



## **Abstraction reform**

### **NFU position – November 2013**

Government takes the view that our 50 year old abstraction licensing system is poorly designed to cope with future challenges and has stated its intention (in the Water White Paper: Water for Life<sup>1</sup>) to change it. The NFU agrees that the current system is not flexible enough to improve the efficient use of water while protecting the environment and ensuring fair treatment for existing and future abstractors. But the NFU is also aware that the majority of abstraction licences in England and Wales are for agricultural use<sup>2</sup> and so any changes are likely to significantly impact this sector. This position paper sets out NFU's preliminary views on the proposed reforms.

#### **Food and water security – Water for food**

Predicted population growth combined with climate change will put access to water under increased pressure. Government proposes replacing our current regime with a new system that is more adaptable to future pressures and more responsive to opportunities to share water amongst different users.

The NFU seeks 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 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 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

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<sup>1</sup> The Water White Paper: Water for Life <http://www.official-documents.gov.uk/document/cm82/8230/8230.pdf>

<sup>2</sup> Of 21k abstraction licences in England and Wales, 10k are used for spray irrigation and a further 3k for general agricultural use. <https://www.gov.uk/government/statistical-data-sets/env15-water-abstraction-tables>

- Be underpinned by measures to store more flood 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
- Apply the same principles and procedures to surface water and groundwater abstraction (wherever practicable).

### **A fair share of water for farming**

Government proposals for reform represent a major shift in the way that water is allocated and managed and so it is envisaged that all existing licences will end and be replaced by new 'authorisations'.

In allocating and managing water, the new system must deliver equity amongst all users. 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'<sup>3</sup> that uniquely apply to spray abstraction and
- Accommodate new entrants.

### **The catchment approach**

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 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

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<sup>3</sup> Environment Agency has powers to restrict spray irrigation under the Water Resources Act 1991  
<http://www.environment-agency.gov.uk/homeandleisure/drought/131105.aspx>

- 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.

### **Water charges**

Government proposes a charging system that would 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.

### **Groundwater**

Groundwater has been largely overlooked so far in the development of proposals for abstraction reform. Government should:

- 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.

### **Water trading**

Although the ability to trade water was introduced by the Water Act 2003, the current trading process is slow and/or administratively complex and so few trades are made in practice. Through abstraction reform, government is developing options to improve the ability of users to trade water.

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
- Avoid the unscientific claw-back of licensed volume during the trading process
- Recognise the potential impact on food security if traded water is 'exported in bulk' from the farming sector.

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