



NSWIC
NEW SOUTH WALES
IRRIGATORS'
COUNCIL

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ENTITLEMENT CONVERSION POLICY

100311

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Member Organisations: Bega Cheese Limited, Border Rivers Food & Fibre, Coleambally Irrigation Co-Op Ltd, Cotton Australia, Gwydir Valley Irrigators' Association Inc., High Security Irrigators Inc, Hunter Valley Water Users' Association, Lachlan Valley Water, Macquarie River Food & Fibre, Mid Coast Dairy Advancement Group, Mungindi-Menindee Advisory Council, Murray Irrigation Limited, Murray Valley Water Diverters' Association, Murrumbidgee Groundwater Inc., Murrumbidgee Irrigation Ltd, Murrumbidgee Private Irrigators' Inc., Namoi Water, NSW Farmers' Dairy Committee, NSW Farmers' Association, Ricegrowers' Association of Australia, Richmond Wilson Combined Water Users Association, Riverina Citrus, Southern Riverina Irrigators, South Western Water Users', West Cororgan Private Irrigation District, Wine Grapes Marketing Board.

Introduction

NSW Irrigators' Council (NSWIC) represents more than 12,000 irrigation farmers across NSW. These irrigators are on regulated, unregulated and groundwater systems. Our members include valley water user associations, food and fibre groups, irrigation corporations and commodity groups from the rice, cotton, dairy and horticultural industries.

This document represents the views of the members of NSWIC. However each member reserves the right to independent policy on issues that directly relate to their areas of operation, or expertise, or any other issues that they may deem relevant.

Background

Owners of High Security (HS) licences are for the most part involved in permanent plantings (horticulture and grapes). These plantings require a constant annual application of water to remain productive. The capital investment involved with permanent plantings is significant (irrigation systems such as sub-surface drip).

General Security (GS) licences owners are flexible with their management decisions and water requirements. Annual production decisions are based on resource availability and crop values. Crops such as wheat, sorghum, corn and tomatoes to rice and cotton are largely produced on GS water.

WATER MANAGEMENT ACT 2000

The *Water Management Act 200 (NSW)* established HS as a licence category¹ and establishes that HS has priority over GS and Supplementary water licences.²

By prioritising the licence categories, the Act specifies that a reduction in water allocations will affect lower priority licences prior to those of a higher priority. This essentially established HS as a more reliable and valuable access licence.

CONVERSION FROM GS TO HS

Converting a licence between security classes is possible pursuant to a conversion factor established in WSPs. The conversion rate varies in each area depending on localised factors. A limit on the total amount of conversion is sometimes imposed.

One of the last large conversions took place in the Murrumbidgee. A total of 142,240 shares of GS licences were converted to HS in 2007–08 (which became 78,232 HS shares). The ratio of conversion was permitted at 0.55 shares of HS for each GS share (ex. 100 GS shares became 55 HS shares). The practice was suspended in July 2008 until further notice.

¹ Section 57 (1) (a) of the Water Management Act 2000

² Section 58 and 60 of the Water Management Act 2000

THIRD PARTY IMPACTS

In order to not impact on other GS licence holders, when conversion from GS to HS is undertaken, a loss of entitlement through the conversion is incurred. The attempt is to not affect the reliability of the remaining GS licence holders by giving less entitlement in HS.

A rigorous policy considering the impacts and benefits of any further conversion that protects the long term reliability to all licence holders has to be implemented.

NSWIC maintains a basic philosophy; *“there must be no impact of a decision taken on 3rd parties not involved in the issue”*.

CURRENT ABILITY TO CONVERT LICENCES

Pursuant to the *Revocation of Access Licence Conversion Factor, New South Wales Murray Regulated River Water Source*³ the ability to convert a licence is presently not possible.

This does not however mean that in the future the following section of the *Water Management Act 2000 (NSW)* cannot be reinstated:

Changing a category – conversion of access licences to a new category (s.71O Water Management Act 2000)

On the application of the holder of a water access licence, the Minister may consent to the cancellation of a licence and the grant of a new licence of a different category or subcategory. This does not apply to a local water utility access licence or to a supplementary water access licence.

The resulting access licence may only be granted in relation to the same water source as the cancelled water access licence. Conversion factors may apply and may require amendment of the share component of the licence.

Reasons for requiring a change in the category of a water access licence include changing from general security to high security licence category on a regulated river as a result of moving from growing annual crops to permanent plantings (subject to water sharing plan rules and embargos).

If an application for a change in the category of a water access licence is granted, the Minister will cancel the existing access licence and issue a new access licence with the new category, subject to:

- the application of a conversion factor established by the Minister and published in an Order made under section 71Z of the Act that protects environmental water, domestic and stock rights, native title rights and the

³ Issued by David Harriss (DWE) on 01 July 2008 – NSW Government Gazette 04 July 2008

reliability of supply to all other access licences in this water source (see Note 1 below); and

- the volume of water in the existing access licence water allocation account being equal to the maximum sum of available water determinations permitted (100 per cent).

Note 1: Water access licences for only three water sources have been gazetted under the above provisions (the Hunter, Murray and Murrumbidgee water sources) as eligible for the conversion.

CONCLUSION

NSWIC believes that even though conversion of licences is presently not permitted, a robust policy to deal with conversion needs to be created. Developing a thorough understanding of the capacity within a system to support one category of licence over another is required prior to any conversion being allowed.

This must include an impacts and benefits analysis for all other licence holders in the system.

These requirements must apply to all entitlement holders, regardless of the designation of the licence or the intended use.

Related motions which coincide with this

Entitlement Conversion Policy

From a motion passed at our 05 November 2009 Council meeting –

“That NSWIC oppose the recommencement of conversions between General and High Security entitlements until NOW have completed rigorous investigations into the impacts and benefits of further conversions at different conversion thresholds.”