

NSW LEADING BY EXAMPLE ON WATER TRADES

2 April 2009

With unprecedented amounts of NSW water being traded interstate this season, the Minister for Water, Phillip Costa MP, has highlighted the impacts on local and State economies.

Up to 31 March 2008-09, State Water processed a record net transfer of 385,580 megalitres from NSW to South Australia and Victoria– the vast majority from the Murrumbidgee and Murray valleys - and the rate of transfers in early April is escalating as the extended drought in south eastern Australia continues.

The 2008-09 transfers have already eclipsed those of 2007-08, Minister Costa said.

“NSW license holders have demonstrated that this State is open for business and that we are acting in good faith to make the most of the market value of water and provide open market access to neighbour states,” he said.

State Water has responded by managing a record number of transfers well within the COAG- prescribed turnaround times, Mr Costa said.

“NSW believes the trade in annual water allocations is vital to an efficient irrigation sector. Victoria’s 4% annual cap on permanent water trades out of individual irrigation districts, and the absolute 10% cap on non-Victorian farmers owning water are barriers to such trade that put unnecessary and unfair pressure on NSW irrigation communities.

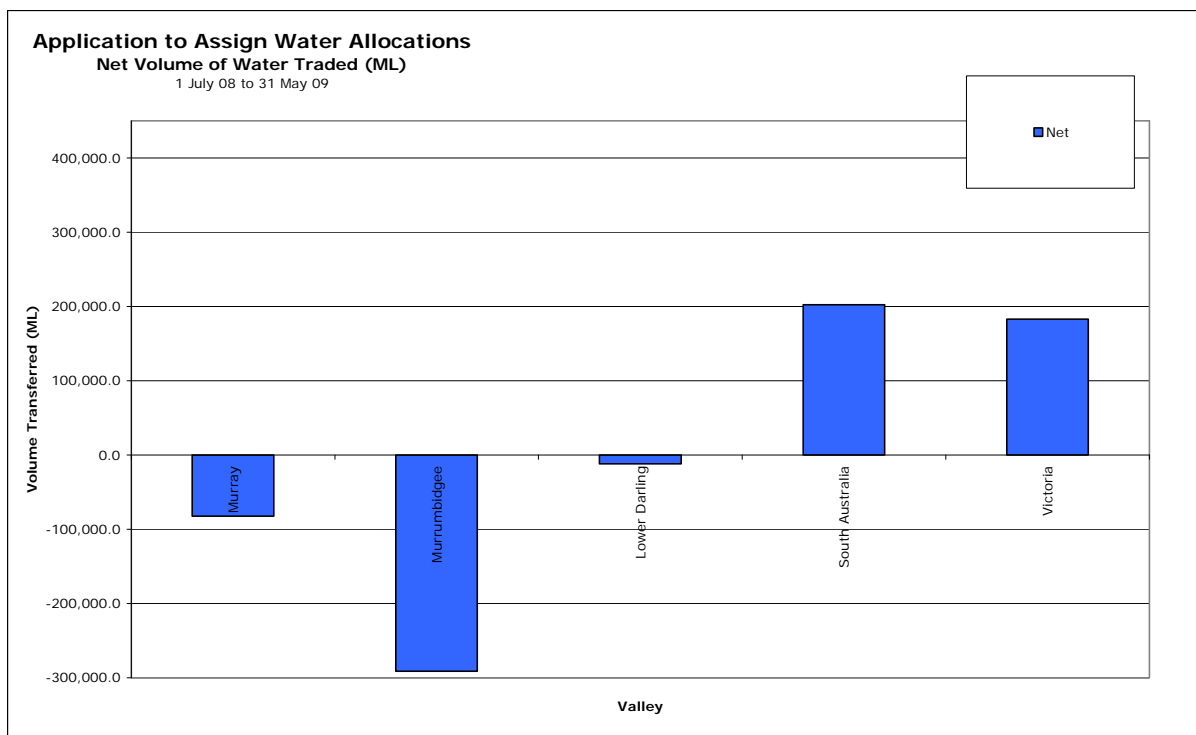
“The NSW irrigation industry has been sorely tested by this drought, and the regional economies of southern NSW in particular have been hit hard. While the sale of water on annual markets provides immediate cash flow benefits for irrigators, most irrigators see it is an emergency measure to enable survival until seasons improve and normal irrigation programs can resume.

“Also, the full benefits to irrigation-support industries, transport activity, purchases of farm inputs like fertilizer and farm chemicals are obviously only enjoyed by farms, industries and towns where the water is ultimately used.”

Mr Costa said the cost of transferring huge amounts of water interstate is largely borne by NSW.

“State Water has already foregone almost \$1million in revenue in 2008-09, which is effectively a grant to South Australia and Victoria. The interstate deliveries are released from State Water storages, and the deliveries managed by State Water. But State Water receives no usage income from the water seller or from interstate users.

“There is confidence seasons will turn around, and it is vital that when NSW farmers are looking for access to annual transfers from South Australia and Victoria to support cropping programs in future years, the transfer market is working and is supported.”



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