

FREQUENTLY ASKED QUESTIONS

Critical Water Allocations



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Information about the Critical Water Allocation Scheme for the survival of permanent plantings along the River Murray.

What is the purpose of the Critical Water Allocation (CWA) Scheme?

The South Australian Government is underwriting critical water allocations to ensure the survival of citrus, vines, and other permanent plantings along the River Murray corridor during 2008–09.

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

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

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 horticultural plantings in advance of future water allocation increases under the Notice of Restriction, recognising that current restricted water allocations may not be enough in 2008–09.

How does the CWA Scheme relate to the Commonwealth Government's Exit Grant?

Each program serves a different need in the region.

Irrigators who want to cease irrigation and leave the industry should contact Centrelink about the Commonwealth Government's Exit Grant.

Irrigators who want to remain viable in the industry and focus on keeping permanent plantings alive, but require assistance with critical water, may wish to apply for the CWA Scheme.

Irrigators will be not eligible for both.

Who is eligible for a Critical Water Allocation?

Irrigators 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 are eligible.

Irrigators holding a River Murray licence outside the region (e.g. in Clare and the Barossa Valley) are not eligible.

The CWA Scheme aims to assist irrigators with permanent plantings who have made the decision to continue farming and can demonstrate their farm business has a viable long-term future. Applications for water use on annual crops or pastures will not be eligible.

The viability criteria assess the likelihood of the farm enterprise being profitable in the long-term, without government support, as measured by:

- its ability to meet, from estimated surpluses, future financial commitments relating to
 - 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
- long-term economic trends that may affect the enterprise
- the demonstrated technical, financial and business management performance of the responsible owner/manager
- the provision of financial support by commercial lenders to at least 30 April 2009.

Applicants will need to demonstrate that the business can meet all costs listed above, including living expenses, without off-farm income. This may exclude small operations that are reliant on off-farm income.

The application form must include business tax returns for the 2004–05, 2005–06 and 2006–07 financial years, including profit and loss statements and balance sheets for the farm business.

There is no need to provide these business tax returns if you have already submitted them as part of an Exceptional Circumstances interest rate subsidy application.

How will the State Government determine whether irrigators qualify for the CWA Scheme?

The application will take into account the long-term viability of the farm business and the volume of water required for the specified plantings. Once the application has been validated, an authorisation will be issued by DWLBC.

Validated applications from irrigators in an Irrigation Trust district will be processed through the Trust as an additional authorisation on the Trust's licence.

A case manager will assist irrigators with the application process. Applicants must ensure that the case manager signs the completed application to verify that it has all necessary details – applications supported by complete and accurate information will be processed promptly.

The applicant is responsible for providing and verifying the required supporting evidence. Information will be audited at random and penalties, including ineligibility for the scheme, will be imposed if information is found to be false or misleading.

Will irrigators be assisted to access the CWA Scheme?

A team of case managers will be working in the region to help irrigators decide whether to apply and to assist with the preparation of applications.

How long will the scheme operate?

The scheme will run for 2008–09 only. To be effective, it needs to deliver critical water to irrigators from October 2008. It is anticipated that due to the likelihood of heavily restricted water allocations for this irrigation season, irrigators will need to make the decision to apply for this water early in the season.

Applications for water must be submitted on or before Friday 16 January 2009, however, the State Government recommends that applications be submitted as early as possible to ensure that the water required for the survival of permanent horticultural plantings is secured.

Irrigators are only able to take the restricted water allocation authorised under the current Notice of Restriction (11 % from 1 October 2008) until a critical water Allocation is granted.

Will purchase fees be involved in the CWA Scheme?

There are no fees associated with allocating water to individual licence holders under the CWA Scheme. The State Government will pay all transaction fees for buying annual (taking) allocations, which will underwrite the water allocated under the Scheme.

Will the applications relate to the property or an irrigation licence?

Separate applications will be required for each licence. For example, one licence covering multiple properties requires one application form. However, multiple licences for one property requires multiple application forms.

In either case, only one set of financial documents to demonstrate the long-term viability of the farm enterprise is required.

How is the CWA affected if you are in an Irrigation Trust?

The CWA will be calculated on the basis of the critical survival needs for each crop with water supplied via the Trust.

