all entitlements recorded
- conditions recorded
- trading rules consistently applied
- standard processes consistently applied
- standard application fees
- predictability
- probity, integrity, trust

### Register of water entitlements
- attributes of the entitlements
- mortgages (water shares)
- changes to entitlements

Records information relating to:
- allocations
- usage
- trades
- carryover

Also holds information on:
- works licences
- water-use licences and registrations (in declared systems)
- delivery shares (in declared systems)

The Register is linked, but separate to, water corporation water ordering and billing systems

### Customer focused with online capabilities
Facilitates the market, reduces transaction costs, reduces transaction times and improves accuracy, transparency and accountability.

### Commercially accepted accounting standards
- governance structure for processing all transactions
- internal controls on processing
- every transaction recorded on register and is auditable
- all transactions linked back to application form and approvals, providing a rigorous audit trail
- water accounts regularly reconciled and audited
- searchable, in real time, publicly available reports and market information

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**Figure 20: Key attributes of the Victorian Water Register**
6.11 **Water markets**

Within Victoria, the Victorian Water Act enables the transfer of bulk entitlements, environmental entitlements, water shares (in declared systems) and take and use licences subject to the requirements of the Act and any Ministerial rules. The rules are made by Ministerial Order, published in the *Government Gazette*. The rules aim to limit third-party impacts and protect environmental values.

The Ministerial Order specifying the trading rules for declared water systems (Minister for Water, 2014a) is available from the Victorian Water Register website ([http://www.waterregister.vic.gov.au](http://www.waterregister.vic.gov.au)) but this does not apply to the Wimmera-Mallee water resource plan area.

Statewide guidance for trade in unregulated surface water systems and groundwater systems are set out in the Ministerial Policies for Managing Take and Use Licences, which are also available from the Victorian Water Register (Minister for Water, 2014b).

In addition, some groundwater trading rules are applied in statutory management plans approved by the Minister and in local management plans prepared by water corporations.

The Wimmera-Mallee system is not declared so the predominant markets are:

- trade of allocations made to bulk and environmental entitlements
- trade of unregulated water take and use licences
- transfers by supply by agreement holders.

GWMWater facilitates the transfer of water between individual domestic and stock users supplied from the Wimmera-Mallee Pipeline under its bulk entitlement.

6.12 **Basin Plan requirements for trade**

Water trading of surface water in the Wimmera-Mallee water resource plan area is covered in Chapter 12 of the Basin Plan, which sets out the Basin Plan surface water trading rules that came into effect in Victoria on 1 July 2014. The Basin Plan does not require general surface water trading arrangements to be included in water resource plans.

Trade of groundwater entitlements is prohibited under the Basin Plan unless certain conditions are met. Part 8 of Chapter 10 of the Basin Plan requires water resource plans to set out circumstances in which trade is permitted between:

- two locations within a groundwater SDL resource unit (10.37)
- two groundwater SDL resource units (10.38)
- a groundwater SDL resource unit and a surface water SDL resource unit (10.39).

6.13 **Victorian trading policies and rules**

Victoria’s regulatory regime for water trading is set out in the Victorian Water Act and various other documents whose applicability depends on the type of entitlement being traded:

- Ministerial Order specifying the trade rules for declared regulated surface water systems (Minister for Water, 2014a)
- Minister’s policies for managing take and use licences (policies), typically for unregulated surface water and groundwater systems
- guidelines for groundwater licensing and the protection of high-value groundwater-dependent ecosystems
- statutory management plans
- local management plans established by water corporations.
The Victorian Water Act provides a framework for water trading. It enables trades to occur in accordance with trading rules that protect against impacts on other water users or the environment. In accordance with section 12.19 of the Basin Plan, Victoria has provided evidence to the MDBA regarding restrictions on trade in surface water systems which are necessary and in accordance with Section 12.18 of the Basin Plan.

Groundwater trade can occur in the Wimmera-Mallee water resource plan area. The circumstances under which this is possible are described in the policies. Further system-specific trading rules are defined in local management plans established by the water corporation. Local management plans also reference interstate agreements, for example the Groundwater (Border Agreement) Act 1985, and Victorian Irrigation Development Guidelines.

Temporary and permanent trade rules for groundwater entitlements in the Wimmera-Mallee water resource plan area are set out in local management plans and the policies.

6.14 Entitlement trade in the Wimmera-Mallee (groundwater) water resource plan area

Part 8 of Chapter 10 of the Basin Plan requires the Wimmera-Mallee Water Resource Plan to identify the circumstances in which trade of water access rights (entitlements) may occur within and between groundwater SDL units in order to satisfy the conditions outlined in sections 12.24, 12.25 and 12.26 of the Basin Plan. The circumstances in which trade may occur in accordance with Basin Plan requirements are outlined below.

