

Andrew Gregson
NSW Irrigators' Council
PO Box R1437
Royal Exchange NSW 1225

Dear Mr. Gregson

Re: Shepherding water for the Environment

The NSW and Commonwealth governments have entered into a Memorandum of Understanding (MoU) to develop a framework for shepherding water for the environment.

Water shepherding represents a new concept in water management. It is the movement of a volume of licensed water through a river system from its original upstream location where it would have been extracted, to a downstream location where it can be made available for use by the environment. One of the guiding principles in the MoU is that water shepherding will not have an adverse impact on third parties.

Under this MoU, NSW is investigating issues, considering options and the feasibility of shepherding Commonwealth environmental water from the unregulated Barwon-Darling River system and its tributaries, including those commencing in Queensland, through the Menindee Lakes to the River Murray system. An agreed Implementation Plan for the introduction of water shepherding in NSW will be developed. This plan is scheduled to be completed by mid 2012. However, the ability to implement water shepherding will be dependent on amendments to NSW legislation and instruments, as well as agreement between jurisdictions in the Murray Darling Basin to amend the Murray Darling Basin Agreement.

The project to date has investigated various water shepherding approaches. The options scoped, and an explanation of the preferred approach, are outlined in the attached report *Shepherding Water for the Environment – Progress of the NSW Water Shepherding Project, 2011*. The “end of system accounting” option was preferred as it is a transparent, rules based approach utilising existing frameworks established under the *Water Management Act 2000*, including water sharing plans. It is consistent with the guiding principles under the MoU, including that water shepherding will not have an adverse impact on third parties.

Options for implementing the preferred approach to water shepherding are now being considered in more detail. This includes consideration of issues such as licensing, modelling, accounting and water delivery. The preferred approach is based on a licensing and dealing framework and end of system accounting model.

It is proposed to carry out targeted consultation on the proposed draft water shepherding arrangement during the period late 2011 to February 2012. Once consultation material is available we will be contacting key stakeholders to arrange consultation meetings to assist in seeking feedback on the proposal.

In addition to the approach outlined above, the MoU provides that NSW shall use its best endeavours to shepherd Commonwealth environmental water in the period before permanent arrangements are agreed and put in place, subject to State laws and existing agreements. Within the current rules it is only possible to undertake very limited water shepherding. If you wish to discuss the interim arrangements please contact Mr Peter Christmas on 02 67019639.

For all other enquiries about water shepherding, I have arranged for Ms Anna Bailey – Water Shepherding Project Manager, to assist you. Ms Bailey may be contacted at the NSW Office of Water's Tamworth office on (02) 67019686 or go to our web site www.water.nsw.gov.au for information as it becomes available.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Harriss', written in a cursive style.

David Harriss
Commissioner, NSW Office of Water