

Hay PID Policy 4 - Transformation of Water Entitlement

Transformation of HPID Water Entitlement (previously Irrigation Right) into an individual (customer owned) Water Access Entitlement (WAL) is allowed under the Commonwealth Government *Water Act 2007* – Water Market Rules 2009.

This policy is supplemented by the ACCC (Australian Competition and Consumer Commission) 'A guide to the Water Market Rules 2009 and Water Delivery Contracts (June 2009)', and attachments related to transformation.

The following types of Water Entitlement are eligible to be transformed:

- General security;
- High security; and,
- Supplementary

For the avoidance of doubt, the member/customer is responsible for undertaking the temporarily transfer of water allocation (including any carryover) attached to the water entitlement in the financial year in which the transformation takes place. Temporary transfers must be completed in accordance with Hay PID Policy Number 2 – Operational Rules.

Stock and Domestic water entitlement CANNOT be transformed.

The process of transformation should follow the sequence established within the flow chart – 'Transformation/Termination Step by Step Process' attached to this policy. The administrative processes associated with each step have been tabulated in a spreadsheet designed specifically to capture and centrally register the necessary records. This spreadsheet will be referred to as the 'Transformation Register'.

The process of transformation commences when HPID receives a written request from a customer that they wish to transform their Water Entitlement. The HPID will only take steps to progress transformation if PID accounts are settled in full.

The first step in the transformation process is the completion and submission of "Form A" to the HPID office, by the customer. A separate form ('Form A') must be completed for each individually registered Water Entitlement attached to each property title. Multiple lots /properties with one property title require one application form, while properties with different titles require a separate application form and fee for each.

If an applicant does not hold a Water Access Licence (WAL) on river, they should apply for one prior to lodging Form A with the HPID. If this is the case, the PID will forward to the customer a NSW Water Authority application form, a letter explaining that the customer needs to apply for a WAL using this application form, and a copy of Hay PID Form B, which should be completed and returned by the customer to the PID.

Hay Private Irrigation District – Transformation Policy

Updated 30 June 2017

If a customer has already transformed their Water Entitlement and wishes to Terminate their Delivery Entitlement, they will need to complete and forward Hay PID 'Form C' to the HPID Office for processing.

HPID will charge the customer a fee for processing each application to transform Water Entitlement or terminate Delivery Entitlement. The fees are published annually on the PID website. A hard copy may be obtained from the PID Office.

HPID may request the lodgement of security as a condition of transformation of Water Entitlement where a customer wishes to retain Delivery Entitlements.

Customers transforming their Water Entitlement must enter into a 'Delivery Contract' with the HPID unless they wish to terminate their Delivery Entitlements.

Transformation will be considered complete when a new Water Access Licence has been received by the HPID from the NSW LPI (Land and Property Management Authority), reflecting the transfer of Water Entitlement off the HPID WAL.

Hay PID Board requirements:

The PID Manager must notify the Board each month as to the extent and status of all Water Entitlement transformation and Delivery Entitlement terminations, including:

- Customer name, properties and number of Delivery Entitlements;
- Existing Water Entitlement and the volume to be transformed;
- Status of fees and charges, highlighting any outstanding fees and charges,
- Security requirements and nature of security being offered by the customer; and
- Register of transformation and terminations.

The Board must approve all water entitlement transformations.

Fees and Charges:

HPID will charge a fee to process applications for water entitlement transformation and delivery entitlement termination. A schedule of fees and charges relating to transformation and termination is published annually on the Hay PID website.

State or other government authority charges relating to the transformation process are not included in the Hay PID schedule of fees and charges. All State and government authority charges or other charges associated with transformation and termination must be paid by the applicant at the time of request and are to be considered separately from the HPID fees.

The HPID Board will review the fee schedule annually to ensure that it effectively covers the costs associated with the administrative and operational processes associated with transformation and termination.

Service Guarantee:

The indicative period to complete the transformation process by the PID is 20 working days. This means that the PID must not take any longer than 20 days to

complete those parts of the transformation process for which it is responsible. The transformation register contains a timing calculator.

Security requirements:

Water Market Rule 10 permits the HPID to require the lodgement of security as a condition of transformation where a customer wishes to retain Delivery Entitlements.

Security can be requested if:

- All Water Entitlements are transformed and the customer wishes to retain Delivery Entitlements;
- Only a portion of the Water Entitlements are transformed and the ratio between the Delivery Entitlements and the remaining Water Entitlements is greater than 5:1. That is, if the number of remaining Water Entitlements is 19% or less of the number of Delivery Entitlements.

The value of security requested must not exceed the termination fee that would be charged if the irrigator were to terminate their Delivery Entitlements.

The following form of security must be accepted:

- A security deposit;
- A bank guarantee;
- A Water Entitlement that the irrigator continues to hold;
- A charge over an unencumbered water access entitlement;
- Any other form of security as agreed by the PID Board.

The preferred type of security is:

- A security deposit;
- A bank guarantee; or
- A charge over an unencumbered water access entitlement.

Attachments:

The documents that are to be included with this policy and which in conjunction with this document make up the Transformation Policy are:

- Form A;
- Form B;
- Form C;
- Termination policy;
- Transformation/Termination Step by Step Process Guide;
- Irrigator Transformation flow chart;
- Standard Irrigator request letter;
- Transformation fee standard letter for Form A;
- Transforming register – this is an excel spread sheet; and
- Schedule of fees and charges.