



Restoring Our Rivers - Trading Strategy

Voluntary water purchases to recover water towards the 450 GL additional environmental water target across the Murray—Darling Basin.

Purpose

The Basin Plan water trading rules place obligations regarding the management of certain water market sensitive information (known as ‘water announcements’ 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 water announcements, do not have an unfair market advantage over other water market participants, by preventing them trading until the information is made public.

The Department of Climate Change, Energy, Environment and Water (the department) has prepared this trading strategy for the purposes of s12.49(3)(iv) of the Basin Plan to ensure information about Commonwealth water purchasing under the Voluntary Water Purchase Program is readily available to market participants.

Program approach

The department is taking a measured approach to voluntary water purchase, spreading the program over 3 years to minimise socio-economic impacts. This staged approach will enable the location of water recovery to be adjusted to minimise concentration in particular catchments and provide the opportunity to target different products as the program progresses.

There is no fixed volume to be recovered by state, catchment or water right type; the department will seek to purchase water rights that represent the best value for money. Where possible, consideration will be given to maintaining balance between states and within the Commonwealth Environmental Water Holder’s portfolio. The department may also consider the progress of other water recovery programs to ensure a balanced approach to recovery across all streams of effort.

Market Activities - February 2025 Update

Expression of Interest 2: Large portfolios of water – progressing to next stage

A program to commence purchasing a further 100 GL in the Southern Connected Basin, through the multi-staged procurement process for large portfolios of water (around 20 GL or more), has been approved. This approval follows the minister’s consideration of the [social and economic impacts](#) in accordance with s86ADB of the Water Act 2007.

The program will commence in February 2025 and may involve a range of procurement approaches. Respondents to the EOI may be shortlisted and invited to tender processes in subsequent stages of the procurement process. There may be multiple stages throughout 2025.

Other Market Activities planned for 2025

This Trading Strategy will continue to be updated as further decisions about the Voluntary Purchase Program are made, including next steps for the Remaining Southern Connected Basin catchments EOI, and any decisions regarding water recovery options in the Northern Basin.

Market Activities –2024

Activities undertaken in the first year of the program focused on the Southern Connected Basin. The Southern Connected Basin has a comparatively richer and deeper market of water rights that make voluntary water purchases a more feasible tool for water recovery. Water recovered from well-connected catchments have strong potential to meet and enhance a range of important environmental outcomes. These activities included:

Restoring our Rivers: 2024 Selected Catchments Open Tender

The first of the 450 GL Voluntary Water Purchase Program procurements, the Restoring our Rivers: 2024 Selected Catchments Open Tender was opened from July to September 2024. It sought to purchase up to 70 GL/y of Water Rights in selected southern Basin catchments in New South Wales, Victoria and South Australia.

To give effect to the 450 Framework and allow more time for irrigation infrastructure operators (IIOs) to consider water recovery in their networks, the tender excluded areas with high concentration of network customers. Purchasing from this tender began in December 2024 and will continue into 2025.

Expressions of Interest process to inform scope of potential water purchasing for year 2

Two multi-stage procurements that commenced with an EOI process were opened from September to November 2024. Information from the EOIs stage enable the department to better understand the willingness of entitlement holders to sell water across a broader pool in the southern Basin, including within IIOs. Information from the EOIs is being used to inform the design of subsequent approaches to market.

EOI - 1: Remaining Southern Connected Basin catchments

This EOI invited responses for water rights from areas in the Southern Connected Basin excluded from the Selected Catchments Open Tender, for potential purchase in 2025. An invitation to participate in a subsequent purchase program may be made once the EOI responses have been evaluated and the outcomes considered as part of program approval, consistent with s86ADB of the Water Act 2007.

EOI – 2: Large portfolios of water

This EOI invited responses from legal entities interested in selling large portfolios of water (around 20 GL or greater) across the Southern Connected Basin.

