

# Achieving Sustainable Groundwater Entitlements Program

## Financial assistance

### ASGE program financial assistance

The NSW and Australian governments recognise that changes are required to groundwater licences under the Achieving Sustainable Groundwater Entitlements (ASGE) program. Financial assistance of \$110 million from the NSW and Australian governments has been made available to assist licence holders and communities adjust to these changes.

The financial assistance has been divided into two main sections:

- financial assistance for licence holders of up to \$100 million
- a Community Development Fund of up to \$9 million to help strengthen communities; and

up to \$1 million for the implementation of the ASGE program including the costs for completing valuations and consultation.

### Financial assistance to licence holders

The Valuer General has determined the value of groundwater for each of the six major inland groundwater systems. A separate valuation has been made for the active (extracted), inactive (sleeper) and tradeable components of groundwater.

Financial assistance for eligible licence-holders will be paid in the first year of the water sharing plan as an ex gratia payment.

Financial assistance is available for licence holders according to three components, as follows.

1. **The Asset Component – the value of the new Aquifer Access Licence is less than the value of the old entitlement.**

Licence holders may qualify for the asset component if the value of their old entitlement is higher than the value of the new, fully developed and tradeable Aquifer Access Licence. The value of the old entitlement is calculated by multiplying the volume of water of the old entitlement by the value of inactive water as determined by the Valuer General.

The value of the new Aquifer Access Licence is calculated by multiplying the volume of shares in the Aquifer Access Licence by the value of tradeable water as determined by the Valuer General.

The financial assistance will be payable for the difference between these two values.

2. **The History of Extraction (HOE) Component – the History of Extraction is greater than the new Aquifer Access Licence**

Licence holders who have a History of Extraction greater than their new Aquifer Access Licence (i.e. their volume of shares of sustainable yield) may be eligible for the History of Extraction component.

The History of Extraction (HOE) component is payable where there is a difference between the licence holder's History of Extraction, and their Aquifer Access Licence (or share of sustainable yield), with the former being the greater.

A supplementary water access licence will be issued for the megalitre difference between the licence holders' Aquifer Access Licence Share, and their HOE volume.

Financial assistance will be paid up front in Year 1, but will be discounted at 10% in recognition of the supplementary water licences being provided. Supplementary water licences will be reduced each year until the licence is extinguished and sustainable yield achieved.

For more information refer to the fact sheet, *How the changes will affect licence holders*.

3. **The Special History of Extraction Component – usage was previously capped below the old entitlement**

The Special History of Extraction component of assistance will apply for some zones of the Upper and Lower Namoi only. This will apply to individual licence holders who have had their usage previously capped below their old entitlement levels. These licence holders will receive a once-only financial payment at

the active water rate. The payment will be equal to the difference between the History of Extraction and the capping level.

This component provides recognition for licence holders who have had their extraction reduced in the past.

Payments previously made to individuals under the former Namoi Groundwater Structural Adjustment Package will be deducted from any financial assistance payments under this ASGE program.

### **Am I eligible?**

The Catchment Management Authority in consultation with all licence holders will be recommending the preferred approach for each groundwater source under the ASGE program. The eligibility for individual licence holders will depend on the final outcomes of this consultation.

### **Financial assistance for the community**

Both the NSW and Australian governments recognise the impact of this program will be felt not only by individual licence holders but by local communities as a whole.

The Community Development Fund will be provided for the communities of the six affected groundwater systems. It will be used to fund programs that strengthen the community's economic and social capacity.

The Catchment Management Authorities will be seeking proposals in early 2006 from local government, community and industry groups.

### **What happens next?**

After the consultation process is complete, you will be contacted by the Department of Natural Resources, around mid-2006, about your new water access arrangements and any financial assistance you may be eligible for.

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