



National Irrigators' Council

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Entitlement Framework

Irrigators must be engaged at the earliest opportunity to discuss any proposed changes to the entitlement framework and assist to identify the real impact on consumptive water users – not only the modelled impacts.

Position Statement

Statement ratified 1 October 2014

National Irrigators' Council Position Statement Potential changes to the Entitlement Framework

Introduction:

The Entitlement Framework forms the basis for water products across Australia and defines the security and reliability of those products through the management and operation of the various river systems and the allocation processes used by the various jurisdictions.

The MDBA definition for the Entitlement Framework can be applied regardless of whether entitlements are held within the Murray-Darling Basin or in other areas of Australia and therefore, is the definition to be used by National Irrigators' Council (NIC):

"The way storages and rivers are operated and managed, and the rights entitlement holders have to order water from storage when they want it, affect the utility of the entitlements."¹

NIC Principles Relevant to this Policy Paper

- Protect or enhance water property rights.
 - Characteristics of water entitlements should not be altered by ownership.
- No Negative third party impacts on reliability or availability.
 - Potential negative impacts must be compensated or mitigated through negotiation with affected parties.
- Irrigators must be fully and effectively engaged in the development of relevant policy.
- Irrigators expect Government policy to deliver triple bottom line outcomes.

Guiding Questions

1. Is the proposed change to the entitlement framework to be applied equitably across all water entitlement holders?
2. Does the proposed change to the entitlement framework ensure more efficient management of river systems, including issues of capacity share?
3. Will the proposed change to the entitlement framework impact negatively on the accessibility or reliability of water entitlements?
4. Have relevant stakeholders been consulted?
5. Is any proposed compensation adequate?

Key Messages

- Irrigators must be engaged at the earliest opportunity to discuss any proposed changes to the entitlement framework and assist to identify the real impact on consumptive water users – not only the modelled impacts.
- The NIC recognises that changes to the entitlement framework may be mutually beneficial, provided rules are applied consistently across all owners.
- The NIC will judge proposed changes to the entitlement framework against NIC principles.
- It is unacceptable for the MDBA to propose changing characteristics of certain entitlements without first undertaking a full analysis of how entitlements can best be used under all current operational conditions, including carryover and spill rules.
- The Commonwealth and related agencies must not assume State authorities have undertaken consultation:
 - The NIC will act as a conduit to ensure the relevant irrigation stakeholders are consulted and provided every opportunity to be engaged in changes that may have a local impact.
- The benefits cited for proposed changes must be derived by robust examination of all relevant factors/evidence.
- Before a change is proposed to improve the delivery of environmental water, there should be proper examination of whether current arrangements are being fully utilised.
- Any changes must be agreed by all affected parties before implementation.

¹ River Management Discussion Paper: River Management - challenges and opportunities, MDBA, November 2011, p19

Background Information

In 2011 the Murray-Darling Basin Authority released a paper titled “River Management – challenges and opportunities” in which it investigated numerous opportunities to change the entitlement framework to enable better management of environmental water.

While this paper focussed on the Murray-Darling Basin (MDB), the issue of water reform is not restricted to the MDB and National Irrigators’ Council will apply this policy against any proposed change to Entitlement Frameworks. The key areas of the entitlement framework the MDBA paper focussed on were:

- inter-annual arrangements to provide for variability and for water to be available at the right time of year;
- flow regimes;
- protection of environmental flows in-stream.

In principle, NIC considers that the characteristics of any class of entitlement should not change because of a transfer of ownership i.e. that particular benefits should not accrue to one entitlement holder over others. It is therefore concerned about a number of arrangements outlined in the paper because they would appear to have the potential to do precisely that; for example:

- *Inter-annual availability*: The prospect of the CEWH having a different water accounting period to irrigators is fraught and would have to be the subject of very detailed discussion with Basin States and the irrigation industry before such change is further considered. The Barmah Millewa environmental water allowance (BMEWA) for instance very conveniently ignores the fact that the BMEWA is a rules-based allocation identified in the relevant water sharing plans and that the proposed change would require changing held environmental entitlement to a rules based-entitlement i.e. a change of characteristics.

The paper also acknowledges that *“The spillable water accounts recently introduced in Victoria, the restricted carry-over arrangements available in some catchments in NSW and the operation of the new storage right for South Australia have not yet been included in the modelling or considered in the development of SDLs”* but then goes on in self-serving terms to say *“However, it is expected that expanding the flexibility for inter-annual portfolio management, beyond that currently provided, and considering in more detail how current arrangements could be used, could allow for environmental outcomes to be met, without requiring as much water to be recovered from consumptive users...”*²

- *Flow regimes*: The paper suggests that there are advantages to allowing environmental water managers to order ‘flow regimes’ as distinct from placing specific volumetric orders but NIC is not convinced that this would result in more efficient, accountable and transparent water management. It is also not clear that any such arrangement would not result in effectively changing the characteristics of the related entitlements and wouldn’t end up impacting on current commence-to-pump triggers.

Protection of in-stream flows: In determining SDLs, the MDBA assumed that return flows from one environmental watering site could be protected from re-regulation to be used again downstream at another environmental site – known as multi-site watering. However, re-regulation of return flows is standard practice for River Murray Operations and is a component of the regulation of the River Murray System and other river systems for consumptive use.

One reason for re-regulation is to ensure downstream users are not negatively impacted by channel capacity constraints, allowing volumes logged at certain points of the river system to form part of the calculation of deliveries of base and consumptive flows. If these flows now have to include returned environmental water, this may increase the chances of restrictions attributed to capacity share. Further, consideration must be given to calculating system losses incurred by delivering water through multiple sites along the system. Again, the ability to meter and measure environmental water use is paramount

² River Management Discussion Paper: River Management - challenges and opportunities, MDBA, November 2011, p22

NIC submits that as a minimum:

- Any proposed changes must be based on modelling of all current operating rules with consideration given to the impact on other water users to flows in all circumstances, including commence-to-pump triggers or carryover provisions.
- Environmental water holders must be accountable and therefore their deliveries must be measurable. Any proposals to allow environmental water to be used as part of a flow regime can only be considered if in doing so, the water use is accurately accounted for, to the same degree of accuracy as required of other water users.
- Protection of return flows from re-regulation must only be considered after the impact on other water users has been considered, including the potential for restricted access due to capacity constraints.