

14-4-2018

## **NSW Government Water Reform Action Plan Submission Water Take Measurement and Metering**

Dear Department of Industry Lands and Water,

### **Introduction**

Cotton Australia is the key representative body for Australia's cotton growing industry. We welcome the opportunity to speak on behalf of NSW cotton growers in regards to the overall NSW Government Water Reform Package and in particular the Water Take Measurement and Metering paper.

Cotton Australia is an active member of NSW Irrigators Council and endorses its submission. Further, in developing this response, Cotton Australia engaged extensively with irrigator representatives from across the Northern Inland Valleys of NSW and has drawn heavily on this collaborative work in preparing this submission.

While Cotton Australia believes there will be a high degree of consistency in the submissions prepared by these various groups, there will also be some valley specific differences and these need to be recognised.

### **General Comments**

Cotton Australia recognises that our growers who hold water licences issued by the NSW Government have a range of very important rights and responsibilities. As an industry, we are very supportive of the general thrust of the NSW Government's Water Reform Action Plan.

The Water Reform Action Plan (WRAP) is born out of issues highlighted in the Matthews Report and the Murray-Darling Basin Compliance Review. Specifically, this consultation paper explores ways we can have a world class system of measuring and metering water take.

Cotton Australia is concerned that this process is being rushed for a "quick-fix" solution. For the best public policy outcome Cotton Australia agrees with the NSW Government that the plan implemented needs to be equitable and transparent. Equitable for the stakeholders that will be most affected, such as Water Access Licence (WAL) holders; and transparent to the greater public.

Cotton Australia has long held a consistent position that water take should be measured. In most cases, that means metered. However, there are some circumstances where alternative forms of measurement need to be considered. These alternative forms not only need to be cost effective, but they have to provide an acceptable degree of accuracy.

Cotton Australia also wants to make clear while it overwhelmingly supports quality metering and measurement, it is absolutely essential that systems are in place for the professional collection and analysis of the meter data, and that it achieves a robust compliance system.

While Cotton Australia acknowledges that the current metering regime is not perfect, it is far from non-existent. The vast majority of the controversy surrounding water management in NSW is not due to having a lack of meters in place, but due to poor data management and poor compliance system.

### Specific Responses to Questions Raised in the Paper

#### ***Should every water user be metered, or should thresholds apply?***

Cotton Australia believes that in an ideal world all take should be metered. However, there are compelling practical and financial reasons why universal metering should be viewed as aspirational.

Figure 1 in the Paper clearly shows that 46% of the supply works in NSW take 95% of the water take. By default, 54% of the works take, just 5% of the take. It is clearly sensible to concentrate on the works with the higher degree of take.

Cotton Australia agrees with the general risk-based approach suggested which prioritises large users over smaller users and water sources with identified risks.

Cotton Australia, would like to point out that it believes this approach would mean metering applying to the vast majority of irrigated cotton growers.

#### ***Should the metering threshold be linked to a licence holder's share in a water source?***

Setting the threshold based on the licence holders share in a water source is a relatively simple method, which can be easily understood and implemented.

However, there are instances where a licence holder as a zero share licence. That is, the licence holder has no underlying entitlement to accrue water allocations, but can trade water into the licence and use that water through a works. A threshold based on entitlement size would not capture this use. Similarly, a licence holder may only have a small entitlement, but uses a lot of water due to trade. Alternatively, a licence holder may have a large licence, but use none directly, trading allocation to other users.

Another example where linking metering to the size of the licence would be problematic is where an irrigator holds a number of small access licences but points them to a single works. None of the licences may individually reach the threshold, but the total amount of water pumped through the works could be considerable.

An alternative would be setting the threshold on use, either calculated as three-year average, or a rolling cumulative total, say so much use over any five year period.

This becomes administratively more difficult, due to the fact that unless a meter is installed, it will be very difficult to determine whether the threshold was being met.

A compromise arrangement might set the threshold based on both the licence size, and the capacity of the works.

Cotton Australia agrees that the threshold set should be able to vary from valley to valley, and water source to water source. For example, some unregulated streams may have a very low level of reliability, generating “events” very rarely. It may be deemed unreasonable to force the installation of an expensive meter, if take only occurs once every three years for example.

