

# Private carryover – issues and options

## Amending the 2019 Water Allocation Plan for the River Murray Prescribed Watercourse

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This paper outlines draft changes to the private carryover policy included in the 2019 Water Allocation Plan for the River Murray Prescribed Watercourse.

### Background

The Water Allocation Plan for the River Murray Prescribed Watercourse (the plan) includes a private carryover policy that sets out how private carryover is calculated and who is eligible. Private carryover is a drought management measure and allows water to be stored in one year and used in another. It increases the volume of water available for irrigation in dry years, to support productive industries and resilient communities.

The provision of private carryover is possible through arrangements in the *Murray-Darling Basin Agreement*, which allow the South Australian Government to defer the delivery of water to South Australia and store it in upstream storages interstate. This water can be made available in a future year to individuals for private carryover. This paper sets out potential changes to the private carryover policy to address stakeholder concerns.

### What is the issue?

The South Australian Murray-Darling Basin Natural Resources Management Board (the Board) has heard concerns from stakeholders regarding the current private carryover policy. The existing policy:

- Limits the maximum volume of water available from a combination of allocations against entitlements and carryover to 100 per cent; and
- Allows underuse from an eligible water year only to be carried over into the next water year.

This has resulted in water that was carried over from 2018-2019 into 2019-2020 no longer being available because irrigation allocations have reached 100 per cent in South Australia.

There are a range of perspectives on South Australia's private carryover policy, however there is broad stakeholder support to review the policy.



## What are the potential changes?

Amendments to the private carryover policy are proposed that would allow eligible carryover volumes to be 'rolled over' from one year to the next during a sequence of consecutive dry years.

This would allow carryover water to be stored in a dry sequence until it can be used or better times return. Once conditions improve and the minimum opening allocation exceeds 50 per cent, then carryover water would no longer be rolled over.

All other components of the private carryover policy remain unchanged as outlined below. See the example below that shows how the policy would be implemented. Carryover water would remain an insurance mechanism.

The Board would like to hear if you support changes to the carryover policy.

## How do the changes affect water users?

The proposed changes mean that if an individual chose to carry over water and then allocations increased to 100 per cent, this volume carried over would remain in storage and available in the next year if dry conditions reoccur. This provides greater security for carryover water in a series of dry years.

## Do the changes impact on the reliability of Class 3 entitlements?

The proposed policy change seeks to preserve the reliability of Class 3 entitlements when compared to historical water availability. Implementing the policy will, however, require careful management.

The proposed changes make it more attractive for eligible water users to carry water over, compared to the current policy, which may contribute to increasing the long-term use of water against the Basin Plan.

This could become an important issue because there are approximately 10 per cent more entitlements on issue than the long-term sustainable level of take permitted under the Basin Plan. This is a legacy issue from when the cap on diversions was introduced in the 1990s.

The option for carryover increases water availability to eligible water users in a dry year which is an important management tool, but this must be balanced with the requirement for South Australia to meet its Basin Plan compliance obligations.

The proposed private carryover policy changes increase the risk of compliance challenges and may result in the need to more carefully manage allocations in non-dry years.

The Department for Environment and Water (DEW) will discuss any actions that may be necessary to ensure that South Australia remains Basin Plan compliant but this is likely to be a later conversation about managing increasing water use.

### Example:

The Minister announces that carryover will be granted in Year 2 because minimum opening allocations are equal to or less than 0.5 kL per unit share (50 per cent)

Carryover volume in Year 1 = 200 ML

Allocations increase to 1 kL per unit share (100 per cent) in Year 2. Allocations are limited to 100 per cent so effectively carryover cannot be accessed.

The Minister announces that carryover will be granted in Year 3 because minimum opening allocations are equal to or less than 50 per cent.

The full carryover volume of 200 ML from Year 1 can be rolled over into Year 3.

Allocations increase to 85 per cent in Year 3. Allocations are limited to 100 per cent so the full carryover volume cannot be accessed. Of the 200 ML carryover volume, 150 ML (75 per cent) can be utilised (taking the total allocation to 100 per cent) and the remaining 50 ML (25 per cent) can be rolled over into Year 4.

The Minister announces that carryover won't be granted in Year 4 because minimum opening allocations are greater than 50 per cent. The rollover volume of 50 ML from Year 3 no longer applies, as carryover is no longer applicable.



