
Advice to Water Management Committees



NSW Government



No. 2 Supplementary Water Access

What is supplementary water access?

During wet periods or times of low water demand, natural inflows may result in dams overflowing or significant flows in regulated rivers. These “uncontrolled” flows provide for a range of environmental needs. They are important for maintaining general river system health and providing water for wetlands. Because they are naturally occurring high flows they also provide environmental triggers (seasonal and temperature) for a range of ecosystem processes such as spawning and migration of fish.

When these uncontrolled flows exceed any immediate water needs and any specific environmental requirements as set out in the environmental flow rules they may be made available to licence holders on regulated rivers. Any water extracted is not debited against the licence holders regulated allocation and therefore supplements their normal regulated allocation. In the past extractions of this supplementary water have been termed “off allocation”.

Supplementary water is a significant source of supply, especially in the state’s northern cotton valleys, and the way it is managed has major environmental consequences.

Under the Water Act 1912, the Department of Land and Water Conservation had wide discretion in when it declared off allocation periods and how it managed access. The Water Management Act 2000 now requires that access to supplementary water be licensed. This means that the rules for identifying this water and allowing access must also be clarified so that its management can be consistent to that applied to other forms of licensed water access.

The water sharing plans will therefore need to specify the rules that will govern supplementary water licensing and access management.

It should be noted that section 87 of the Water Management Act 2000 specifically excludes holders of supplementary water access licences from compensation for any reduction in water allocations that result from any variation of a water sharing plan.

In what circumstances will supplementary water access be made available?

Access to supplementary water must not affect supply to other higher priority requirements. Therefore, supplementary water access may only be granted after other needs (environmental and supply to all other regulated river licences) have been met. This mirrors the circumstances that must now occur before off-allocation periods may be declared.

Principle 1

Supplementary water access must only be allowed when all environmental flow requirements specified in the Plan and all higher priority right holders demands for water have been met from uncontrolled inflows.

Moderate to high flows in rivers serve critical river health functions. Low to moderate flows occur most of the time and provide the fundamental flows to sustain habitats and species populations.

Freshes are ecologically important as they help maintain the river channel and the riparian vegetation. They also trigger breeding events and increase the release and distribution of food supplies. High flows help rejuvenate rivers. They

are vitally important for productivity, survival and regeneration of wetland and floodplain ecosystems.

Supplementary water access must be placed in a clear management framework that recognise these values - the Plans must ensure management does not impinge on environmental flow goals. They will therefore need to set out the rules for determining the volumes of water that can be made available in each flow event and how that available water will be shared out.

Principle 2

The Plan should, wherever possible, specify the flow thresholds that must be satisfied before access can be permitted, and the basis for calculation of available volumes and rules that are to govern the sharing out of that water.

How should supplementary licences be specified?

In the Murray-Darling system, the Cap and Plan limits will constrain the total long-term average diversions allowed from each regulated river system. These limits will be close to or less than current levels of water diversion – see *Advisory Note No 1: Managing to diversion limits in the regulated rivers*.

The Water Management Act 2000 gives supplementary water licences the lowest water access priority. Adjustments to the maximum annual volume of supplementary water that can be taken by licensed water users will be the primary management response to any growth in diversions beyond the Cap or Plan limits that occurs in the inland regulated rivers.

It is therefore appropriate that supplementary water licences in inland regulated rivers be specified volumetrically. Managing to diversion limits would be achieved by setting the maximum annual volume all supplementary licence holders are permitted to take to an appropriate proportion of their licence volume.

Principle 3

All supplementary water access licences in the Murray-Darling Basin are to be specified by volume. The maximum volume of water licence holders may take each year will be set by reference to this volume.

In the Hunter and the other smaller coastal regulated systems there is no established Cap to

manage to. The plans will, nevertheless, need to establish a limit on diversions that will protect agreed environmental outcomes and allow reasonable supply reliability to be maintained. It is possible that the current levels of diversion will be substantially lower than any diversion limit set by the Plan. Therefore volumetric specification of supplementary water licences may not be appropriate. Equitable sharing of available water in individual events is however still a concern.

Principle 4

In those coastal regulated systems where diversion limits set by the Plan significantly exceed current levels of water diversion, supplementary water access licences may be specified as shares of the available water rather than annual volumes.

How may supplementary water entitlements be distributed?

Access to off-allocation water has been shared amongst regulated river licence holders either:

1. on a history of use basis - this was the approach in the southern valleys
2. in proportion to normal security entitlement volumes - this was the approach in the northern valleys.

Both of these approaches have been effective but have varying degrees of licence holder support.

The plans will need to specify the future basis for entitlement distribution to allow licensing to occur.

Principle 5

Initial supplementary water access entitlements may be distributed to normal security entitlement holders on a history of use basis or in proportion to normal security entitlement volumes, or some combination.

Should trading be permitted?

Trading of supplementary water entitlements would bring the same economic and water use efficiency benefits as trading of regulated river entitlements, especially in valleys where supplementary water is a substantial component of overall supply.

The environmental effects of supplementary water trading may however be of concern. It may also take some time for water users to appreciate the value of supplementary entitlements and their sensitivity to growth in use adjustments and

therefore consideration of permanent trading may need to be deferred.

Because supplementary water will be the primary means for achieving growth in diversion adjustments, and its availability is determined by the flow conditions in each valley, no inter-valley trading of supplementary water will be permitted.

Principle 6

Temporary and permanent trading should be permitted subject to establishing appropriate environmental safeguards.

No inter-valley trading will be permitted.

Substitution supply in the Murrumbidgee, Murray and coastal systems

Currently, all Murrumbidgee and Murray licence holders are allowed access to uncontrolled flows without debit to their allocation in years of low allocation. This arrangement provides licence holders with an incentive to use uncontrolled flows as a substitute source of supply when there will be very limited water available from the dams. This helps industry stability by supporting crop production in years of low supply.

This arrangement is appropriate in these systems because access to supplementary (ie off allocation) supply is restricted to licence holders with a history of total water use in excess of 100% of their regulated flow entitlement. This restriction is a deliberate growth management strategy and has been in place for a number of years.

The total volume of this uncontrolled flow plus normal regulated supply that may be taken may not exceed a specified percentage of each water user's normal security licence volume. The right to take this additional water is also eliminated once normal security water allocations reach a specified percentage. This means that the access right is really a component of, and dependent upon the normal security licence right, not a separate or supplementary access.

Future access to this water should however not be allowed to impinge on environmental flow requirements or satisfaction of normal security water allocations. It should therefore only be allowed under the same conditions that would allow supplementary water access.

It should not be permitted in other Murray-Darling systems where there is general access to supplementary water and no post Cap history of such an arrangement. It may however be appropriate to consider such arrangements in coastal systems, where Cap does not apply.

Principle 7

General access to uncontrolled flows during years of low allocation in the Murrumbidgee and Murray and coastal systems should be specified as a component of each normal security licence, not as a supplementary water licence entitlement.

Access would however be permitted only when supplementary water access is also being permitted.

Government Role

- ◆ Provide information on current management arrangements; and
- ◆ Advise on the consequences of licensing and management options.

Committee Role

- ◆ Advise on appropriate rules for distribution of water licences based on the above principles; and
- ◆ Advise on rules for management and sharing of supplementary water, based on the above principles.