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## Reducing groundwater allocations

*A water sharing plan sets rules for how water is allocated for a 10-year period. This gives water users a clear picture of when and how water will be available for extraction, protects the environment and ensures the water source is sustainable in the long term.*

These questions and answers describe the process used by the Department of Planning, Industry and Environment for reducing groundwater allocations (available water determinations) where extractions exceed the water sharing plan limit.

### When can groundwater allocations be reduced?

Groundwater can be extracted up to the water sharing plan's extraction compliance limit, as measured on a rolling annual average basis. This form of management means groundwater can be pumped at higher volumes for a period if required, for example, during droughts.

The water sharing plan rules set out how long groundwater can be extracted at this higher volume. Once the compliance limits are triggered, the department reduces groundwater allocations in the following year to bring the extraction back within the plan's limit.

The compliance rules vary between plans. Annual average extraction is measured using either a three- or five-year rolling period. The exceedance allowed also varies between plans but is usually five or ten per cent above the plan's annual limit.

For example, the trigger for the Lower Macquarie groundwater sources is when the three-year annual average extraction exceeds the plan's annual limit by five per cent or more.

### How is the reduced groundwater allocation calculated?

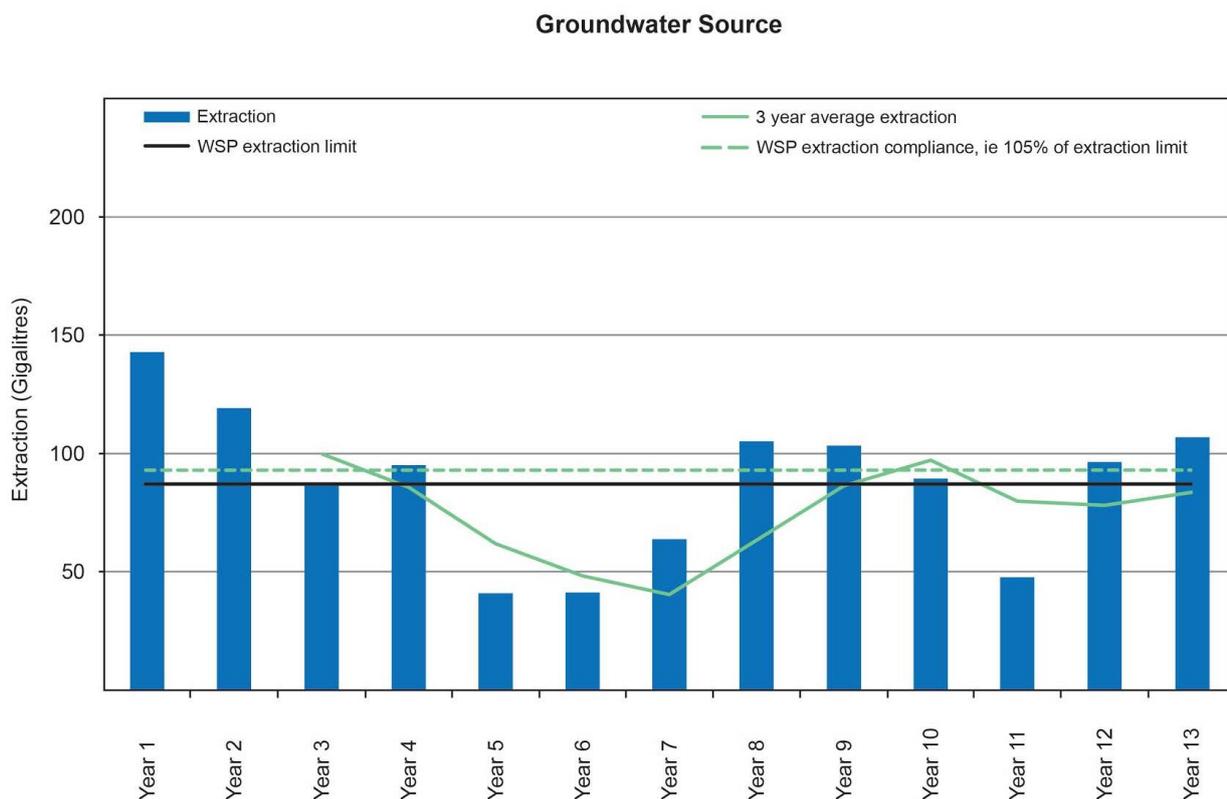
We reduce allocations to bring the volume of extraction back below the plan's annual average limit. In practice, we limit the volume of water that licence holders can access from their accounts.

The account rules in plans vary. Some plans allow unused allocations to be carried forward for use in future years. Other plans limit how much can be used and debited from the account during a water year. In water sources where large account volumes have accrued, and the plan's extraction compliance limit has been exceeded, reduced allocations could be necessary over multiple years.

The department bases the allocation on current pumping patterns and the trading history of individual accounts. For example, we assume inactive licences will remain inactive. The reduction made to the allocation is then determined based on the volume of extraction by

active water users and the cumulative reduction in extraction necessary to meet the plan's annual limit.

The diagram below shows how extractions are tracked against the rolling annual average extraction limit. This example shows extraction, the water sharing plan extraction limit, the compliance trigger (105% of the plan's extraction limit) and the three-year average extraction.



**Figure 1. An example of how extractions are tracked**

In the example above, a reduction in allocations would have occurred in years 4 and 11.

### How long will the reductions in allocations continue?

In general, groundwater sources for which the average extraction is calculated over a longer period are likely to need a longer period of reduced allocation to get back under the limit.

In groundwater sources where very large reductions in allocations are required, the reductions will be staged over a couple of years rather than a single reduction in the first year after the compliance trigger has been reached.

## Can the allocation announced on 1 July change during the water year?

Groundwater allocations will not change after 1 July unless the:

- 1 July announcement is less than 1 ML/share and is an interim allocation, or
- available water determination is linked to regulated river allocations.

Any change after 1 July will be an increase in the allocation.

The department uses the available metering data when setting the allocation as of 1 July. At this point, not all meter readings have been received for the previous year, so an assessment for the remainder of that year needs to be made. An interim, reduced allocation is made if it appears that extractions may exceed the rolling average. If the final meter reading subsequently shows less than expected water usage, then an increase can occur. This increase in allocation will usually take place by October.

Up-to-date metering data will ensure the most reliable 1 July allocation calculation. Licence holders are encouraged to regularly enter their meter readings into WaterNSW's iWAS system at: [www.waternsw.com.au/customer-service/ordering-trading-and-pricing/ordering/iwas](http://www.waternsw.com.au/customer-service/ordering-trading-and-pricing/ordering/iwas)

Groundwater entitlements that have their allocation linked to a regulated river allocation announcement will also receive an increase if the corresponding regulated river allocation increases.