There is generally very little development of groundwater aquifers in the Wimmera-Mallee water resource plan area where it is typically too saline for productive use, or too deep to be economically developed, or both. Because of the generally low level of development and the BDL being well below the SDL for the Wimmera-Mallee (groundwater) water resource plan area, there is little demand for groundwater trade. Current management arrangement in Victoria’s water entitlement framework are sufficient to manage impacts from trade decisions and where local management plans have been developed, specific trading rules are documented to facilitate efficient trade decisions.

Victoria’s entitlement framework enables groundwater trade to occur in line with the requirements of Chapter 12 of the Basin Plan. Figure 21 below identifies how the considerations prescribed under the Victorian Water Act relating to decisions to transfer entitlements (trade) align with Basin Plan requirements. In addition to the legislative framework for trade decisions, the hydrologic connection of groundwater is defined by groundwater catchments which represent regions of connected groundwater resources and are based on groundwater flow systems. The groundwater catchments in the Wimmera-Mallee water resource plan area are shown in Figure 2 and were a product of the Secure Allocations, Future Entitlement Project (DSE, 2012).
Determining transfer of take and use licences under the Water Act 1989

Transfer of take and use licence (trade of water access rights) considerations

A person may apply for the temporary or permanent transfer of a take and use licence (section 62 WA)

Section 53 WA matters apply to the determination of the application to transfer the licence [sections 12.24 / 12.25 / 12.26 Basin Plan considerations also apply]

In considering the application, section 53(1)(b) requires consideration of matters in section 40(1)(b)–(m)

Section 53(1)(e) also provides the Minister may consider any other matters

Maintaining the nature of the entitlement

No negative impact on the resource

No negative impact on other users (including the environment)

Any other relevant matter would include hydraulic connection [sections 12.24(a), 12.25(a), 12.26(a)]

- existing and projected availability of water in the area–s.40(1)(b)
- (if any) the permissible consumptive volume for the area–s.40(1)(ba)
- any water to which the applicant is already entitled–s.40(1)(e)

- existing and projected quality of the water in the area–s.40(1)(c)
- the purpose for which the water is to be used–s.40(1)(i)

- any adverse effect that the allocation or use of water is likely to have on other users, the aquifer–s.40(1)(d)
- the need to protect the environment including the riverine and riparian environment–s.40(1)(g)

- protects timing, reliability and volume [sections 12.24(c), 12.25(d), 12.26(d)]

- protects resource condition limits [sections 12.24 (b), 12.25(b), 12.26(b)]

- protects resource condition limits [sections 12.24 (b), 12.25(b), 12.26(b) and water availability for other users sections 12.24(d), 12.25(e), 12.26(e)]

Where a transfer is approved it is recorded in the Victorian Water Register [sections 12.25(c) and 12.26(c)]

Figure 21: Determining transfer of take and use licences under the Victorian Water Act
6.14.1 Trades between two locations within a groundwater SDL resource unit

Trading between two groundwater areas is permitted by the Victorian Water Act, subject to the Act, the policies and any rules in a local or statutory management plan that apply to the area.

As at February 2018, only the Murrayville local management plan has been published in the Wimmera-Mallee water resource plan area. Other plans are being developed by water corporations. It should be noted that the groundwater SDL resource area excludes the area of the Murray-Darling Basin in the West Wimmera GMA.

Each plan documents a Groundwater Management Area (GMA) which is covered by a permissible consumptive volume that is a subset of the applicable Basin Plan Wimmera-Mallee SDL. PCVs have been declared by the Minister for Water under the Victorian Water Act (see, for example, Permissible Consumptive Volume Groundwater (Murrayville Groundwater Management Area) Amendment Order 2017) or each GMA.

Trade is permitted between management zones within GMAs subject to rules established by the corporation within the local management plan. Trade volumes are generally small because there is often still room available to issue new licences under the PCV.

Where there is no PCV set in the water resource plan area, this is because of the low level of development, and the low potential for this to occur. Other than existing controls identified in Chapter 6 there is no need for additional restrictions placed on issuing groundwater licences through setting additional PCVs, and no additional rules are considered necessary to manage groundwater outside of the existing GMAs.

To meet the requirements of section 10.37 of the Basin Plan, the Wimmera-Mallee Water Resource Plan must identify the circumstances in which trade is permitted to ensure that the conditions of section 12.24 of the Basin Plan are met. Where the conditions prescribed in section 12.24 are not met, trade is prohibited. Section 12.24 sets out the following conditions in which trade may be permitted:

- sufficient hydraulic connectivity between the two locations
- resource condition limits in the SDL resource unit specified in any water resource plan will not be exceeded as a result of the plan
- the entitlements traded have substantially similar characteristics of timing, reliability and volume, or measures are in place to ensure the entitlement traded will maintain its characteristics of timing, reliability and volume
- measures are in place to address the impact, as a result of trade, on water availability in relation to a water access right held by a third party.

