



Making the most of every drop

NFU response to Defra proposals for reforming the water abstraction management system of England & Wales

DRAFT SUMMARY RESPONSE

Linking surface water allocation to availability (consultation questions 1-4)

The NFU agrees that the current system is not flexible enough to improve the efficient use of water while protecting the environment; neither can it ensure fair treatment for existing and future abstractors.

We seek a new system that links food security to water security, and allocates a fair share of water to farmers to grow our food. To achieve, this abstraction reform should:

- Be underpinned by government policies that recognise and promote the link between food and water security
- Recognise that farmers need secure access to water to make long-term business investment in future food production
- Safeguard against significant water export from agriculture in future trading regimes
- Proceed at a measured pace to allow businesses sufficient time to adjust and invest in water security and efficiency
- Deliver improved water security in the food and farming sector (particularly during dry and drought conditions) over a longer timescale which in turn supports national food security
- Help farmers to move from business planning based on annual water availability to systems that secure water for two, or even three, consecutive dry winters
- Promote the need for a 25 year supply and demand plan for 'Water for Food'
- Facilitate the maximum utilisation of available volume of water at all times
- Be underpinned by measures to store more surplus water and encourage the construction of more reservoirs through incentives for investment and innovation (for example through tax capital allowances)
- Deliver a system that is simple, flexible, and cost effective to administer

Linking groundwater allocation to availability (consultation questions 1-4)

'Making the most of every drop' considers future options for the management of surface water, but management of groundwater has been largely overlooked.

Proposals for reform of groundwater abstraction should be properly developed and subject to their own consultation process. Government should:

- Apply the same principles and procedures to surface water and groundwater abstraction (wherever practicable)
- Produce a clear statement on the management rules that will be applied to groundwater, and in particular
- Ensure that future short-term reductions or restrictions to access to groundwater are based on annual - not daily or hourly - volumes.

Linking water allocation to availability in dry and drought conditions

'Making the most of every drop' only addresses the management of water in 'normal' conditions (although we accept that the driver for changing the current system is to accommodate long term revision of what is considered 'normal').

Devising solutions to water scarcity during dry conditions and drought must be part - and indeed a key part - of this review process. In particular we believe that if government is serious in its commitment to equality amongst all users then it must abolish s57 restrictions (uniquely applied to spray irrigators) as part of the reform process.

Water discharges (consultation questions 5 & 6)

We agree that abstractors who currently discharge water should continue to do so in line with current practice.

Charging for abstraction (consultation questions 7 & 8)

Government proposes a charging system that will reflect actual use rather than licensed volume. Abstraction charges should be based on:

- A mechanism that limits charges to the recovery of costs incurred in administering the system – charging must not become a tax raising measure
- Actual not licensed use
- Lower charges for high flow water.

Farmers already benefit from 'two part tariff' charges and so are unlikely to benefit from the proposed changes to charging. We fear that charges will inevitably be levied to meet additional administration costs of a new system – the new system should be as simple as possible to minimize these costs.

Trading (consultation questions 9 & 11)

Farmers view trading as an important tool in the efficient management of water but by no means the most important aspect of reform. Trading mechanisms should:

- Be improved without delay and in advance of the introduction of a reformed abstraction system so that trades are administratively simple and thereby quick and low cost to make
- Enable pre-trade approvals
- Allow both permanent and temporary transfer of all or part of licensed volumes

- Recognise the potential impact on food security if traded water is 'exported in bulk' from the farming sector.

Two options for reform (consultation question 10)

Of the two options proposed for replacing the current system, the 'current system plus' option is overwhelmingly preferred by farmers and growers. A small minority of licence holders recognise the potential advantages of 'water shares' in principle, but even they doubt that this option is feasible or affordable in practice.

Review process for future abstraction permissions (consultation questions 12 & 13)

We agree that all new 'abstraction permissions' in a catchment or management unit should be periodically reviewed collectively; decisions taken should apply equally across all sectors.

Transition to a new system - A fair share of water for farming (consultation questions 14, 15 & 18)

In allocating and managing water, the new system must deliver equity amongst all users. Abstraction licences, particularly licences of right, are a valuable business asset and existing 'property rights' of licence holders must be fully recognised during transition.

In ensuring a fair transfer of 'water for food' from the old to new system, arrangements for transition the new system should:

- Transfer existing licensed volumes to new authorisations (not historic average used volumes)
- Avoid prioritisation or a hierarchy of need between users in different sectors
- Eliminate differentiation between types of user based on relative consumptiveness
- Acknowledge the historical rights established by holders of 'licences of right' through a hierarchy of transferred allocation
- Abolish 'section 57 restrictions'¹ that uniquely apply to spray abstraction and
- Accommodate new entrants

The mechanism for transferring entitlements from the current regime to a new system will be critical. Volumes actually used by farmers will depend on a range of factors, not least rainfall.

The transfer of licensed rather than previously used volumes would properly recognise historic rights and reduce or avoid inevitable compensatory claims from licence holders deprived of any proprietary right.

Any transfer of used volumes must adequately recognise farmers' irregular usage. Farmers typically grow crops to match licensed volumes available in a dry/drought

¹ Environment Agency has powers to restrict spray irrigation under the Water Resources Act 1991
<http://www.environment-agency.gov.uk/homeandleisure/drought/131105.aspx>

year and so unused volumes do not usually constitute headroom for the long term future.

The special needs of farmers should be considered in the transition arrangements. In particular the needs of currently unlicensed trickle irrigators (with no formal historic volumes – licensed or used) must be fully accommodated.

We reject the proposal to claw back an additional volume of currently unused licensed water which would be held by the Environment Agency in a 'water reserve' and allocated to new and expanding businesses. We believe that spare volumes should remain with licence holders and managed by them.

Proportionate implementation (consultation questions 16 & 17)

Government recognises that catchments vary considerably across the country in their character and water balance. There seems little point in changing water management arrangements in catchments where water is in surplus and where current arrangements work well.

We doubt that implementation of reforms in catchments which are 'water available' in status serves any useful purpose (the costs would exceed the benefits). The Agency's 'Restoring sustainable abstraction' (RSA) programme must be used to bring catchments currently described as 'over abstracted' into 'over licensed status' – reform should not be implemented in 'over licensed' catchments until the RSA programme is complete.

We believe that reform options should be implemented only in those catchments that are 'over licensed'.

We agree that the new system should be introduced on a catchment by catchment basis.

The new system should focus more on local decision-making. Government should:

- Produce a national set of management/licensing rules capable of being adopted in catchments on an 'as needed' basis
- Promote opportunities for more hands-on management of water by users in a catchment, particularly in those catchments where a single use (such as food production) relies on a common source.

The Environment Agency should:

- Enforce national rules adopted in a particular catchment but play a reduced role in decisions relating to the local management of water
- Encourage abstraction at high flows (allowing users to exceed annual daily authorised volumes at times of exceptionally high flow); and promote co-operation between users to better manage low flows
- Improve monitoring to give all users the benefit of real-time knowledge of water availability and need
- Encourage user groups, such as abstractor or water resources groups, to become more involved in collectively managing water.