

TERMS AND CONDITIONS

Critical Water Allocations



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Terms and conditions for applications for a Critical Water Allocation from the River Murray Prescribed Watercourse to secure survival of permanent plantings in 2008–09.

1. BACKGROUND

The South Australian Government is underwriting critical water to ensure the survival of citrus, vines, and other permanent plantings along the River Murray corridor in South Australia in 2008–09. This is termed the Critical Water Allocation (CWA) Scheme.

The Critical Water Allocation (CWA) Scheme recognises that the current restricted water allocations in 2008–09 are insufficient to keep permanent plantings alive and provides an advance on future restricted water allocation improvements.

If required, the Government will buy annual water allocations on the open market to underwrite any shortfall of restricted water allocations to secure permanent plantings in 2008–09.

The CWA Scheme is in addition to State Drought Response and Exceptional Circumstances measures; the \$610 million Murray Futures program; and the Commonwealth Government's Exit Grant package.

Irrigators who want to remain in the industry and can demonstrate the longer-term viability of their business can apply for a CWA to secure the water needed for survival of permanent plantings.

2. OVERVIEW OF CWA SCHEME

The Scheme is open to viable irrigators of permanent horticultural plantings in the River Murray corridor who hold a water licence endorsed with a water (taking) allocation giving authorisation to take water from the River Murray Prescribed Watercourse in South Australia for use in the River Murray corridor.

Non-permanent plantings such as vegetables and pastures are excluded.

A CWA is solely for the survival of permanent plantings in advance of future allocation increases under the Notice of Restriction, recognising that current allocations may not be enough in 2008–09.

If, at any time during the 2008-09 irrigation season, the restricted water allocation exceeds the Crop Survival Needs (CSN) the Government underwriting will cease.

A CWA will be granted via a written authorisation issued by the Department of Water, Land and Biodiversity Conservation (DWLBC) under the Notice of Restriction. CWAs for irrigators in an Irrigation Trust district will be endorsed on the Trust's authorisation. The Trust will be responsible for providing the critical water allocation to its irrigators.

3. DEFINITIONS

Definitions of words and acronyms for the purposes of this document:

Crop area for a particular crop means the area of land planted to permanent horticultural plantings (by type) during 2008–09.

CSN (critical survival needs) of a crop means the minimum volume of irrigation water to ensure survival of that crop, expressed as megalitres of water per hectare (ML/ha).

CWA (critical water allocation) means the difference between CSN and announced restricted water allocation at the date of determination, expressed as megalitres of water.

Defined period starts on 1 October 2008 and ends on 16 January 2009.

DWLBC refers to the Department of Water, Land and Biodiversity Conservation.

Minister means the Minister for the River Murray or the Minister's delegate.

PIRSA refers to Primary Industries and Resources South Australia.

Restricted water allocation means:

For a person with access to River Murray water only

- a) The volume of water derived from the percentage stated in Clause 1(a) of Schedule 2 of the River Murray Notice of Restriction in force at the date of determination of the application for critical water allocation, but not including any carry-over or water traded to the licence during 2008–09 (e.g. 11 per cent of licensed water (taking) allocation from 1 October 2008).

For a person with access to River Murray water and other licensed water (e.g. underground water in the Angas Bremer Prescribed Wells Area)

- b) The volume in (a) and the volume of other licensed water that could also be applied to the permanent plantings for which a CWA is being sought.

River Murray corridor means an irrigated property in the SA River Murray corridor Exceptional Circumstances area.

Scheme means the 2008–09 Critical Water Allocation Scheme.

Scheme administrators mean PIRSA Prudential and Rural Financial Services (PRFS) and DWLBC.

Water licence means a water licence endorsed with a water (taking) allocation issued under the *Natural Resources Management Act 2004*, authorising the holder of that licence to take water from the River Murray Prescribed Watercourse in South Australia.

4. PROCESS OUTLINE

The assessment of a CWA will involve:

- submitting an application
- determining eligibility, including demonstration of long-term viability (see Section 5.2)
- determining the volume of water to be allocated
- granting or refusing the application.

