

Position Paper on Non-urban Water Metering in Queensland Water Supply Schemes 2014

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1. Purpose

The purpose of this paper is to outline the Queensland Government's position in respect to water service providers (providers) in Queensland achieving consistency with the National Framework for Non-urban Supplemented Metering..

2. Background

2.1 Metering of supplemented water extractions

Metering supplemented water use supports water resource allocation, management and planning, provides water entitlement holders with greater security and facilitates the operation of water markets and water trading.

Metering of supplemented water use provides a number of benefits which include:

Equity—metering ensures water is taken in accordance with entitlement conditions

Efficiency—metering allows water users and providers to make informed decisions about water use to lower costs and improve efficiency

informed management—metered data allows water users, providers and government to make sound planning and management decisions and assists entitlement holders to manage their operations

security—metering minimises the risk of excess or unauthorised water use and protects the security of water entitlements.

2.2 Non-urban water metering in Queensland

Metering of non-urban water use in Queensland applies to holders of water entitlements administered by the Department of Natural Resources and Mines under the *Water Act 2000* and *Water Regulation 2002*. These entitlement holders generally include:

- individuals and corporations undertaking irrigation, industrial and commercial activities
- rural industries and services such as abattoirs, mines, quarries and power stations
- Water Service Providers (providers), water authorities, water boards, and local governments that take and distribute water to customers.

For providers and their clients, metering provisions are a requirement under the provider's resource operations licence or distribution operations licence as specified under the relevant water resource plan and resource operations plan.

Although Queensland's current legislative framework requires unsupplemented entitlement holders and providers to install meters, it does not mandate how providers meter their clients. This continues to be a business decision of providers.

2.3 National Framework for Non-urban Water Metering

The National Framework for Non-Urban Water Metering (the National Framework) was endorsed by the COAG on 7 December 2009. The National Framework sets out the foundations for water metering on a nationally consistent basis. It aims to deliver the primary objective agreed by state, territory and Commonwealth governments to provide an acceptable level of confidence that measurement performance in the field is within maximum permissible limits of error of ± 5 per cent. Specifically, the National Framework outlines:

- the implementation of the national standards for meter specification, installation, maintenance and replacement
- the use of certified installers, maintainers and validators
- compliance, auditing and reporting requirements.

The National Framework also specifies the following priorities:

- that all non-urban meters shall comply with the national metering standards by 1 July 2020, unless otherwise exempted by the relevant jurisdictional government department or agency
- any meter installed after 30 June 2010 must comply with the national metering standards
- any meter installed prior to 1 July 2010 shall be replaced with a compliant meter by 1 July 2020. Replacement shall be undertaken at the earliest opportunity, such as when major maintenance is required on the non-compliant meter.

The National Framework proposed that all existing non-compliant meters shall be upgraded progressively according to the significance of the metering installation, as follows:

- largest bulk water meters: all non-compliant meters on river flow control works or off-takes to irrigation networks of 5000 megalitres (ML)/year or more capacity to be replaced with compliant meters by 30 June 2014
- smaller bulk water meters: all non-compliant meters on river flow control works or off-takes to irrigation networks of less than 5000 ML/year capacity to be replaced with compliant meters by 30 June 2016
- other meters not in irrigation networks: all other non-compliant meters used to extract water directly from rivers or aquifers (i.e. not within an irrigation network) to be replaced by 30 June 2016
- all other existing meters: all other non-compliant meters to be replaced with conforming meters at the end of the expected life of the meter or by 30 June 2020, whichever occurs first.

2.4 Queensland's Position on the National Framework for Non-urban Water Metering

The objective of the National Water Initiative is to improve water resource management through agreed actions to achieve a more cohesive national approach to the way Australia manages, measures, plans for, prices, and trades water.

The National Framework emerged from a resource management need to ensure water is consistently and appropriately accounted for. The National Framework applies to meters (including measuring systems, devices and their component parts) owned by entitlement

holders, providers and jurisdictional governments and used for trade and /or related resource management activities in a non-urban setting.

Queensland is a signatory to the National Water Initiative and consequently the National Framework. Queensland has previously completed the Queensland State Implementation Plan for Non-Urban Water Metering which outlined how the State will achieve full compliance with the National Framework. While Queensland's implementation plan was adopted in 2010, many of the commitments contained therein have never been formally implemented. In particular, the requirements of the National Framework have never been incorporated into State water regulation and the implementation costs to providers of upgrading existing meters to comply with the National Framework have not been included in current water pricing arrangements.

The implementation plan has been revised in line with the current Queensland Government's commitment to reduce red tape and remove unnecessary cost burdens on industry. Consistent with the approaches articulated in this paper, the revised Queensland State Implementation Plan for Non-urban Water Metering 2014 articulates Queensland's intention to adopt only those aspects of the National Framework that are in the State's interest. In particular, this includes not enforcing requirements of the National Framework requiring the upgrading of all existing water meters by 2020.

