

**Senate Environment, Communications and the Arts
References Committee**

Answers to questions taken on notice

National Water Commission

Committee hearing, December 15 2009

Agency: National Water Commission
Topic: Inquiry into Water Licences and Rights
Hansard Page ECA: 36

Senator TROETH asked:

Mr Matthews, how much water trading has there been since the foundation of the NWI? At what level is it running?

Mr Matthews—The Commission released its second annual water markets report last week, and I wish I had brought it along. I do not have the number with me, but that publication records that the rate of growth of the market has been very fast and that as a proportion over last year it is, in some areas, getting up to double. We think that is a good thing, not just because trading is a good thing but because of all the things that flow from that, be it adjustment, the opportunities to deal with climate change or drought, the opportunities to deal with commodity price changes and so on—and to manage your farm operations better. Those opportunities are much richer because trading is increasing so much. I do not have a number but I could take it on notice.

Answer:

The NWI was signed on 25 June 2004. Up until the 2007-2008 water year, trade data was not consistently collected at a nationwide scale. Having identified this information gap, the Commission produced the inaugural *Australian Water Markets Report 2007-2008*, followed by the 2008-2009 report, which was released in December this year. As these reports have only been compiled for the 2007-08 and 2008-09 water years, the Commission cannot comment authoritatively on the total amount of water trading ‘since the foundation of the NWI’ in 2004. However, the *Australian Water Markets Report 2008-2009* includes the following summary of water trading volumes in Australia for the past two years (page 5):

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Table 1.1: Water trading volumes in Australia

	Entitlement trades			Water allocation trades		
	2007–08 (GL)	2008–09 (GL)	% change	2007–08 (GL)	2008–09 (GL)	% change
Southern connected Murray–Darling Basin	618	1080	+75%	1237	1739	+41%
Other water systems	302	720	+138%	357	419	+17%
Total Australia	920	1800	+95%	1594	2158	+35%

Note: Includes surface and groundwater trades and trades between members of irrigation co-operatives and trusts.

Trade data for the country's major water market – the Murray-Darling Basin, has been collected in the past by the former Murray-Darling Basin Commission (MDBC). The Murray-Darling Basin Authority (MDBA) continues to collect trade data within the Basin.

Trade data has also been collected for specific programs before the 2007-08 water year, such as the MDBC's pilot interstate trade program.

Anecdotally the past two years that the Commission has reported on trade activity have coincided with the greatest level of trading activity nation-wide. While there are many reasons for this, it is important to note the role of State and Commonwealth Governments and the MDBA, in implementing the institutional, regulatory and administrative arrangements to enable trade.

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Senator SIEWERT asked:

I will go back to the WA reform issue. My recollection of that, and I must admit I did not check it before I came in here, is that the WA government's position, they are suggesting—and I am not arguing for the WA government—is that they have said all along that they would do the reform at the end of the process?

Mr Matthews—No. Their argument has been closer to this. They have been saying that, for various reasons, it will take the Western Australian parliament a long time to deal with this issue. In the meantime they are trying to do as much as they can under the previous legislation, and they have made some progress on that. It is not that nothing has happened in Western Australia. The time frame for the legislation is now well beyond their original commitments. For them to finalise and get the statutory foundation for planning, entitlements and so on in place and all the benefits that flow to the environment and irrigators for that, they will need to produce the legislation itself, which is why I mentioned Western Australia specifically. It is conspicuous among the states, even though they have been trying hard under the old legislation, for not having the new legislation.

Senator SIEWERT—Have they given you a time line for when they intend to introduce the legislation?

Mr Matthews—Yes, but again I would have to take that on notice.

Answer:

The Western Australian Department of Water has advised the Commission that (as of 22 December 2009) the reform of water-related legislation in Western Australia is progressing as follows:

Water services legislation

The Department of Water has advised that, assuming current Departmental resources and priorities, an Act could be introduced to Parliament in Spring session 2010, passed by mid 2011, and operational by the end of 2011. This Bill will enable the delivery of much of the urban water management requirements of the NWI and COAG agenda.

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Water resources management legislation

A Water Resource Management Bill is currently being considered by government before progressing further. The Department of Water has advised that, assuming current Departmental resources and priorities, the current round of consultations could be completed in February 2010. Cabinet could then approve drafting of the Bill by April 2010, and a Green Bill for consultation prepared by December 2010. The Bill would be introduced to Parliament by Autumn session 2011, passed by end of 2011, and be operational by mid 2012. The Minister is committed to releasing a Green Bill for three months' consultation before introduction into Parliament.