The Minister is ultimately responsible for determining eligible applicants. To support the Minister in this process, a CWA case management team has been established, which will assist applicants with their application.

Applications for 2008–09 close on 16 January 2009.

5. DETERMINATION OF ELIGIBILITY

5.1 Eligible applicant

An eligible applicant means a person who, at the time of making the application in the *defined period*:

- 5.1.1 holds a water (taking) allocation endorsed on a water licence
- 5.1.2 requires water for irrigation purposes from the River Murray Prescribed Watercourse for survival of permanent plantings in 2008–09
- 5.1.3 requires water for use on permanent plantings on land within the River Murray corridor

5.1.4 operates a farm business that satisfies the viability criteria (see 5.2), and

5.1.5 does not and will not have a Commonwealth Government Exit Grant.

5.2 Viability assessment

Applicants will need to prove the longer-term viability of their farm enterprise, as measured by:

5.2.1 its ability to meet, from estimated surpluses and without government support, future financial commitments including

- farm operating costs
- farm family living costs
- servicing of farm debts
- future capital requirements for plant and improvements
- investment requirements to return the enterprise to profitability

5.2.2 long-term economic trends that may affect the enterprise

5.2.3 the demonstrated technical, financial and business management performance of the responsible owner/manager, and

5.2.4 the provision of financial support by commercial lenders to at least 30 April 2009.

Note: If applicants have applied for an EC Interest Rate Subsidy they do not need to resubmit business tax returns, profit and loss statements and balance sheets for the farm business.

Also a determination of ineligibility for EC IRS does not necessarily preclude you from a CWA approval as the criteria are different.

5.3 Eligible purpose

A CWA may be granted for irrigation in 2008–09 of permanent plantings in the River Murray corridor that existed at 1 July 2008, where evidence proves that the plantings were irrigated in 2007–08, which supports the demonstrated intent to continue survival in 2008–09.

5.4 Non-eligible purposes

A CWA will not be considered for:

5.4.1 pastures and annual crops

5.4.2 permanent plantings, including expansions of existing plantings, that were not planted at 1 July 2008.

5.4.3 permanent plantings outside the River Murray corridor.

5.5 Crop type and area verification

DWLBC reserves the right to obtain evidence to verify the CWA requirements, including but not limited to:

5.5.1 a land and water use survey done by, or on behalf of, DWLBC

5.5.2 aerial photography

5.5.3 other documentary evidence available to, held by or requested by DWLBC.

6. CALCULATION OF ALLOCATION

The critical survival need (CSN), expressed in ML/ha, varies for each crop type. The CSN requirements are based on the best available published and unpublished data and are not negotiable (see Table 6.1).

If your permanent planting does not appear in Table 6.1, the CSN will be determined using the best available information and then used for assessing all applications involving that type of permanent planting.

Table 6.1: Crop type and critical survival need (CSN)

Crop type	CSN (ML/ha)
Avocado	6
Pistachio	6
Almonds	5.5
Citrus	5
Stone fruit	4
Pome fruit (apples and pears)	4.5
Grapes (Riverland)	2.5
Olives	2.5
Grapes (Langhorne Creek)	1.6
Other permanent crops	TBA

Source: PIRSA

The CWA Scheme aims to underwrite the difference between what is allocated at the time of determination under the Notice of Restriction and the CSN volume.

The CWA will be calculated as the CSN volume for eligible permanent plantings less the restricted water allocation at the date of determination.

7. CWA CONDITIONS OF USE

- 7.1 A CWA can only be used in 2008–09 and for the specific purpose of irrigating permanent horticultural plantings in the River Murray corridor, as determined on the CWA application form.
- 7.2 Considering the purpose of the Scheme, to underwrite critical plant water needs, assistance may not be available to licence holders who have sold part, or all, of their water (taking) allocation endorsed on the licence at 1 July 2008.
- 7.3 The total CWA will be granted via an authorisation under Section 132 of the *Natural Resources Management Act 2004*.
- 7.4 A CWA will be available for use from the receipt of approval up to and including 30 June 2009, or until the volume allocated for a CWA has been fully recovered, or the CWA has been applied to the permanent plantings, whichever occurs first.
- 7.5 The successful applicant must take all practical measures to meet the survival needs of the permanent plantings by managing the CWA application across the 2008–09 irrigation season.
- 7.6 A CWA authorisation may be revoked and the applicant rendered ineligible for further assistance from the State Government's Drought Response if the applicant is proved to have breached conditions of the CWA authorisation or is found guilty of an offence as outlined in Section 11 of this document.
- 7.7 The CWA is deemed to be the first water used when determining the volume of water used against an authorisation.