## Carryover objectives

A previous review of the private carryover policy was undertaken when developing the 2019 Plan. The objectives considered at that time remain important. They are:

- That the provision for carryover seeks to provide enhanced water security in dry years, to support productive industries and resilient communities
- Water held in storage should be used wisely to ensure it is available when it is needed most
- Water allocation decision making should be transparent and decisions should be made as early as possible to allow businesses to plan effectively, especially during dry times, and
- South Australia will comply with its Basin Plan Sustainable Diversion Limit requirements to support a healthy, working River Murray.

Carryover is now announced based on water availability in early April, and water is allocated in accordance with the water sharing framework within the plan.

Probability scenarios are provided to help water users understand what the likelihood may be for improvements in allocations throughout the water year to assist business decision-making in dry times.

## The current policy

### *Who is eligible for private carryover?*

When the Minister announces that carryover will be made available, you will be eligible for private carryover if at the close of business on 30 June you:

- have South Australian water access entitlement shares in the All Purpose Consumptive Pool (Class 3);
- have unused water allocations available against your eligible water entitlement shares; and
- provide DEW with your final water meter reading by no later than 31 July. If you do not have a water meter, you must contact DEW by 31 July to determine your underuse.

The maximum volume of private carryover that may be granted is 20 per cent of an eligible water access entitlement share.

### *How is carryover calculated?*

The volume of private carryover that an individual may be eligible for is based on both the individual and collective volume underused in a particular water use year.

**The maximum volume of water you may be allocated against your eligible entitlements and any carryover is limited to 100 per cent of water access entitlements you hold.**

This is important to:

- Assist in ensuring water held in storage is available to be delivered when it is needed most, and
- Ensure South Australia meets its Basin Plan compliance obligations (refer to 'Do the changes impact on the reliability of Class 3 entitlements?').

If there is not enough water available to meet the total carryover demand for all eligible water users, then the volume of water granted to an individual will be reduced proportionally.

### *When is carryover made available?*

Carryover announcements are made in mid-April, at the same time as minimum opening allocation announcements are made. Carryover is made available to eligible water users in years when the minimum opening allocation is 50 per cent or less.

This allows time for business decisions to be made about the desirability of using available water in the current year, or retaining underuse so that it may be carried over into the next water use year. This may affect your decisions to trade water.

Water entitlements cannot exceed 100 per cent at any given time so eligible water users need to consider their future business needs as well as the potential for conditions to improve, which may cause allocations to increase.

Carryover will be endorsed on individual's water accounts prior to the end of the first quarter of the water year. After carryover has been announced, and if allocations increase to 100 per cent, then the amount of water carried over will become unavailable in that year.

## Future considerations

Eligible carryover volumes are currently calculated based on meter readings provided at the end of the water year. This delays carryover being made available on individual accounts and increases bulk water management challenges.

An option that could improve carryover management would be to require water users to submit a carryover application for the next water use year.

This would also likely reduce water being inadvertently carried over and unintentionally contributing to increasing levels of use.

The Board would like to hear your thoughts about this option and if you are supportive of an ordering system in future.



## What happens to the water I carried over into the 2019-20 water use year?

Implementation of the current carryover policy has resulted in some water users losing carryover water in 2019-20 when allocations increased to 100 per cent.

The Board would like to know if there is support for a change to the current private carryover policy and whether consideration should be given to making underused water from 2018-2019 available to affected water users in 2020-2021.

Any option to make this water available must be equitable for water users that utilised other carryover options, including carrying water over in Victoria. One option is to make the water available to those who carried over water in South Australia, but apply a charge to make sure those who carried over water in Victoria have not been disadvantaged.

We would like to hear your thoughts about if the eligible water underuse from 2018-2019 should be made available as carryover in 2020-2021, and how this may be done equitably.

## How can I provide feedback on the Water Allocation Plan?

The Board will be consulting on the private carryover policy in the draft plan until 5pm on Tuesday 10 March 2020.

The Board would like to know what you think of the changes and is inviting responses on the draft plan in the form of written submissions from all interested parties.

Feedback on the draft plan will also be gathered at information sessions to be held during the consultation period at locations along the River Murray.

The dates and locations of these sessions will be advertised, and provided on the Natural Resources SA Murray-Darling Basin website.

## Where can I find out more?

Information sheets are available that cover:

- Private Carryover and Basin Plan Compliance
- Alternatives to South Australian Private Carryover

Copies of the information sheets and the draft plan are available at <https://www.naturalresources.sa.gov.au/samurraydarlingbasin/rmwap-private-carryover>, or at Natural Resources offices located in Murray Bridge, Berri and Mount Barker.

### Feedback

The period for feedback on the draft Water Allocation Plan for the River Murray Prescribed Watercourse closes at 5pm on Tuesday 10 March 2020.

Written submissions can be directed to:

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