2.5 Potential cost implications

Across Queensland, full implementation of the priorities set out in the National Framework would cost around \$180 million. This includes costs for any new meters for unmetered offtakes and replacement/upgrade of non-compliant existing meters and installations.

In particular, SunWater (including the local management boards that potentially will take over operation of SunWater's eight water distribution schemes) would face considerable costs of upgrading its bulk meters to national compliant standards. The costs are estimated to be in the order of \$100 million. The implementation cost of the National Framework for other providers was estimated at \$50 million.

The Queensland Competition Authority did not include SunWater's compliance with the National Non-urban Metering Framework as part of the 2012–2017 irrigation price path. This was in accordance with the Ministers' Referral Notice, under the Queensland Competition Authority Act 1997.

The Queensland Government recognises the flow-on costs to water users potentially arising from the replacement of non-compliant water meters by providers.

The Queensland Government has committed to reducing red tape associated with statutory regulation by 20 per cent over the next 5 years. This commitment and the significant cost impediments associated with full compliance with the National Framework have been strong drivers for the Queensland Government reviewing its policy position on the adoption of the National Framework. The issue currently has particular significance due to the potential cost implications for the local management boards that are being established to take over the operation of SunWater's eight water distribution schemes.

3. Ownership of water meters

The Department of Natural Resources and Mines has recently revised its policy and process for the installation and maintenance of water meters for unsupplemented water extracted

from rivers, lakes, streams and aquifers in non-urban areas of Queensland.
(Unsupplemented water is not supplied from a dam, weir, channel or pipeline that is operated by a provider.)

From October 2012, the Queensland Government ceased its direct involvement in the purchase, installation and maintenance of water meters and is reducing the quantity of paperwork that clients are required to deal with compared with the previous process.

The Queensland Non-urban Water Metering Policy for Unsupplemented Extractions 2014 (found on the department's website at www.dnrm.qld.gov.au) provides a new framework for uniform, statewide metering of unsupplemented water extracted from our rivers, lakes, streams and aquifers.

The new policy assigns responsibility to the water entitlement holder to purchase a meter, arrange for its installation and certification, and arrange for maintenance of the meter. These changes will provide benefits and savings to metered entitlement holders across the state.

Consistent with the approach associated with metering of unsupplemented take, the Queensland Government's view is that the ownership of meters associated with supplemented water (including instances where meters are also used to take unsupplemented water) is a matter for future negotiation and agreement between the provider and their customers. The Government does not intend to mandate or express a particular preference as to whether scheme water meters should continue to be owned by the provider or the customer.

4. Policy position in respect to compliance with the National Framework

While the Queensland Government recognises that it is important that water users have confidence that they are being supplied the amount of water to which they are entitled, the cost for providers and water users in upgrading existing water meters to comply with the National Framework would be considerable. This is particularly in relation to upgrading the existing Dethridge wheels that are common place in many of SunWater's channel distribution schemes. Given that there has been no offer of Commonwealth funding for the upgrade of existing meters, the Queensland Government does not intend to mandate that providers need to achieve compliance with the National Framework.

Consistent with its commitment to reducing red tape and adopting non-regulatory approaches, the Government's policy position is that providers are best placed, in consultation with their customers, to make informed operational decisions about the adoption of metering approaches in their respective bulk water and distribution scheme areas. This includes consideration of the local costs and benefits associated with upgrading existing meter installations to achieve higher accuracy standards.

Metering provisions continue to be a requirement under the provider's resource operations licence or distribution operations licence as specified under the relevant water resource plan and resource operations plan. Any interim provisions for unmetered water use including alternative methods of measuring the taking of water in the relevant plan area must be approved by the Chief Executive.



While resource operations licence and distribution operations licence holders are responsible for ensuring that supplies are metered it will be open to the provider as to whether they fulfill this requirement by ownership of the water meters or by imposing a contractual obligation on their customer to install an appropriate water meter.

The Government notes that most existing providers, including SunWater, have adopted the Australian Standard 4747 (AS4747) for new meter installations in their distribution systems. The Government, while not mandating the adoption of any particular standard, encourages all providers to apply AS4747 to the installation and maintenance of all new installations. If the provider has valid reasons for not adopting AS4747 for new installations, the provider is encouraged to make this reasoning available to customers and the Government.

For existing meter installations (including Dethridge wheels), the provider is encouraged to make information available to customers on the typical accuracy of existing scheme meters and on the approaches to be adopted by the provider in relation to the ongoing use, maintenance and end-of-life replacement of these existing meters.



Call: 13 QGOV (13 74 68)
Visit: www.dnrm.qld.gov.au

Enquiries should be addressed to:

Water Policy
Department of Natural Resources and Mines
GPO Box 15216 City East, Q 4002