

May 2026

Drought Policy

When River Murray Water Allocation Percentages Are Less Than 100%.

This Policy applies to your Premium, Off Peak and Spot BIL Water Entitlements when there are reduced allocation percentages on SA River Murray Class 3 (irrigation) entitlements.

Context, details and examples are on the following pages.

1 October to 30 June New BIL Water Year

Your BIL Water Entitlement will be

=

BIL Water Entitlements (Premium, Off Peak, Spot)

x

the South Australian River Murray Class 3 allocation percentage.

1 July to 30 September

The SA River Murray Class 3 (irrigation) allocation percentage on 30 June will be applied to your BIL Water Entitlement between 1 July and 30 September.

Temporary Transfers

Temporary Transfers (additional, surplus, or customer to customer) are the transfer of usable BIL water allocations.

Additional Water

BIL Customers can access Additional Water up to a maximum of 100% of their BIL Water Entitlement at an additional cost or by transferring River Murray allocations to BIL.

Context

A River Murray water access entitlement (or just an *entitlement*) is an ongoing right to a share of the available water.

- If there is ample water in the River system, allocation percentages are set to 100% and so, for example, if BIL owns 100,000 River Murray water access entitlement shares BIL would get $100,000 \times 100\% = 100,000\text{kL}$ or 100ML of usable water allocations.
- If conditions are dry, allocation percentages might be set by the State government to 50% and so BIL's 100,000 River Murray water access entitlement shares would allow us to take $100,000 \times 50\% = 50,000\text{kL}$ or 50ML of usable water allocations.

During dry conditions in the Murray-Darling Basin, the South Australia Minister for Environment and Water usually starts allocation percentages low and progressively increases them in response to rainfall and rising dam levels.

A River Murray water *allocation* is a right to access a volume of water.

- Water allocations are usable water.

The River Murray water year is 1 July to 30 June, which is different to BIL's Water Year of 1 October to 30 September.

SA Water transports BIL's River Murray water allocations to Fromm Square, after which BIL supplies water to Customers via our own pipes and pumps. BIL must hold River Murray water allocations for all water that passes through Fromm Square.

BIL's water strategy since inception is to own and lease a large portion of River Murray entitlements. In most years the allocation percentage is 100% and so BIL buys a relatively small volume of River Murray water allocations to meet our varying water needs.

DEW Water Allocation Announcement and Outlook

The South Australian Department for Environment and Water (DEW) publishes the [South Australia's River Murray Water Allocation Statement](#) throughout the season. It provides information about allocation percentages, climate outlooks and other information relevant to irrigators relying on the River Murray.

The climate outlooks are of particular interest during dry conditions, since they provide an insight into the amount of water BIL and, by application of this Policy, BIL's customers are likely to receive through the season.

Details of the Policy

BIL Water Account

Your BIL water account balance is calculated by:
Your BIL Water Entitlements (Premium, Off Peak, Spot) multiplied by the South Australian River Murray Class 3 allocation percentage
plus or minus any Temporary Transfers
plus any Additional Water purchased through BIL
minus any BIL water use.

BIL Water Entitlements

This is the Premium, Off Peak and Spot water you have long-term contracts for with BIL.

Allocation Percentage

The South Australian River Murray Class 3 (irrigation) allocation percentage will be multiplied by your BIL Water Entitlements.

If the SA River Murray Class 3 allocations increase, this increase will be applied to your BIL Water Entitlements at the same time.

There is a mismatch between the River Murray year (1 July to 30 June) and BIL's Water Year (1 October to 30 September). To avoid unintended consequences for BIL customers, the River Murray allocation percentage on 30 June will be applied to BIL Water Entitlements from 1 July to 30 September.

In October-November when 25% of your Off Peak Entitlements are normally available, the calculation will be:

Off Peak Water Entitlements x 25% x River Murray Class 3 allocation percentage.

Temporary Transfers

Temporary Transfers between customers are of usable water volumes, because the River Murray allocation percentage has already been applied to your BIL Entitlements.

For example, if you do a 1ML Temporary Transfer to another customer, the other customer will be able to use 1ML irrespective of whether the River Murray allocation percentage is 50% or 100%.

Additional Water

Additional Water for use within the Water Year can be accessed through two options:

1. Customers can request that BIL purchase additional River Murray water allocations on the customer's behalf and add it to their BIL Water Account as Premium water.