Trade is permitted within the Wimmera-Mallee water resource plan area only between locations within the same groundwater catchment as this provides the basis for sufficient hydraulic connectivity being present. Trade may occur only within PCVs which prevent resource condition limits in the relevant SDL resource unit being exceeded. Entitlements traded have similar characteristics of timing, reliability and volume because:

- all groundwater licences are ‘all-year’ licences
- in the Wimmera-Mallee water resource plan area, restrictions are not currently applied. However, if this were to be the case, the adaptive management regime in the water resource plan area would ensure that any trade rules were reviewed to maintain reliability of the traded entitlement and prevent impacts on other users
- no changes to entitlement volume are made as part of a trade; the buyer receives what the seller sells.
The conditions under section 12.24 are further supported by Victoria’s water resource management framework which protects other users and the environment (and resource) in determining the take and use of water.

Trade between two locations within a single Wimmera-Mallee groundwater SDL resource unit is permitted in the following circumstances:

a. if the two locations are within the same geology as defined by the SDL groundwater unit which demonstrate sufficient hydraulic connectivity; and

b. if the relevant permissible consumptive volume is not exceeded, because the permissible consumptive volume is the limit set to protect the resource condition; and

c. if the volume to be traded is specified, noting that in Victoria timing is not a condition on groundwater take and the reliability and any other conditions or characteristics of the water access right are not changed due to trade; and

d. where regard has been had to any adverse effect that the trade is likely to have on existing authorised users of water and measures are in place to address any adverse effect.

Figure 21 of the Wimmera-Mallee Comprehensive Report depicts the process for determination of a transfer (trade) of a take and use licence under the Water Act 1989 (Vic) and demonstrates how the conditions set out in section 12.24 of the Basin Plan align with the Victorian framework. Reference to the Water Act 1989 (Vic) in Figure 21 of the Wimmera-Mallee Comprehensive Report does not form part of the response and is included for reference only.

6.14.2 Trades between two groundwater SDL resource units

The Wimmera-Mallee (groundwater) water resource plan area contains three groundwater resource SDL units as described under Schedule 4 of the Basin Plan:

- Wimmera-Mallee: Sedimentary Plain (GS9)
- Wimmera-Mallee: Highlands (GS9)
- Wimmera-Mallee: deep (GS9).

To date, there has been no trade between these SDL units. Current GMAs in the Wimmera-Mallee water resource plan area, being areas where the majority of licences exist, are confined to the Sedimentary Plain SDL unit, so trade between SDL units is not anticipated. This does not mean that trade will not be allowed in the future where there is sufficient hydraulic connectivity between these SDL units, as defined by the groundwater catchments. If demand for trade between SDL units eventuates in future, it is expected that the relevant GMA boundary would be amended so that trading rules could be developed via a local management plan. Trade will be able to occur only within PCVs which prevent resource condition limits in the relevant SDL resource unit being exceeded. Entitlements traded will have similar characteristics of timing, reliability and volume because:

- all groundwater licences are ‘all-year’ licences
- trade rules will be established to maintain reliability of the traded entitlement and prevent third-party impacts to other users
- no changes to entitlement volume will occur as part of a trade; the buyer receives what the seller sells.
The conditions under section 12.25 are further supported by Victoria’s water resource management framework, which protects other users and the environment (and resource) in determining the take and use of water.

Trade between two groundwater SDL resource units within the Wimmera-Mallee Water Resource Plan area is permitted in the following circumstances:

a. the two locations are within the same groundwater catchment, because groundwater catchments are determined based on regional groundwater flow paths which demonstrates sufficient hydraulic connectivity; and

b. if the relevant permissible consumptive volume is not exceeded, because the permissible consumptive volume is the limit set to protect the resource condition; and

c. if the volume to be traded is specified, noting that in Victoria timing is not a condition on groundwater take and the reliability and any other conditions or characteristics of the water access right are not changed due to trade; and

d. where regard has been had to any adverse effect that the trade is likely to have on existing authorised users of water and measures are in place to address any adverse effect.

Where trade occurs in the above circumstances it will be recorded on the Victorian Water Register.

Figure 21 of the Wimmera-Mallee Comprehensive Report depicts the process for determination of a transfer (trade) of a take and use licence under the Water Act 1989 (Vic) and demonstrates how the conditions set out in section 12.25 of the Basin Plan align with the Victorian framework. Reference to the Water Act 1989 (Vic) in Figure 21 of the Wimmera-Mallee Comprehensive Report does not form part of the response and is included for reference only.

6.14.3 Trades between surface water and groundwater SDL resource units

Trade may be permitted between surface water and groundwater SDL resource units according to rules set out in local management plans. While local management plans cannot set out enforceable rules for managing trade of water, it is a useful policy tool that articulates how the considerations under the Victorian Water Act (outlined above in Figure 21) for temporary or permanent transfer of entitlements may apply in an area.

There are no local management plans in the Wimmera-Mallee water resource plan area that allow trade between surface water and groundwater. This is primarily because physical connections between surface water and groundwater resources have not been researched thoroughly enough. In the Murrayville GMA the groundwater is deep and does not connect with surface water.

If there is a change in rules to allow trade between groundwater and surface water SDL resource units, the Wimmera-Mallee Water Resource Plan will be reviewed to determine what amendments are necessary.
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