

## FAIRNESS PARAMOUNT IN RECOUPING USAGE FEES

July 2009

State Water is set to make changes to its billing process for temporary water transfers to non-irrigators and users in other jurisdictions to ensure all State Water and Department of Water and Energy (DWE) costs - including NSW variable or usage-based costs - are recovered efficiently.

State Water manages the storage and delivery of bulk water supplies to 69 communities, 6,500 irrigators and 15,000 stock and domestic customers along 7,000km of rivers across rural and regional NSW.

Of the record 8076 temporary transfers State Water processed in 2008-09 – totaling 985,700 megalitres - 5757 were to buyers who did not hold an account with State Water, thus making State Water's 2008/9 revenue collection later and more complex.

From 2009-10 onwards, State Water is imposing the standard IPART-endorsed variable charge for usage on water-sellers who temporarily sell their allocation to buyers without a State Water account or licenced works, and is communicating the change in advance to enable those doing deals for water to factor the fee into their sale or purchase price.

CEO George Warne said under the new system, charges must be paid before the transfer is processed as the fairest and simplest way to recoup the usage charges from buyers not directly linked to State Water.

"State Water is fully supportive of license holders making the most of the ongoing high prices for water on the temporary transfer market," he said.

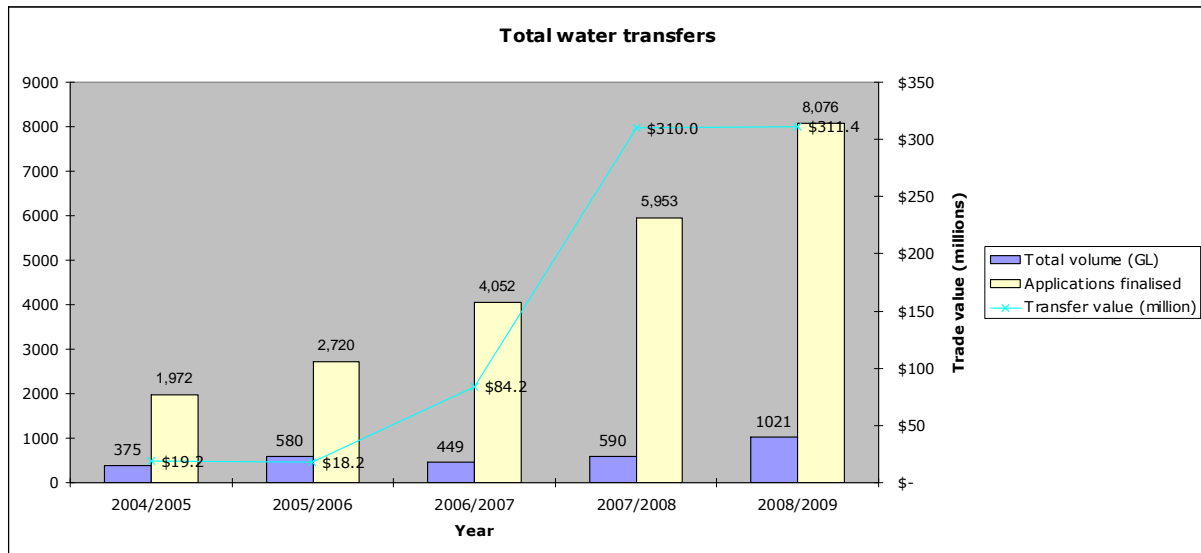
"But the huge amount of water being transferred to users without a direct link to State Water's billing network means recovering usage charges is complex. Last year more than \$2million was invoiced to interstate water entities that do not hold NSW Water Access Licences or licenced meters that meet NSW requirements..

"Clearly the fair approach is to seek the modest variable or usage-based charges as a pre-condition to the transaction."

Temporary or annual water transfers processed by State Water:

	<b>Applications Finalised</b>	<b>Total Volume (GL)</b>	<b>Transfer Value (million) (Assuming Avg \$ per ML)</b>	
<b>2004/2005</b>	1,972	375	\$	19.20
<b>2005/2006</b>	2,720	580	\$	18.20
<b>2006/2007</b>	4,052	449	\$	84.20
<b>2007/2008</b>	5,953	590	\$	310.00
<b>2008/2009</b>	8,076	1021	\$	311.40
<b>Total</b>	<b>22,773</b>	<b>3014</b>	<b>\$</b>	<b>743.20</b>

# Media Release



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