



critical water planning for the Murray

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CURRENT WATER AVAILABILITY

Current water availability to users in the Murray Valley continues to deteriorate - it has now reached an historical low. There has been little rain across the Murray Valley in the past month and water supply continues to worsen. Without further inflows in the coming months there may not be any additional water available for use this year. There is also concern that there are currently no reserves for water supply for essential human needs in 2008/2009.

From 15 August to 13 September 2007, Albury received 13.6 mm of rain and Deniliquin received 3.6 mm. There has been some good falls in localised sections of the upper catchments, with Mt Hotham receiving 38 mm and Mt Buffalo 52 mm in the last week.

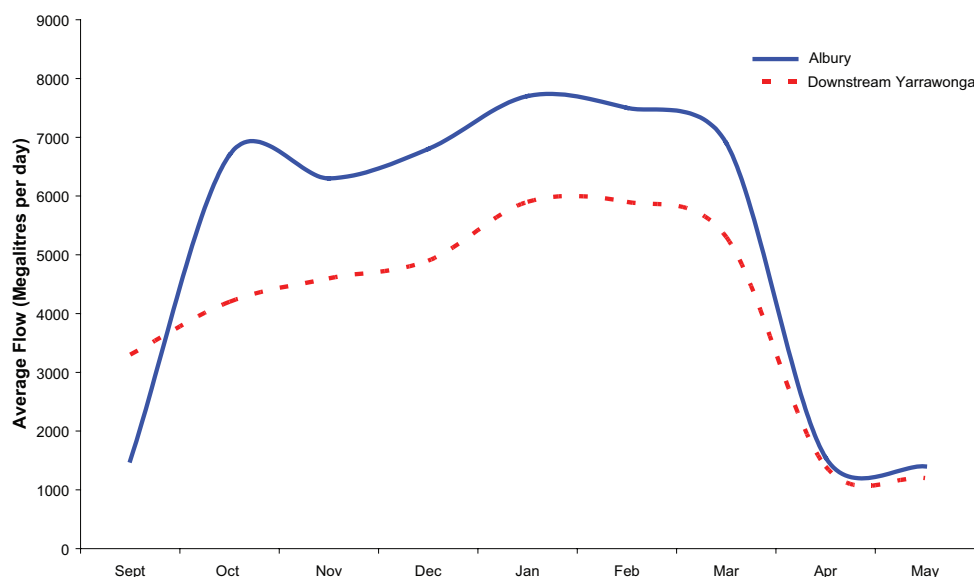
The following table shows storage levels as at 13 September 2007:

Storage @ 13 September 2007	Volume GL	Percent of capacity	Change in volume 15 August to 13 September 2007 GL
Hume Dam	819	27	+129
Dartmouth Dam	652	17	+45
Lake Victoria	556	82	+88
Menindee Lakes Storage	67	4	-9
Snowy Murray Storage	210 (4 Sept.)		+61 (14 Aug to 4 Sept)

The Department of Water and Energy continues to meet regularly with the critical water advisory group to discuss water supply strategies and options for the remainder of 2007/2008 and for 2008/2009.

The following graph shows the likely flows in the upper river from now onwards should extreme drought conditions continue.

Upper Murray Flows Under Drought Conditions



WHAT THIS MEANS

The rainfall in July and early August 2007 produced some inflows in early August which are now receding to minimum levels. Inflows to Hume and Dartmouth dams are only about 4 000 ML per day. Without further rain these flows will recede to the low levels recorded last year.

Under the arrangements agreed to by the Prime Minister and State Premiers earlier in the year, NSW has been able to provide water to meet the critical supplies for essential human needs, permanent plantings and essential industries. In addition on 28 August 2007 NSW was able to re-credit 25% of water suspended in 2006 and carried over into this year. Under the normal water sharing rules, most of this water would have been available to other States and not to NSW. Effectively the inflows in August have been used to offset the water made available to NSW early in the season.

As a result of the inflows in August, allocations have increased marginally in other states, but not in NSW. However, without these sharing arrangements NSW would not have had any water for any purpose at the start of the season. The offset has now been almost fully repaid and if there is a significant inflow, the resources available to NSW will increase.

In earlier communications, the Department of Water and Energy stated that reserves for critical human needs would be considered after August 2007. NSW together with VIC, SA and the ACT are now investigating options for water supply and the probabilities of inflows, not only for the remainder of 2007/2008, but also for 2008/2009.

CRITICAL WATER

As a result of the recredit of 25% of suspended 2006 account water, after September critical water will only be available to some identified industries. All outstanding applications for critical water for September 2007 will be finalised as soon as possible.

Any critical water made available to date is in addition to the re-credited water. However, when the situation improves significantly, critical water will be debited from the total water resource available. This decision will be discussed with the advisory group prior to implementation.

TOWN WATER SUPPLY

Sufficient water will be provided to all towns to meet demands under Level 4 restrictions. Level 4 restrictions will continue until allocations of at least 20% for high security licences are announced.

