



## Parliamentary Briefing

# Water Abstraction Reform

---

September 2015

---

We welcome assurances from the Government to introduce legislation to reform the water abstraction license early in the Parliament.

**The Government should make a statement to Parliament in the autumn responding to the abstraction reform consultation and announce its intention to bring forward legislation in the next Queen's Speech to comprehensively reform the water abstraction-license regime, and to make provisions for all unsustainable licences to be amended.**

### 1. Background

The right to abstract water from rivers, aquifers, reservoirs etc. in England and Wales was formally created by the Water Act of 1963, by amalgamating the plethora of previous licences into a single permitting regime. At the time, this was done with little or no consideration of what level of abstraction water bodies could actually sustain. This system, which underpins all water supply sources, is now fundamentally broken. A third of river catchments in England and Wales are either 'over-licensed' or 'over-abstracted' according to Environment Agency figures, with more water taken out than the environment can sustain.

### 2. We welcome the proposals set out in the consultation

In December 2013, Defra published 'Making the Most of Every Drop Consultation on Reforming the Water Abstraction Management System'. This was long awaited, extremely welcome and we are broadly supportive of the proposals outlined. When implemented, the proposals will go a long way towards ensuring that we have a sustainable and resilient water management system that encourages efficiency of use while protecting the environment.

There is much to welcome in the proposals: the linking of abstraction to availability, the introduction of smart and graduated abstraction limits, protection for the environment at low flows, charges related to use and availability and increased public transparency about arrangements and procedures. All of these things will address some of the many shortfalls in the current system. Significantly the proposals will encourage flexibility and efficiency and enable collaboration (including through shared use of resources and trading) to maximise the value of water and increase resilience in the water abstraction sector.

The consultation proposes two options: 'Current System Plus' (based on current system with better links to water availability, improved environmental protection and easier trading arrangements) and 'Water Shares' (abstractors have a share in available water, rather than a fixed volume, encouraging abstractors to take a shared responsibility for water resources in catchments). Both options are a significant step forward from the current system. We would be supportive of implementation of either option. However, providing it is adequately resourced, we recognise the extra value 'Water Shares' will provide in terms of promoting attitude and behaviour change - directly through 'sharing of the risk' and increased collaboration (including development of shared

resources and trading) and indirectly (through development of responsive tariffs for water customers).

## **2. Ensuring unsustainable abstraction is addressed before transition**

The consultation document references 77 licences that have been amended since 2008. This is welcome but the pace of change needs to be significantly increased. 77 licences represents just 15% of all ‘problem licences’ under investigation, and many are likely to be confirmed as problematic through the Environment Agency’s Water Framework Directive investigations. It is essential that the legacy is addressed prior to transition to the new regime in order to: ensure that unsustainable quotas are not embedded in the new system, and; give current holders of the ~30,000 licences reassurance that the transition will not be used as an opportunity to ‘claw back’ volumes from the environment.

Making the Most of Every Drop acknowledges that *“the current process to change most licences that are causing damage to the environment is expensive and time consuming.”* The Water Act 2014 took a significant step forward- ending water company compensation rights to effectively bring plans to address abstraction into the Price Review process. We would like the Government to set out how this, and other measures, will ensure that the legacy of unsustainable is addressed, clarifying the number and timetable for necessary licence changes.

## **3. Setting the environmental flow**

An underpinning principle of the proposed system – and one we are extremely supportive of – is systematically linking access to water to water availability. The assessment of water availability (what’s available to abstract after the environment has its share) is crucial to achieving the Government’s aspiration to “better protect the environment”. The detail of how this will be done is not set out in the consultation; we will be working with Defra and the Environment Agency to ensure it is appropriate and the process transparent.

## **4. Ensuring the system is as simple as possible and adequately resourced.**

The consultation includes proposals for ‘basic’ and ‘enhanced’ reforms. While we recognise that certain things, such as trading arrangements, may not be appropriate and best value everywhere at the same time, we feel that it is important not to develop a two tier system (one of the failings of the current arrangements). Clarification is needed to show that reforms to protect the environment and reflect availability are to be rolled out everywhere, with additional trading arrangements when and where needed.

## **5. Timetable for implementation**

The Government opens ‘Making the Most of Every Drop’ with:

*“We are committed to introducing a reformed water abstraction management system able to promote resilient economic growth while protecting the environment.”*

The Government *“anticipates that abstraction reform should be in progress by the early 2020s for England”*, and; *“the requirement for primary legislation, which is subject to space in the legislative programme, makes it difficult to be any more specific about the timetable for implementation.”*

We welcomed assurances from the Government and the Opposition during the passage of the Water Act 2014 to introduce legislation for abstraction reform early in this Parliament.

**The Government should make a statement to Parliament in the autumn responding to the abstraction reform consultation and announce its intention to bring forward legislation in the next Queen’s Speech to comprehensively reform the water abstraction-license regime, and to make provisions for all unsustainable licences to be amended.**