



Ms Madeline Foley
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Our ref
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Dear Ms Foley

Inquiry into the adequacy of water storages in NSW

Thank you for the opportunity to provide supplementary evidence to the Parliamentary Inquiry into the Adequacy of Water Storages in NSW on Friday 3 May 2013.

At the hearing I undertook to provide additional information regarding the NSW Dams Safety Committee review and Pindari Dam augmentation. The information is provided below.

What is the timetable for the Dams Safety Committee review?

NSW Trade and Investment is leading the review into the *Dams Safety Act 1978* and the Dams Safety Committee.

This is a three stage review which commenced in January 2013. Stage one is being undertaken by independent consultants and is close to completion. Stage two involves community consultation and stage three involves implementation of the review recommendations.

I am advised that at this point in time the review is expected to be completed by December 2013.

User contribution to the enlargement of Pindari Dam

Please refer to the attached advice provided by NSW State Water Corporation.

Yours sincerely

David Harriss
Commissioner, NSW Office of Water
24 May 2013

PINDARI LEVY

Background – Legal Basis

Due to continual limited access by Border Rivers water users to water, on 27 August, 1990 a “Memorandum of Understanding” was entered between a body described as “*The New South Wales Border Rivers Council*” which represented “*all New South Wales water users on the proclaimed streams of the Dumaresq, Severn, MacIntyre and Barwon River systems*” and the Water Administration Ministerial Corporation.

The Agreement was essentially that the irrigators would contribute to the cost of an extension of Pindari Dam in exchange for the government agreeing to:

- not issue new licences or entitlements until the reliability of access to water was a minimum of 70%, and
- protecting (by “embargoes and such like”) the 70% reliability of water delivery from changed river and water management practices

The financial contribution by the water users was agreed to be \$37.5 million dollars to be made up of instalments by irrigators which would be in addition to the “normal annual water charges” under s.22C of the Water Act, 1912.

It was further agreed that the “Contribution instalments” were to be initially fixed at \$8/ML to be applied “*after the date that the construction of the “Extensions” has commenced*”, but to increase by 5% per annum on each anniversary.

Following that agreement, the Water (Part 2 – General) Regulation 1992 was amended (effective from 1 July, 1992) to permit a maximum fee which could be imposed under s.22C of the Water Act, 1912 to be increased from \$6.50/ML to \$14.50/ML. While this maximum would not be applied generally, it would permit the high Pindari levy to be recovered as a Water Act imposed charge.

State Water includes the “Pindari levy” on water accounts and collects the levy. The monies received by State Water pursuant to the levy are paid by State Water to Treasury and are not retained as State Water income or accounted as NOW income. Whilst the initial agreement indicated that it would take approximately 17 years to repay the loan given, that the charge is usage based this was extended due to lower volumes during the drought.

Recovery of Levy

The “Pindari Levy” has been collected annually in accordance with the MOU. The schedule of payments and amortisation of the loan is detailed in the table attached indicating that the levy will be finalised in the 2012/13 financial year. The final Pindari levy was billed in the March quarter 2013.

SCHEDULE OF BILLING – PINDARI LEVY

Financial Year	Amount Levied	Running Loan Balance
		\$ 37,500,000
1992/93	\$ 1,130,000	\$ 36,370,000
1993/94	\$ 960,000	\$ 35,410,000
1994/95	\$ 887,000	\$ 34,523,000
1995/96	\$ 1,536,000	\$ 32,987,000
1996/97	\$ 1,390,000	\$ 31,597,000
1997/98	\$ 950,000	\$ 30,647,000
1998/99	\$ 336,000	\$ 30,311,000
1999/00	\$ 1,845,000	\$ 28,466,000
2000/01	\$ 2,320,000	\$ 26,146,000
2001/02	\$ 2,520,000	\$ 23,626,000
2002/03	\$ 2,002,000	\$ 21,624,000
2003/04	\$ 1,346,000	\$ 20,278,000
2004/05	\$ 1,959,800	\$ 18,318,200
2005/06	\$ 1,924,122	\$ 16,394,078
2006/07	\$ 1,998,349	\$ 14,395,729
2007/08	\$ 1,681,195	\$ 12,714,534
2008/09	\$ 2,126,918	\$ 10,587,616
2009/10	\$ 1,787,049	\$ 8,800,567
2010/11	\$ 3,461,163	\$ 5,339,404
2011/12	\$ 3,125,130	\$ 2,214,274
2012/13	\$ 2,214,274	\$ 0