

Proposed amendments to the Water Sharing Plan for the *Murrumbidgee Regulated River Water Source 2016*

Water sharing plans are made under the *NSW Water Management Act 2000 (WM Act)*, continue to be, the primary tool to define water-sharing arrangements in NSW. Water sharing plans are therefore a central component of each water resource plan, and have been amended to meet Basin Plan requirements where necessary.

This factsheet explains the proposed changes to the *Water Sharing Plan for the Murrumbidgee Regulated River Water Source 2016*.

Why we propose making the amendments

The *Water Sharing Plan for the Murrumbidgee Regulated River Water Source 2016* was remade in 2016 with minimal change. As part of water resource plan (WRP) development to meet the requirements of *Chapter 10 of the Basin Plan 2012* changes are being considered following issues raised by the public. We have considered these issues and reviewed water sharing rules to provide better outcomes for licence holders and the environment. However, the Basin Plan principles and requirements constrained many of the changes that the NSW Department of Industry could consider.

The proposed changes have been developed in close consultation with the WRP stakeholder advisory panel (SAP) and other stakeholders. The SAP is one of the main mechanisms NSW has used to involve key stakeholders in the planning process. It includes representatives from key stakeholder groups and relevant NSW and Commonwealth government agencies.

A number of the proposed changes enable NSW to meet a number of its Murray – Darling Basin Plan commitments.

The NSW Department of Industry is seeking specific comment on the proposed changes to water sharing rules as set out below.

Changes to water sharing rules

Pre-requisite Policy Measures

Pre-requisite Policy Measures are two new measures for improving the management and efficient use of held environmental water. Under the Basin Plan, the measures must be in effect and operable in the Murrumbidgee and NSW Murray and Lower Darling regulated river water sources by 30 June 2019.

The two measures are:

- **Environmental flow re-use:** The allowance of the use of environmental water to be recognised at multiple sites along the river and between river systems; and,
- **Piggybacking:** Allowance of held environmental water to be added to other water released from dams or tributary flows.

The WSP will be amended to so NSW can implement the measures. Amendments will then also be made to the WaterNSW Water Supply Works Approval.

The specific changes to the WSP include:

- a new clause (clause 77) which provides for the establishment of the measures
- additional sub-clauses at clause 46 enabling water accounting for the measures.
- provisions at clause 86 allow for future amendments to be made as we better understand how the measures are achieving the environmental outcomes.

Much of the detail for the operation of prerequisite policy measures, including a framework for adaptive management and continual improvement, are codified in the Procedures Manual for the Murrumbidgee Regulated River Water Source (see Appendix D of the Murrumbidgee WRP).

Lowbidgee Distribution Rules

The Nimmie-Caira Project involves managing part of the Lowbidgee floodplain for environmental purposes. The implementation of the innovative project requires the Nimmie-Caira area and its single supplementary water (Lowbidgee) access licence, which is held by the Commonwealth, to be separated from the Lowbidgee Distribution Rules. These rules are not part of the WSP and were established by the NSW Minister for Water in 2012.

The distribution rules in clause 51 of the WSP govern water management on the Lowbidgee floodplain. There are three management areas and in the future the rules will no longer apply to the Nimmie-Caira area. However they will continue to apply for the Redbank North and Redbank South areas and their respective supplementary water (Lowbidgee) access licences. There are no other changes proposed for the distribution rules.

The completion of the Nimmie-Caira project is essential to meeting the Basin Plan's sustainable diversion limit shared recovery target for the combined Murrumbidgee and Murray Lower Darling systems.

More information on the Nimmie Caira project is available here:

<https://www.industry.nsw.gov.au/water/plans-programs/state-significant-projects/nimmie-caira>

NSW Southern Basin Inter-Valley Trade (IVT)

The trade mechanisms for the NSW Southern Basin Inter-Valley are explained through the Fact Sheet "Murrumbidgee Inter-Valley Trade account (IVT)" on the department's website at https://www.industry.nsw.gov.au/__data/assets/pdf_file/0018/209412/murrumbidgee-ivt-fact-sheet.pdf

There is a substantial volume of inter-valley trade (IVT) between the Murrumbidgee and NSW Murray and Lower Darling regulated rivers. The current WSP does not include references to the IVT and it has been determined that this needs to be changed.

It is proposed that IVT procedures be codified, in accordance with the principles or procedures. The procedures will not be part of the WSP but will be referred to in clauses 55, 56 and 57 under Part 9 Access Licence Dealing Rules.

This change is being made to increase the transparency of water trading rules. The operation of inter-valley trade between the regulated Murrumbidgee and NSW Murray and Lower Darling Rivers will not change and the intent of relevant rules governing the IVT will not change.

Crediting and debiting rules for Provisional Storage Volume 1

There are two Provisional Storage Volumes (PSV 1 and PSV 2) that are intended to increase water availability in following water years and the frequency of spill events. Both of these outcomes increase security and reliability for environmental and consumptive water users.