In the case of those within an Irrigation Trust, an application will be required for each account number.

How does the CWA Scheme affect irrigators who are trading, leasing or carrying-over water?

As this Scheme is underwriting critical plant water needs, it may not be available to those licence holders who have sold part or all of the water (taking) allocation endorsed on their licence at 1 July 2008.

The scheme does not affect irrigators' decisions or capacity to lease annual water (taking) allocations or to buy water entitlements from their own resources.

The eligibility assessment will not take into account any carry-over water allocated or traded, or any temporary 'top-up' water (taking) allocations or entitlements traded in to the licence in 2008–09. This is considered part of an irrigator's investment for the purpose of crop production and is separate to this application process.

Will groundwater use be taken into account under this scheme?

No. The CWA Scheme only applies to restricted water allocations from the River Murray, except in Langhorne Creek, where adjustments may be made to the CWA to reflect the use of underground water on permanent plantings.

Can the Critical Water Allocation be traded?

No. It is provided specifically to meet the critical survival needs of permanent plantings and is not able to be traded.

What if I didn't water my permanent plantings in 2007-08?

You will not be eligible for a critical water allocation. Meter readings from 2007-08 will be used to verify this.

Are new or expanded plantings in 2008-09 eligible for CWA?

No. CWA is available for permanent plantings in the ground at 1 July 2008.

How does the Critical Water Allocation relate to the percentage allocation?

The volume of water allocated to a licence holder under a Notice of Restriction (currently 11 per cent) is subtracted from the adopted volume of critical survival need (CSN) calculated for the area and specified type of plantings. The difference will be the critical water allocation (CWA). This amount will be adjusted on a monthly basis based on the restricted water allocation under the Notice of Restriction.

How much water is available under the CWA Scheme?

The State Government will buy enough annual water allocations on the open market to guarantee that approved applicants have access to the critical requirement to keep permanent plantings alive (see the table below).

The table details the level of survival water for major crop types under this scheme. PIRSA has determined these figures using published and unpublished data.

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

When will irrigators be able to use the Critical Water Allocation?

Critical water allocations will be granted for use up to 30 June 2009, but irrigators need to manage water use across the season. PIRSA's published monthly percentages of total survival requirements for permanent plantings, in the table below, are a guide to potential crop requirements.

Major planting type	Average survival need (ML/Ha)	Monthly percentage of total survival requirement (%)											
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Riverland grapes	2.5	0	0	6	6	9	17	20	19	17	6	0	0
Citrus	5	4	5	9	10	13	18	11	10	9	5	3	3
Almonds	5.5	0	0	6	10	17	20	12	11	13	7	4	0
Stone fruit	4	0	0	5	9	13	20	20	19	13	1	0	0
Langhorne Ck grapes	1.6	0	0	0	5	13	21	19	22	20	0	0	0

For more details, or advice about other crops, the case manager can put applicants in touch with the Irrigated Crop Management Service.

How will the State Government recover the Critical Water Allocation?

The Critical Water Allocation (CWA) is an advance against future restricted water allocations. It is designed to meet the shortfall between crop survival needs and current restricted water allocations for the 2008–09 irrigation season.

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.

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 was equal to or greater than the crop water needs for survival.

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.

What happens if irrigators’ water use exceeds the total volume of water allocated?

Financial and other penalties will apply under the *Natural Resources Management Act 2004* if water use exceeds the authorised restricted water allocation, or CWAs are used for another purpose. Penalties include fines, expiation fees, or the suspension or cancellation of the water licence.

How do irrigators determine their required Critical Water Allocation?

DWLBC will determine the Critical Water Allocation from the information provided in the application.

However, the case manager could assist in calculating the CWA. An example of the calculation follows.

For example:

Full entitlement as at July 1 2008*	200 ML
Current restricted water allocation	11%

Sample table only

	Crop type	Hectares	Critical survival need (ML/ha)	CWA required (ML)
Licence no. 1	Grapes	10	2.5	25
	Citrus	10	5	50
	TOTAL			75
	– Current restricted % allocation volume			22
	CWA volume sought			53

* NOTE: Any water traded to the licence after 1 July 2008 and carry-over is not included in the calculations