

Water Allocation Plan for the River Murray Prescribed Watercourse

Private Carryover



Background

The Water Allocation Plan for the River Murray Prescribed Watercourse (the plan) includes a private carryover policy that sets out how carryover is calculated and who is eligible. Private carryover is a drought management measure that 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 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. This water can be made available in a future year to individuals for carryover.

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.

Important points about carryover

- Private carryover is a form of insurance that is available to boost allocations in dry years.
- Carryover will be granted when projected minimum opening allocations in April are 50% or less.
- Any unused water can be carried over on a water user's account, up to 20% of the volume of Class 3 (High Security) water access entitlement held at 30 June.
- Final water meter readings must be provided by 31 July to be eligible for carryover.
- The combined carryover and allocation volumes against an individual's entitlement cannot exceed 100%.
- Under a rule change that applies from 1 July 2020, volumes above this 100% limit will spill into a 'rollover' account that can be made available as carryover in the year immediately following, if carryover is again triggered (i.e. as of mid-April, the projected minimum opening irrigation allocation for the following water year is 50% or less).
- Rollover volumes will be lost if carryover is not triggered at the mid-April opening allocation announcement.
- If there is not enough bulk water available to meet the total carryover demand for all eligible water users, the volume of water granted to an individual will be reduced proportionally. However, there is an extremely low likelihood of such a reduction occurring in 2020-21.

The private carryover policy was updated in April 2020 to allow carryover volumes to 'rollover' into a future year in certain circumstances, in a way that helps irrigators manage risk across consecutive dry years. This fact sheet explains the effect of the policy, including this recent rule change.

Who is eligible for private carryover?

When the Minister for Environment and Water announces that carryover will be made available, water users will be eligible for private carryover if at the close of business on 30 June they:

- have Class 3 (High Security) South Australian water access entitlement shares in the All Purpose Consumptive Pool¹;
- have unused water allocations available in the current water use year (Year 1); and
- provide the Department for Environment and Water (DEW) with a final water meter reading by no later than 31 July. Entitlement holders who do not have a water meter must contact DEW by 31 July to determine their volume of underuse.

The maximum volume of unused water that may be made available as private carryover is 20 per cent of the volume of Class 3 (High Security) water access entitlement held. See the worked examples in Box 1 for more information.

How is private 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.

It is important that meter readings are provided as soon as possible before 31 July in the following water use year so the carryover volume can be calculated.

The combined carryover and allocation volumes against an individual's entitlement cannot exceed 100 per cent.

This limit helps to ensure we meet our Murray-Darling Basin Plan obligations by reducing the risk of using more water than allowed under South Australia's Sustainable Diversion Limit, which would affect the long-term reliability of irrigation allocations.

The volume of water that can be accessed for private carryover is based on the volume of water stored in upstream storages that is available to South Australia, and the volume of water that was traded into South Australia between 1 April and 30 June in the previous water use year (and remained unused on 30 June).

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 private carryover granted to eligible water users?

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

This allows time for business decisions to be made regarding use or under-use of available water in the current year. This could also influence 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 allocations to increase if conditions improve.

Carryover will be endorsed on an individual's water account prior to the end of the first quarter of the water year. After carryover has been announced, and if allocations approach 100 per cent, then the 100 per cent limit means that irrigators effectively lose the benefit of any water carried over in that year.

See Figure 1 for a timeline of key dates for allocation announcements and the granting of carryover.

What happens if allocations increase to 100 per cent after carryover has been granted?

If allocations increase to 100 per cent after carryover has been granted then the carryover volume would remain in storage until the next water use year. If dry conditions continue and carryover is triggered in the next water year, then the allocation volumes that would otherwise be granted above the 100 per cent limit would spill into a 'rollover' account.

If minimum opening allocations are 50 per cent or less in April ahead of the next water year, the rollover volume will automatically be credited to a water user's account as carryover. The total volume that can be rolled over or carried over is 20 per cent of the volume of Class 3 (High Security) water access entitlements held at 30 June (the 20 per cent can be made up of carryover and rollover).

If projected minimum opening allocations in April are greater than 50 per cent, then carryover will not be available in the following year and any rollover volumes will also be lost.

Make sure you check the information provided in water allocation statements about the probability of allocations increasing during the water use year, before making any decisions about whether to carryover unused volumes.

If conditions improve, the benefit from any carryover and/or rollover volumes that have been accrued could be lost.

¹ Formerly classes 3a, 3b, 4 and 7. See Fact Sheet: Consumptive Pools for more information about the structure of consumptive pools.

Is it necessary to apply for private carryover or rollover?

No – water users who are eligible for private carryover, and submit meter readings by 31 July do not need to do anything else.

Eligible entitlement holders will receive a letter with the private carryover and/or rollover allocation endorsed on their water account, once it has been granted.

When carryover and/or rollover allocation identified is on a water account, then the volume is available for use or trade.

Can a rollover volume be traded?

Accrued rollover volumes cannot be traded. It provides access to a share of the carryover water stored in upstream storages when certain conditions are met. The rollover volume stays with the account holder who accrued it.

Volumes in rollover accounts will automatically be credited when carryover is granted, up to a maximum of 20 per cent of the number of Class 3 (High Security) water access entitlements that water users hold at 30 June.

Once carryover and/or rollover is granted on a water account, then the volume can be traded.

If the next water year's minimum opening allocations are:

- equal to or less than 50 per cent, then the rollover volume can be granted to water accounts (subject to the limit of 100 percent on allocations); or
- greater than 50 per cent, then the volume will be lost as this signals the end of carryover eligibility.