8. RECOVERY OF CWA

- 8.1 The CWA will be recovered in 2008–09 in the same amounts as the volumes derived from restricted water allocation announcements made after 1 October 2008, until the total restricted water allocation equals the CSN, at which point the CWA will be fully recovered.
- 8.2 On a monthly basis an assessment will be made of the cumulative difference between the restricted water allocation and CWA. This would be the basis for the

Government to purchase additional water. The purchase would cease if the restricted water allocation is equal to or greater than the crop water needs for survival.

- 8.3 If at the end of the 2008-09 irrigation season, the critical water allocation has not been fully recovered in accordance with the above, the Government will meet the cost of providing the amount of critical water allocation in deficit.
- 8.4 If the whole licence, and its water (taking) allocation, is transferred to the purchaser of land on which the water (taking) allocation is approved for use (see Section 9.3), any unrecovered CWA will be the responsibility of the transferee unless the CWA is relinquished before transfer (see Section 8.5).
- 8.5 Successful applicants may apply in writing to relinquish any unused CWA volume if they no longer need or want to use it for the intended purpose in 2008–09.
- 8.6 For the purposes of sections 8.4 and 8.5, the volume of CWA that has already been used will be established before any request to relinquish a CWA is considered. The Minister may then revoke the authorisation or adjust it to recover the CWA volume.
- 8.7 For the purposes of sections 8.4 and 8.5, only metered usage (or other approved means) associated with the authorisation and/or licence will be used to satisfy the Minister about the use of a CWA.

9. TRANSFER CRITERIA

- 9.1 A CWA is not transferable to another water licence.
- 9.2 Any unused portion of a CWA cannot be carried over beyond 30 June 2009 under this Scheme.
- 9.3 If a person authorised to take a CWA has sold the land on which the permanent plantings are located and the water licence under which the CWA is derived to the same person, and the purchaser intends to continue irrigating those permanent plantings, a new authorisation may be granted to the purchaser under the same terms and conditions as previously issued to the seller.

10. ACKNOWLEDGMENT OF TERMS AND CONDITIONS

CWA Scheme applicants must sign and declare the following in their application:

- 10.1 Their information is true and correct.
- 10.2 They have read the guidelines and understand the terms and conditions outlined in this document.
- 10.3 They may be required to provide more evidence to substantiate information in their application.
- 10.4 They authorise the scheme administrators to obtain and exchange any information regarding their affairs from their banker, accountant, rural financial counsellor, or other source; and authorise their banker, accountant, rural financial counsellor, or any other business contacts to supply any required information.
- 10.5 They certify that they own a viable farming enterprise (and have financial support to at least 30 April 2009).
- 10.6 They agree that any CWA provided will be used only for maintaining the areas of permanent plantings designated on the application form.
- 10.7 They understand that the CWA will be recovered as per Section 8 of this document.
- 10.8 They do not have, or are not intending to claim, a Commonwealth Government Exit Grant.

11. FALSE AND MISLEADING INFORMATION

The scheme administrators may request verification of any detail on the application form. Applicants who knowingly supply false information could be liable for prosecution under Section 214 of the *Natural Resources Management Act 2004*.

The penalty provisions under the Act for providing false or misleading information include:

- expiation fees
- suspension or cancellation of water licence
- a fine of up to \$20,000.

12. VARIATION

The Minister may vary these guidelines at any time and amend authorisations consistent with such variation without notice.

13. CONTACT

For more information on the State Government's critical water needs package, irrigators can contact the Riverland Response Centre by telephone: 1800 857 327 (free call) or post: 7 Wilson Street, Berri SA 5343.

The Critical Water Allocation Scheme is funded by the South Australian Government.