

Long-term Diversion Limit Equivalence Factors

The Long-term Diversion Limit Equivalence (LTDLE) Factors¹ are designed & used as an accounting tool to convert the Commonwealth Government's recovered water entitlements into a long-term diversion limit equivalent value for each of the various types of water entitlements and allocations system across the Murray-Darling Basin.

LTDLE Factors are used to guide the Commonwealth's environmental water recovery under the Basin Plan 2012 with the aim of ensuring that all NSW valleys (and all Murray-Darling Basin valleys) are compliant with the Sustainable Diversion Limits (SDL) from 1st July 2019.

What do the Long-Term Diversion Limit Equivalence Factors (LTDLE Factors) represent?

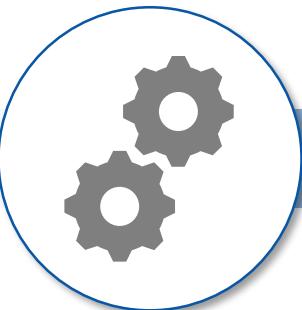
The Long-Term Diversion Limit Equivalence Factors (LTDLE Factors) represent the average long-term extraction for each licence category as a proportion of total entitlement for that category in a particular valley. The LTDLE Factors are not a measure of the amount of water WAL holders might be able to access or are likely to be allocated.

What does allocation reliability represent?

The allocation reliability represents the long-term average annual water availability for each licence category in a water source based on either modelled or historic water allocations (i.e. Available Water Determinations). Water allocation reliability is however not an indicator of likely water use.

What does the Long-Term Average Annual Yield (LTAAY) represent?

The Long-Term Average Annual Yield (LTAAY) represents the Commonwealth Government licence entitlements being multiplied by the respective LTDLE factors. It is a measure used by the Commonwealth Government to account for the Commonwealth Government water entitlement recovery under the Basin Plan.



What is the importance of the LTDLE Factors?

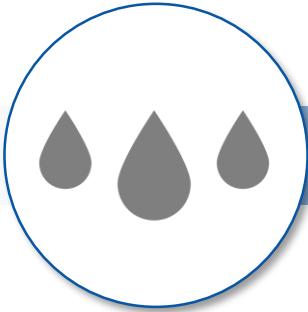
If the LTDLE Factors are set to **minimise** the Commonwealth Government's environmental water recovery, it could increase the probability that the SDL is breached.

This in turn could have an impact on lower priority water licences (e.g. Supplementary and General Security licences) who may have their allocations reduced to achieve SDL compliance.

If the LTDLE Factors are set to **maximise** the Commonwealth Government's environmental water recovery, it would minimise the risk of breaching the SDL but it would also (potentially) 'lock-up' more water within the Commonwealth Government's environmental water portfolio than necessary.

This in turn could have a social and economic impact.

¹Sometimes referred to as "cap factors"



Current NSW Recovery under the Basin Plan



Basin Plan

Under the Basin Plan, Sustainable Diversion Limits are determined by subtracting a local² reduction amount and a shared³ reduction amount from the respective Baseline Diversion Limit.

In NSW, Baseline Diversion Limits for surface water are equivalent to the existing water sharing plan long-term average annual extraction limits.

The following table illustrates the Commonwealth Government's **progress of environmental water recovery** using the LTDLE Factors released on 1 June 2018:

Valley	Recovered amount as at 1 June 2018 based on updated LTDLEs (ML/yr)	Required local reduction amount (ML/yr)	Local reduction status (ML/yr)	Required shared reduction amount (ML/Yr)	Shared reduction status (ML/yr)
Barwon Darling	32,582	32,000	+582		
Border Rivers	4,247	7,000	-2,753		
Gwydir	54,656	42,000	+7,796		
Namoi	11,205	20,000	-8,795		
Macquarie	102,472	55,000	+47,472		
Northern Basin	213,267	156,000	+57,267	24,000	+33,267
					+44,815⁴
Lachlan	46,699	48,000	-1,301 ⁵	0	0
Murrumbidgee	428,686	320,000	+108,686		
NSW Murray	311,822	262,000	+49,822		
Lower Darling	22,334	8,000	+14,334		
Southern Basin	762,842	590,000	+172,842	171,200	+1,642

Source: NSW Department of Industry – Water

The recovered amounts in column 2 result from Commonwealth licence entitlements being multiplied by the respective LTDLE factor. The Commonwealth refers to this as the long-term average annual yield (LTAAY).

²Local reduction amounts for each valley are specified in Schedule 2 of the Basin Plan.

³Shared reduction amounts are to be determined in accordance with the process set out in Division 2 of Chapter 6 of the Basin Plan.

⁴Results from outstanding local reduction amounts in the Border Rivers and Namoi being addressed.

⁵Further BDL modelling is currently undertaken by the Department of Industry - Water which may change the local reduction status.