

## FACT SHEET 5

### Premium for High Security Access Licences

High Security Licencees pay a higher fixed price as compared to General Security fixed price, due to their higher level of access to water. IPART has determined that the high security premium is equal to the *High Security-General Security conversion ratio*, as specified in the Water Sharing Plan (WSP), in most valleys.

Valley	Existing High Security Premium	WSP Conversion Ratio	New High Security Premium
Border	1.5	1.28	1.28
Gwydir	1.5	1.81	1.81
Namoi	1.5	1.11	1.25
Peel	2.3	6.73	6.73
Lachlan	1.5	2.45	2.45
Macquarie	1.3	1.88	1.88
Murray	1.1	1.23	1.25
Murrumbidgee	1.1	1.63	1.63
Toonumbar	1.4	1.00	1.25
Hunter	1.3	3.00	3.00
Brogo	1.3	1.00	1.70

State Water's High Security fixed price is therefore equal to the General Security Price multiplied by the new High Security Premium.

#### Relativity of High Security and General Security Access Licences

The Water Sharing Plans nominate a conversion ratio when converting access licences from general security to high security. This ratio is the number of general security megalitres needed to convert to one megalitre of high security water. This ratio reflects the level of security or reliability implicit in the Annual Water Determination (AWD), which sets the allocation for high security and general security licences in each valley. State Water proposed in their submission to IPART, that in order to reflect this premium for high security access, the prices should be based on this ratio.

Additionally, in all valleys, except the Murray and Murrumbidgee, State Water must store enough water to supply the high security licences for two years. This means that general security users must forego access to water until the high security requirements are met. It also means that State Water has to forego income that could be earned this year in order to supply the high security requirements next year. This has the effect of transferring the costs to general security users.

IPART rejected State Water's proposal that the high security price premium should be double the conversion ratio in the Water Sharing Plan in all valleys, except the Murray and Murrumbidgee Valleys, where the two-year reserve is not applicable.

Where there is no Water Sharing Plan in place, such as in the Peel Valley, the Integrated Quantity-Quality Model ratio was proposed.

- High security licence holders are generally towns and permanent plantings, including grapes, orchards, etc.
- General security users are usually the annual crop growers.

**For more information:**

Please contact your local Customer Service Officer. Contact details are available at [www.statewater.com.au](http://www.statewater.com.au).