*What is a reasonable threshold to set?*

Cotton Australia does not believe the suggested threshold in the paper for inland regulated systems of 5,800 shares is ambitious enough. Cotton Australia suggests this figure is possibly skewed by the inclusion of the bulk water licences held by irrigation corporations.

It would be Cotton Australia’s expectation that only the smallest licences/works in the regulated valleys would be exempt.

While Cotton Australia is opened to a staged implementation of metering, concentrating on the largest users first. It is also open to a decreasing scale of sophistication in metering as the expected take through of a works decreases, the general goal must be to measure at least 95% of take in each water source.

Cotton Australia, would deem it unacceptable if not all irrigators deemed “commercial” were not required to be metered.

*Should metering be linked to the size of infrastructure that takes water? If so, what size threshold should apply?*

As discussed earlier Cotton Australia would support a Licence Shares/Infrastructure size approach, but it still does not address the situation of where take may occur so infrequently as to make metering ineffectual from a resource management point of view and cost prohibitive for the owner.

As a general rule, Cotton Australia believes thresholds should be set so as to eventually capture 95% of take.

*Should there be different thresholds for Inland and Coastal regions? For regulated, unregulated and groundwater sources?*

Yes thresholds should vary. However, we should be aiming to meter 95% (or more of the take).



*How do you capture multiple works which effectively belong to one user?*

This should be addressed by developing the licence shares/infrastructure size approach to setting a threshold. Where there is evidence of a genuine reason for multiple small infrastructure sites, linked to a larger access licence, consideration should be given to the more cost-effective metering options. Rather than no metering. An example would be an alluvium groundwater source that only supports low yielding bores. However, access licences could still be substantial. In a situation like this it might be the case that an irrigator may hold an 800 megalitre access licence, but has 10 bores, each only yielding 80 megalitres per year. In such a circumstance mechanical meters rather than one meeting AS4747 for each bore might be deemed acceptable.

*If a risk approach is adopted, should other types of risks be considered in the analysis?*

Cotton Australia is not opposed to a risk base approach being used to prioritise an implementation program – deal with those water sources considered at higher risk first. However, Cotton Australia submits that it should take away from the overall goal of metering/measuring at least 95% of take.

Cotton Australia makes no comment on the veracity of Table 3. It does not have the information available, or the time, to assess whether the risk assessment is accurate. Further, Cotton Australia has not had adequate time to consider any additional risk factors.

*Should exemptions be applied to this approach? If so, how would we capture these users?*

As mentioned above, Cotton Australia believes the risk based assessment should only be used as a prioritising tool.

*Should metering be linked to a combination of infrastructure, water entitlement and risk of water sources?*

Cotton Australia believes this question has been answered in the discussion above.

*What is a reasonable combination of thresholds?*

Cotton Australia believes this question has been answered in the discussion above.

*Are the proposed metering requirements practical and effective?*

The greatest barrier to the adoption of AS4747 meters up until now has been their limited availability. In particular for large diameter pipes and their expense.

Cotton Australia has been advised that the company Mace is expecting Patten Approval for its Series 3 meters later this year. Further, they will be able to upgrade existing series 3 meters to AS4747 requirements through a firmware upgrade.

If this was to occur, it would remove a significant barrier to meeting AS4747 standards, in an effective and cost-effective manner.

Cotton Australia believes that with appropriate implementation timetables, that take into account the ability of manufacturers to supply meters, and the for qualified installers to supply meters, it is reasonable for the vast majority of irrigated cotton producers to meet the requirements of AS4747 for the vast majority of take.

However, as discussed earlier in this response, Cotton Australia believes we should be ambitious in metering 95% of the take. We do however need to be flexible on the sophistication of metering required. It is hard to see the justification in a making a very small extractor pay thousands for a meter.

*Should existing non-pattern approved meters be replaced with pattern approved meters?*

Cotton Australia believes that where possible, such as the Mace Series 3 example above. There should be the option to upgrade/update existing meters to meet AS4747. Where upgrades are not possible, there should be a stage approach to upgrading meters to the new standard. Cotton Australia, would be supportive of a five-year grandfathering provision.