Background

Full implementation of the *Basin Plan 2012 (Cth)* requires the return of 450 gigalitres (GL) of water to the environment by 2027 to support the recovery of native wetlands and riverbanks, better connect our rivers, and avoid critical species loss.

The Australian Government's [Restoring Our Rivers: Framework for delivering the 450 GL of additional environmental water](#) (the Framework) outlines the approach the government will use to recover the 450 GL of environmental water, including through voluntary purchase of water entitlements from willing sellers. This Trading Strategy provides further information about the voluntary purchase program. Figure 1 demonstrates the relationship of this trading strategy to key legislation and frameworks.

Detailed supporting documentation for procurements being undertaken in accordance with this trading strategy will be made available when they commence, including on the department's [website](#) and through [AusTender](#).

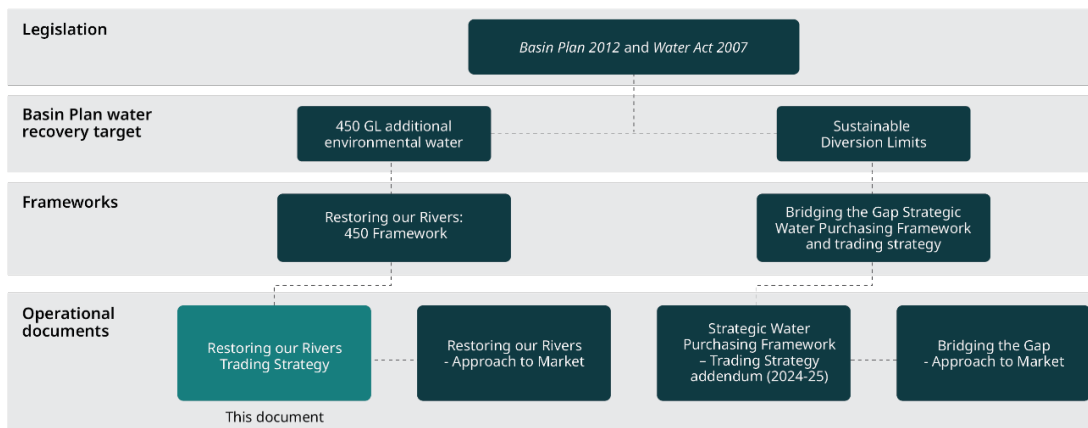


Figure 1. Relationship of this trading strategy to key legislation and frameworks

Guiding principles

As detailed in the Framework, the Australian Government approach to recovering the 450 GL of additional environmental water will be focussed on three guiding principles:

- A. Enhanced environmental outcomes
- B. Minimising socio-economic impacts
- C. Achieving value for money

Consistent with these principles and the requirements of the *Water Act 2007*, *Public Governance, Performance and Accountability Act 2013*, and Commonwealth procurement rules, any decision by the Australian Government to purchase a water right will be guided by set eligibility criteria and value for money principles (Figure 2).

While measuring the specific socio-economic consequences of individual transactions may not be feasible, the Australian Government has considered socio-economic impacts in overall policies, frameworks and program designs for water recovery towards the 450 GL target. This includes prioritising water recovery options that are likely to have the least impacts.

Social and economic factors have been considered in the design of the voluntary water program. Further, the [Sustainable Communities Program](#) will seek to minimise social and economic impacts from water recovery. The Australian Government is seeking to partner with Basin states to establish the Sustainable Communities Program. This aims to put mechanisms in place for community, industry and local government participation in developing practical approaches to minimise negative socio-economic impacts.