An extra up-front charge for this water will apply, calculated as the difference between the cost to BIL of buying River Murray water allocations at that time and the embedded cost of River Murray water allocations in the budget. This is payable before the water is added to your water account.

Normal water use invoicing will occur at the Premium water rate at the end of the billing period in which the water is used.

2. A BIL customer can transfer to BIL a volume of their own River Murray water allocation, and BIL will add the same volume to the customer's water account.

The customer will be responsible for all costs associated with the transfer e.g. the Department of Environment and Water's form A1 fee.

Normal water use invoicing will occur at the Premium water rate at the end of the billing period in which the water is used.

For the avoidance of doubt, Customers cannot exceed 100% of their normal BIL Water Entitlement except through Temporary Transfers. If allocation percentages increase, and the purchase of Additional Water causes the customer to exceed 100%, then water above 100% is unusable, untradable, and the extra charge non-refundable.

Excess Water

Excess water is when your BIL water account balance is negative.

BIL's [Excess Water policy](#) applies.

Water Not Taken Charges

The Water Not Taken charge (a.k.a. the unused water charge) at 30 September will be calculated based on your BIL water account balance i.e. if allocations are less than 100%, then the Water Not Taken charge is based on the reduced amount of water you have available.

Scenarios to Illustrate the Policy

The following scenarios aim to demonstrate how this Policy will be applied.

100% Allocations

If SA River Murray Class 3 (irrigation) allocations on 1 July are less than 100% but increase over winter to 100% before 1 October, you can take 100% of your BIL Water Entitlements for the Water Year from 1 October to 30 September.

Less Than 100% Allocations

If SA River Murray Class 3 (irrigation) allocations are less than 100% on 1 October:

You can use BIL water up to a volume equal to your BIL Water Entitlement multiplied by the SA River Murray Class 3 (irrigation) allocation percentage.

→ E.g. if allocations on 1 October are 53%, a BIL Customer with a 10ML Premium Water Entitlement will have access to $10\text{ML} \times 53\% = 5.3\text{ML}$.

If the allocation percentage increases, you will have access to more water.

→ E.g. if allocations increase from 53% to 61% on 1 December, the same BIL Customer will now have access to $10\text{ML} \times 61\% = 6.1\text{ML}$.

If you need more water, you can request BIL purchase Additional Water for you.

→ E.g. if the same Customer needed 8.1ML, they would request $8.1 - 6.1 = 2\text{ML}$ of Additional Water from BIL.

An extra up-front charge for this water applies, calculated as the difference between the cost to BIL of buying River Murray water allocations at that time and the embedded cost of water in the budget.

If the cost to BIL of buying that water from the River Murray at that time is \$850/ML and the cost of water allocations allowed in the budget is \$600/ML, then the customer would need to pay BIL $(\$850 - \$600) \times 2\text{ML} = \500 before this water is added to their account
plus

BIL's normal Premium water costs in the billing period in which the water is used.

If allocation percentages subsequently increase again, you will have access to more water but only up to 100% of your BIL Water Entitlement.

→ E.g. if allocations increase to 90% on 1 April, the same BIL Customer would have access to 10ML of water, being their 10ML Entitlement $\times 90\% + 2\text{ML} = 11\text{ML}$ but capped at their BIL Water Entitlement of 10ML.

Purchasing Additional Water, including the extra up-front charge, is at your risk.

The up-front charge cannot be re-couped from BIL.

This next example demonstrates Temporary Transfers:

Let's start at the same place as the first example, an allocation percent of 53%.

→ E.g. if allocations on 1 October are 53%, a BIL Customer with a 10ML Premium Water Entitlement will have access to $10\text{ML} \times 53\% = 5.3\text{ML}$.

Temporary Transfers increase or decrease the volume of water on your water account.

→ E.g. if the customer does a 5ML additional temporary transfer, their available water would be $5.3\text{ML} + 5\text{ML} = 10.3\text{ML}$.

If the allocation percentage increases, you will have access to more water.

E.g. if allocations on 1 April increase to 90%, this BIL Customer would have access to 14ML of water, being their 10ML Entitlement \times 90% + 5ML of additional temporary transfers = 14ML.

In this example, the water from BIL Water Entitlements + Additional Water is below 100% (i.e. 10ML Entitlement \times 90% allocations + 0ML Additional Water = 9ML). The Temporary Transfer is able to take the available volume above 100% allocations, like normal.