An option is currently being considered that would allow towns to purchase water on the open market if they wish to ease the level of restrictions from level 4 to level 3a. This would be on the basis that towns acquire 20% of the volume to meet level 4 restrictions for that month.

DOMESTIC AND STOCK SUPPLIES

Landholders who rely on effluent systems such as the Merran, Wakool, Colligen and Eagle Creek cannot be guaranteed supply. Landholders on these creek systems may have to cart water to maintain supplies. Similarly, landholders who rely on the delivery of domestic and stock water from private channel systems should contact their water supply authority to check on availability.

While the supply of domestic and stock water has the highest priority, water can only be provided from regulated supply if it can be delivered efficiently. When water becomes available from an unregulated flow, replenishment of tributary creek systems will be given a high priority.

Landholders who pump water for domestic and stock use, as permitted under the basic landholder rights provisions of the Water Management Act 2000, are reminded that this water can only be used for household purposes such as watering stock, cooking, cleaning, and household gardens. It cannot be used for any commercial purposes.

Landholders in urban areas that have private pumps are reminded that restrictions currently apply to their use of domestic and stock water consistent with urban centres. These restrictions are equivalent to the town water supply restriction currently in-force in each town.

As water availability in the NSW Murray Valley is very scarce, the Department of Water and Energy advises landholders to extract and convey domestic and stock water as efficiently as possible. Earthen

channels and dams have high losses and where possible, water should be conveyed by a piped system.

WATER TRADING IN 2007/2008

The states, through the Murray Darling Basin Commission, have generally agreed to a temporary suspension of the rule that banned the temporary trading of allocation water from licences upstream of the Barmah choke to downstream users. In the current circumstances, it is agreed that there is a need to widen the market in temporary trade and make water as feely tradeable as possible. Initially, suspension of the rule will last until 15 December 2007.

When the resource situation improves and trading would present a delivery problem, the previous trading prohibition rule will be reinstated. However, all trades up to that date will be honoured.

Water in accounts may be traded. However, in the case of critical water any unused water should be carried over to the next month.

Inter-valley and inter-state trading is available. In the Murrumbidgee Valley, water has been recredited to accounts and a 60% high security allocation has been made. South Australia and Victoria have also made water available that may be purchased by users in NSW.

WATER AVAILABILITY OUTLOOK

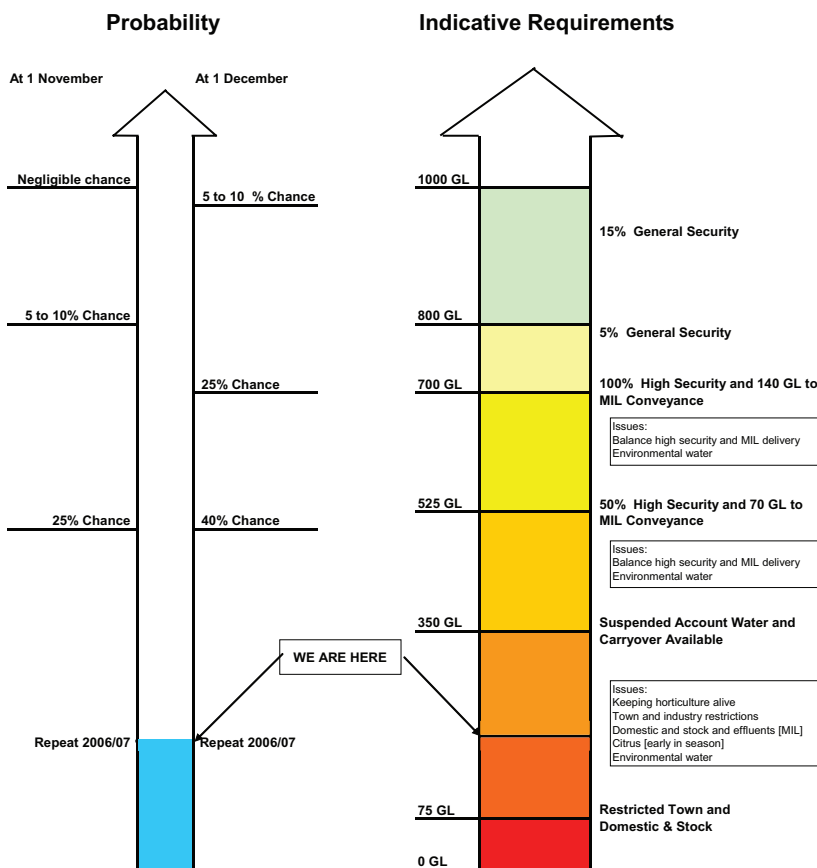
The following diagram shows the approximate probabilities of improvements in water availability occurring by 1 November and 1 December 2007 and will change continually.

NSW Murray Valley Outlook

Based on forecast end of September Assessment

These probabilities use statistics based on continuing drought and may underestimate the probabilities of allocation increases under average conditions.

NOTE: There is virtually no chance of an allocation increase in September without immediate heavy rain.



CONTACT

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