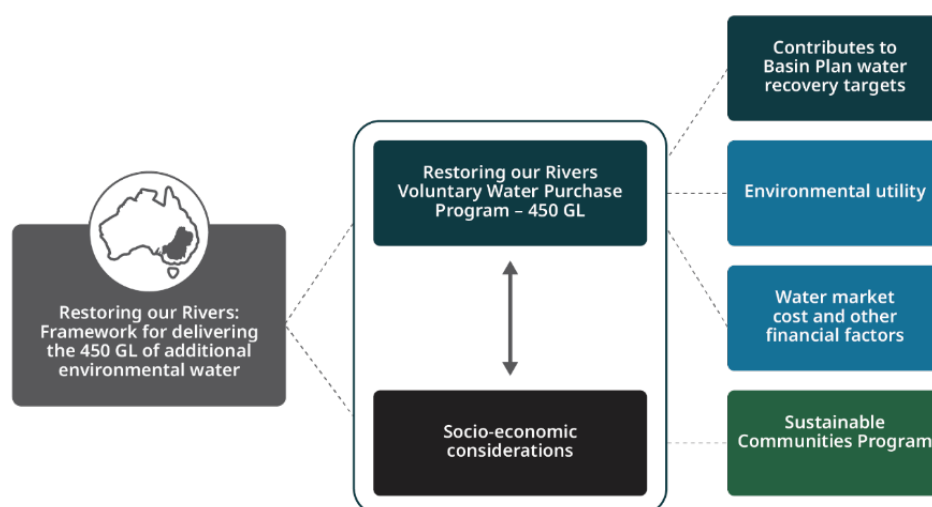


Figure 2. Voluntary Water Purchase Program considerations and guiding principles

Procurement approaches

A variety of methods are available to procure water to achieve Basin Plan targets (see Table 1). The department's preference is to use open and competitive tender wherever feasible to maximise transparency, market competition, cost effectiveness and accountability.

Where appropriate, the department may also consider alternative strategies for procuring water such as leasing, purchasing via auctions, using water market intermediaries to assist with purchases, market led approaches via limited tender and accepting donations of water, should these be made.

Regardless of the method of purchase, the principles for investment and achieving value for money will always apply. The requirements for maintaining probity in purchasing processes and managing sensitive water market information in line with Basin Plan's water trading rules will also be observed.

Table 1. Commonwealth methods of procurement – Voluntary Water Purchase

Toolbox	What
Open tender	<ul style="list-style-type: none">• An open approach to market participants inviting submissions to sell water entitlements.• The scope can be targeted to specific states, locations, entitlement products or other specified criteria.
Limited tender	<ul style="list-style-type: none">• In limited circumstances, one or more potential suppliers may be approached to make submissions to sell water entitlements. This would be considered where a competitive and open approach is unlikely to result in better value.
Multi-stage approaches	<ul style="list-style-type: none">• An initial approach to understand interest may be made followed by one or more subsequent approaches to market.• For example, inviting expressions of interest followed by a request for tender.
Alternatives	<ul style="list-style-type: none">• Alternative voluntary water purchase opportunities may be used, such as:<ul style="list-style-type: none">• leaseback of entitlements to the consumptive pool for a short period, to provide more time for communities to adjust.• through Basin states or with delivery partners, such as irrigation infrastructure operators• water market intermediaries such as brokers.

Market-led proposals

While the department's preferred method of purchase is via open and competitive tender, it recognises that from time-to-time unique circumstances may arise to consider the purchase water that may offer value for money but falls outside an existing tender process. The department will therefore maintain a register of any proposals brought forward outside of advertised tenders which the department may choose to consider via limited tender, where there is no other alternative process.

There is no guarantee that market-led proposals included on the register will be considered for purchase. Any consideration must represent value for money, be compliant with Australian Government procurement rules, meet Basin Plan objectives and be consistent with government policy.

Further information

Review of this Trading Strategy

This trading strategy will be reviewed regularly to ensure it remains current for the purpose of Section 12.49 of the Basin Plan. Please refer to [Voluntary Water Purchase Program for the 450 GL \(Restoring our Rivers\)](#) for updates and [AusTender](#) when a procurement activity is underway.

Overview of the Restoring Our Rivers - Trading Strategy 2024 – 2025