It is proposed that a rule be added (clause 68) to the crediting and debiting rules for Provisional Storage Volume 1 so that it is explicit that PSV 1 forfeits at the end of the water year, as does PSV 2. This proposed amendment does not diminish the protection of environmental water but simply makes explicit established and understood practice.

Trade within and between water sources (Access licence dealing rules)

There are a number of proposed amendments to the existing dealing (trade) rules in the WSP. These are proposed to:

- enable more effective use of tagged trades as the preferred method for trades between water sources
- comply with the Murray-Darling Basin Agreement and the Southern Inter-Valley Trade Procedures which was established by the Minister, and
- remove a trade constraint.

The specific and more detailed proposed changes are:

- Clause 53 - The existing rules that permitted trade of share components between water sources under s.71Q of the Act have been removed. The movement share components between regulated river water sources is more effectively managed via tagged trading arrangements under s.71W of the Act.
- Clause 54 - The rules permitting licences to change water source have been removed. It is proposed such trades be prohibited. Tagged trading under s.71 of the Act is the preferred method for facilitating the movement of licences between water sources.
- Clause 55 - The rules for the interstate assignment of allocations have been amended to include a requirement to comply with Schedule D (trade) of the Murray-Darling Basin Agreement and the Inter-Valley Trade Procedures established by the Minister.
- Clause 56 – The assignment of water allocation dealing rules between water sources within NSW have been amended to include a requirement to comply with Southern Inter-Valley Trade Procedures established by the Minister.
- Clause 57 - The tagged trade rules have been amended to include a requirement to comply with Schedule D of the Murray-Darling Basin Agreement and the Southern Inter-Valley Trade Procedures established by the Minister
- The 31 May cut-off date for trade of water allocations with the water source has been removed as under the Basin Plan it is seen as a constraint on trade.

Trade between regulated and unregulated water sources (Part 9 Minister's note)

The department is considering a potential option to allow conversion of regulated river (high security) entitlements from downstream regulated river water sources to access licences in connected upstream unregulated water sources. The Basin Plan encourages open trade as long as the trade rules in the NSW water sharing plans comply with the Basin Plan water trading rules.

A Minister's note has been added to Part 9 Access Licence Dealing Rules seeking feedback from stakeholders to understand if there is an appetite for trade of this kind. Discussions with stakeholders have not yet commenced and this note does not constitute a change to trade rules. Prior to any changes being made to water sharing plans, assessment of impacts on water users and the environment will be conducted and stakeholder engagement undertaken to review different options.

Changes required by the Basin Plan

Changes to compliance in relation to long-term average annual extraction limits and sustainable diversion limits

To enable NSW to address any non-compliance with the Basin Plan sustainable diversion limits, changes to the WSP are required. It is proposed that a second extraction limit, equal to the sustainable diversion limit specified in the *Basin Plan 2012*, be established. Rules that enable

NSW to undertake a Basin Plan compatible assessment with the Basin Plan compliance framework are proposed to be included in the WSP.

The associated assessment and compliance rules link the assessment of compliance to the framework specified in Chapter 6 of the *Basin Plan 2012* (Part 4, Division 2). The Murray–Darling Basin Authority will release guidelines on the Basin Plan compliance method.

Other changes

Changes have been made to regulated river water sharing plans to bring them into line with the current drafting template used by the NSW Department of Industry. These changes will improve consistency across all regulated water sharing plans, and bring plans in line with current policy positions and administrative practices. In some circumstances, plans were re-drafted to simplify the existing rules in order to make them easier to understand or to remove ambiguity.

These changes do not affect the operation of the rules governing the conditions under which water can be taken, the manner in which water infrastructure is operated, or the rules governing environmental flows.

The major changes are listed below.

Objectives, strategies and performance indicators

The plan's objectives, strategies and performance indicators have undergone a major revision so that they now:

- have a stronger logical connection, and
- more clearly distinguish between the environmental, economic, social/cultural and Indigenous cultural objectives of the plan.

Role of the Operator and Environmental Water Manager

Changes have been made to the system operational rules of the regulated WSPs to formally recognise the roles of the Operator of the water supply system and of the Environmental Water Manager. These roles are not new and are currently not established by the water sharing plan. Therefore it is important to clarify who is responsible for particular tasks and decisions that will be undertaken or made under the WSP.

Compliance assessment advisory committees

The provisions regarding compliance assessment advisory committees (CAACs) are being standardised and streamlined across all plans with CAACs. The major changes proposed are to:

- remove the detailed provisions for CAAC appointments, memberships and terms of reference
- replace these detailed provisions with a simple provision which allows the Minister to consult with water user representatives when assessing compliance with the extraction limit.

Environmental water advisory groups

The provisions regarding environmental water advisory groups (EWAGs) are being standardised and streamlined across all plans with EWAGs. The major changes proposed are to:

- remove the detailed provisions for EWAG appointments, memberships and terms of reference
- replace these detailed provisions with a simple provision authorising the Minister to seek the advice of an EWAG in making releases from a plan-based environmental water account.

More information

The draft Murrumbidgee Surface Water Resource Plan and other fact sheets are available from <https://www.industry.nsw.gov.au/murrumbidgee-surface-wrp>

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