

Extracted from:

Commonwealth Environmental Water Office, *Carryover*, Australian Government Department of the Environment and Energy

<<https://www.environment.gov.au/water/cewo/about/carryover>>.

Carryover

Commonwealth environmental water is used to protect and restore environmental assets in the Murray-Darling Basin (the Basin). The Commonwealth owns water entitlements, and receives water allocations against them, in the same way that other entitlement holders do. The rules associated with the water entitlements and allocations are set by States and apply to all entitlement holders including the Commonwealth.

The same choices to manage water are available to the Commonwealth as other entitlement holders: use, carryover and trade. Like any other entitlement holder, the Commonwealth will use the carryover rules to efficiently manage its water holdings.

Carryover provides flexibility in the timing of water delivery across years to all entitlement holders. For environmental water holders, this flexibility can be important when meeting environmental needs, such as requirements to water wetlands or floodplains or provide an in-stream pulse early in a water year.

Carryover rules

Carryover rules are set by States and vary markedly for different entitlements and in different water plan areas across the Basin. The carryover limits, account limits and use limits apply to all entitlement holders including the Commonwealth.

As a result of the rules, no water holder can fill up dams to the exclusion of other water users. Whether a year is wet or dry is a more important determinant of whether a dam spills or not than the choices of any individual entitlement holder.

Third party impacts

Results of independent hydrological modelling of the Murray, Lachlan, and Gwydir catchments indicate that State rules do not allow any entitlement holder to have significant third party impacts on others. The modelling confirmed that if the Commonwealth typically carried over more water than others then the Commonwealth's accounts would fill more often and reach account limits, and water would be re-allocated to other entitlement holders under State rules.

Carryover decision making

The Commonwealth holds a number of entitlements in some water sources, and carryover is an important consideration when deciding which accounts to leave water in, and conversely, which accounts to draw water from. Considerations include to:

1. minimise the risk of water being reallocated under State rules by carrying over water in accounts with better carryover provisions
2. have sufficient water in accounts for environmental watering actions that occur early in a water year

3. consider the cost-effectiveness with regard to the cost of water delivery and transfer fees against the potential market cost of water being reallocated under State rules
4. consider the risk of carryover of water in accounts which may be subject to trade restrictions through the following water year.

Other entitlement holders are expected to consider factors like the above.