What happens to rollover if I trade some of my Entitlement during the water year?

Any volumes of rollover remain with the account holder who accrued it (unless the whole licence is traded). If carryover is triggered in the following water year, your rollover volume will be credited as a carryover allocation on your account, but only up to a maximum of 20 per cent of the number of Class 3 (High Security) water access entitlements that you now hold as at 30 June.

If you then still have a rollover volume, this will remain in place until it can be used or is lost i.e. when it is granted on your account in a following year and is used, or when minimum opening allocations in April of a water year are greater than 50 per cent as this signals the end of carryover eligibility and carryover and rollover volumes are lost.

What happens to carryover and rollover if I purchase Entitlement during the water year?

If you purchase Class 3 (High Security) water access entitlements during a water year when carryover applies, you will be able to accrue carryover against the entitlements that you now hold, up to a maximum of 20 per cent of the number of Class 3 (High Security) water access entitlements that you hold as at 30 June.

Any rollover volumes previously accrued by the seller will remain with the seller.

It is important that the transfer arrangements are clear as to whether you are purchasing a carryover volume with the Class 3 (High Security) water access entitlement purchase.

If carryover is not traded with the entitlements, and allocations are less than 100 per cent at the time, you may not receive the full benefit of any future allocation increases from water resource improvements for that water year.

I want to find out more about...

Whether I am eligible for private carryover or rollover, and how to trade an allocation or entitlement, please contact the DEW Berri Office:

T: (08) 8595 2053

E: dewwaterlicensingberri@sa.gov.au

The private carryover policy, please visit the DEW website:

www.environment.sa.gov.au/topics/river-murray/water-allocation-and-carryover/private-carryover

The Water Allocation Plan for the River Murray Prescribed Watercourse:

T: (08) 8463 6877

E: rmwap.feedback@sa.gov.au

Or visit: www.naturalresources.sa.gov.au/rivermurraywap

Example:

For this example, the account holder has 100,000 Class 3 (High Security) water access entitlements at 30 June in Year 1

That means the maximum carryover volume is 20,000 kL (20 per cent of 100,000)

The Minister announces that carryover will be granted in Year 2 because minimum opening allocations are 14 per cent (carryover is triggered because the allocation is equal to or less than 0.5kL per unit share, or 50 per cent)

Carryover volume in Year 1 = 20,000 kL

Allocations increase to 1 kL per unit share (100 per cent) in Year 2. Allocations are limited to 100 per cent so the extra benefit from carryover is effectively lost.

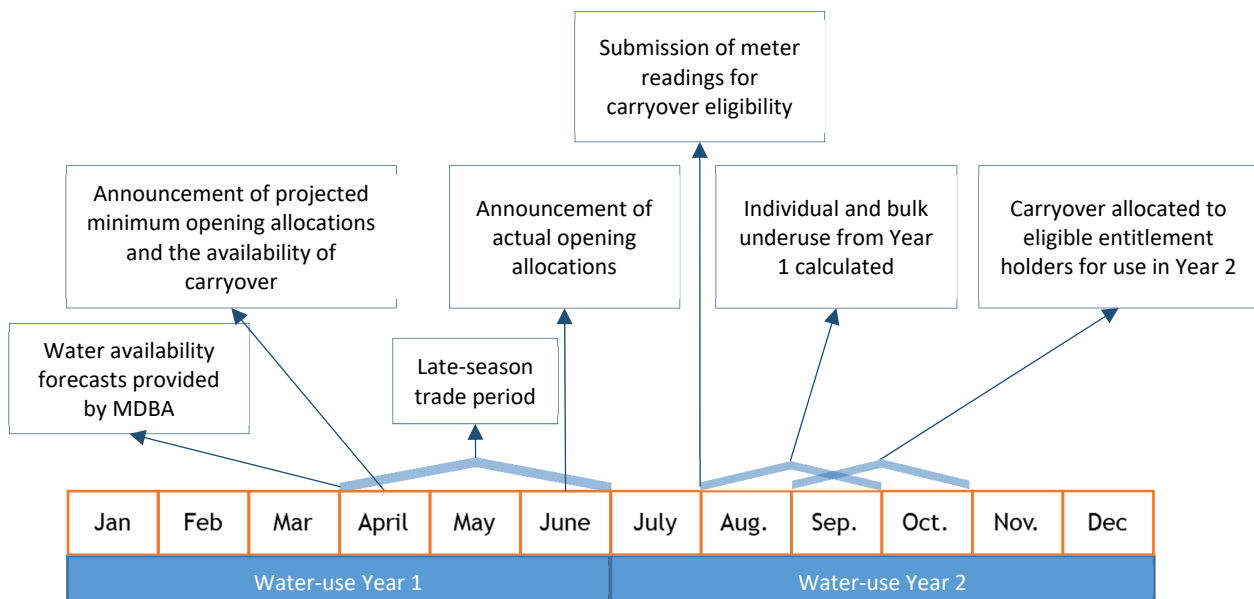
The Minister announces that carryover will be granted in Year 3 because minimum opening allocations are equal to or less than 50 per cent.

The full carryover volume of 20,000 kL 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 20,000 kL carryover volume, 15,000 kL can be utilised (taking the total allocation to 100 per cent) and the remaining 5,000 kL 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 5,000 kL from Year 3 is no longer accessible because carryover no longer applies.

Figure 1 – Allocation announcement timeline



Following the announcement of minimum opening allocations, allocations will be increased fortnightly if there are improvements in water availability.