*Are there any barriers to entry into the pattern approved meter market?*

Price and availability have been significant barriers to-date. There is also a lack of qualified installers.

*Is telemetry practical in all situations? If not, please provide details of any constraints?*

Cotton Australia is of the belief that telemetry is becoming more and more practical, for more and more situations every day. However, while not really technically qualified to comment, it also believes that telemetry is not a universal option at this stage. Further, telemetry really only the delivery of the data, it is the data that is important. It does not make much difference if the data is delivered by phone, mail, email, fax, telemetry or carrier pigeon, provided the systems are in place to ensure its accuracy, timeliness and security.

Cotton Australia does recommend that NSW Government openly considers a range of options, not just those that are tied to the traditional mobile phone network.

Telemetry options should be effective, cost-effective and add value to the total irrigators business, as well as being a means to deliver data in a secure and timely manner.

*Are there any other complementary measures that if implemented would encourage compliance with metering requirements?*

Very clear communication of metering expectations, and legal requirements. The ability to access a wide, and cost-effective fleet of compliant meters, and a pool of qualified installers.

*What is a reasonable time frame for self-reporting?*

Cotton Australia believes self-reporting should be phased out as soon as reasonably practical, and replaced by either meter readers or telemetry. Cotton Australia would be supportive of an online reporting portal as an interim measure.

*Are the proposed requirements around faulty meters practical?*

Cotton Australia believes they are. Although, we believe that while the greater responsibility must rest with the water entitlement holder, the government also has a responsibility to follow-up on notification and ensure repairs/replacements are carried out in timely manner.

*Meter Roll-Out*

*Are the timeframes achievable?*

Cotton Australia believes the timetables are achievable, provided the meter fleet is available and the installers are available.

Cotton Australia suggests that with proper consultation with industry, on a valley-by-valley basis, a more ambitious metering roll-out might be achieved.

*Is this an appropriate way to categorise “large users”?*

Cotton Australia suggests that the top 20% definition of large users could be more ambitious, and a high target could be met in some valleys, following proper consultation with industry.

*What are high-risk areas?*

Cotton Australia believes the three questions raised here adopt a “blanket” approach. The risk of each water source should be assessed on its individual merits. For example unregulated inland systems vary enormously in their overflow, reliability and degree of extraction.

*Who should own the meters?*

Cotton Australia is generally supportive of private ownership of the meters. Primarily because it makes it very clear that the responsibility for them rests with the irrigator, who has to ensure that it meets all legal requirements.

While we support private ownership, we would like to explore mechanisms where government can assist with the cost of financing the installation.



### Concerns with the Draft Exposure Bill

There are specific concerns Cotton Australia has with the delivery of a Draft Exposure Bill in conjunction with the consultation papers. It possibly suggests that the amendments within the Draft Exposure Bill provide more than a strong indication of the way the NSW Government will legislate regardless of the feedback received. Cotton Australia hopes this is not the case and that all feedback received will be processed and considered. It is also anticipated that more consultation will be needed and requested regarding the final Draft Exposure Bill.

### Amendment [9] – Part 6 Regulations relating to Water Supply Works

The specific concerns with this proposed amendment is that it places the entire financial burden on the water holders to install and maintain the meter. Cotton Australia, submits that there needs to be support by government and the regulator around this issue of metering equipment. Specifically, the provision in s.115C (2) in Amendment [12] is extremely broad and Cotton Australia submits that it requires further consultation.

Additionally, Cotton Australia contends that the Draft Exposure Bill does not include provisions around water take measurement. This is a major part of the consultation paper and the NSW Governments approach to reform. Cotton Australia submits that this should be reviewed.

### Conclusion

Cotton Australia is willing to work with the NSW Government to ensure that we quickly progress to a world where there is better transparency and water management throughout NSW.

Cotton Australia is committed to ensuring irrigators in its industry meet world class metering standards.

For further information on the submission, or the Cotton Australia's view on water reform in general, please contact Cotton Australia General Manager Michael Murray – 0427 707868 or [michaelm@cotton.org.au](mailto:michaelm@cotton.org.au).

Yours sincerely,



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