

## Trade rules for 2007/08

- 1. The limits on future allocations that arise from carryover and advance allocation will run with the water share. They will not be affected by a transfer or a limited term transfer.**

The way this applies in particular situations is described below.

- a. If a whole water share is transferred:
    - i. Seller retains all carryover, advance allocation and seasonal allocation issued to date of recording of transfer.
    - ii. Buyer receives all future allocations from date of recording of transfer, subject to the limitations imposed by the encumbrance on that water share.
  - b. If a portion of a water share is transferred:
    - i. Seller of the portion retains a share of allocations to date.
    - ii. Buyer of the portion and the owners of the other portions receive all future allocations from date of recording of transfer, subject to the limitations imposed by the encumbrance on that water share.
  - c. If a water share is subject to a limited term transfer:
    - i. Water share owner retains all carryover, advance allocation and seasonal allocation issued to date of recording of limited term transfer.
    - ii. Holder of limited term transfer receives all future allocations from date of recording of LTT, subject to the limitations imposed by the encumbrance on that water share.
2. If a water share is divided any existing encumbrance reflecting a volume of carryover or advance allocation noted against that water share will be apportioned on a pro rata basis between each of the new water shares.

*Notes: The future allocations available to each new water share will be limited to a maximum of 100% of the new water share volume minus the volume of the new encumbrance noted on each new water share.*

*If the owner then sells one of these new water shares, the transfer will be subject to the same rules in section 1(a) relating to transfer of a water share.*

3. If two or more water shares are consolidated any existing encumbrances reflecting volumes of carryover or advance allocation noted against the water shares are aggregated and the consolidated volume will be noted as an encumbrance against the new water share.

*Note: The future allocations available to the new water share will be limited to a maximum of 100% of the water share volume minus the volume of the encumbrance reflecting the consolidated carry over or advanced allocation volumes.*

**Examples** (for simplicity do not include 5% deduction for evaporation)

1. Jim has 100ML of water right, he carries over 30ML (the maximum allowable) to season 2007/2008. On 2 July 2007, seasonal allocations are 0%, and Jim sells his new 100ML of high-reliability water share to Mark.
  - a. Jim retains the 30ML carried over in his allocation bank account.
  - b. Mark receives the 100ML high-reliability water share, however in season 2007/08 he is only eligible for future seasonal allocations up to 70ML as the water share carries an encumbrance recognising the 30ML Jim carried over.
  
2. John has 100ML of water right, he carries over 30ML (the maximum allowable) to season 2007/2008. On 2 July 2007, he takes 5ML of announced advance allocation. On 15 July, seasonal allocations are 0%, and John sells his new 100ML of high-reliability water share to Matthew.
  - a. John retains the 30ML carried over and the 5ML of advance allocation in his allocation bank account.
  - b. Matthew receives the 100ML high-reliability water share, however in season 2007/08 he is only eligible for future seasonal allocations up to 65ML as the water share carries an encumbrance recognising the 30ML John carried over and the 5ML taken as advance allocation.
  
3. Fiona has 100ML of water right, she carries over 30ML (the maximum allowable) to season 2007/2008. On 20 July 2007, an allocation of 20% is announced. On 20 August, seasonal allocations are still 20%, and Fiona sells her new 100ML of high-reliability water share to Terry.
  - a. Fiona retains the 30ML carried over and the 20ML of announced seasonal allocation in her allocation bank account.
  - b. Terry receives the 100ML high-reliability water share, however in season 2007/08 he is only eligible for future seasonal allocations up to 50ML as the water share carries an encumbrance recognising the 30ML Fiona carried over, and 80ML is the maximum allocation remaining to be made (20ML of seasonal allocation was made before he purchased the water share).
  
4. Jim has 100ML of water right, he carries over 30ML (the maximum allowable) to season 2007/2008. On 2 July 2007, seasonal allocations are 0%, and Jim wishes to sell 50ML of his water share to Mark. So, Jim divides his water share into two 50ML high-reliability water shares and sells one to Mark.
  - a. Jim retains the 30ML carried over in his allocation bank account.
    - i. Jim retains one 50ML high-reliability water share, and is eligible for 2007/08 seasonal allocations up to 35ML against that water share, as it carries an encumbrance recognising 15ML (half the carryover volume) Jim carried over against his new 50ML water share
  - b. Mark receives the 50ML high-reliability water share, however in season 2007/08 he is only eligible for future seasonal allocations up to 35ML as the water share carries an encumbrance recognising the other 15ML Jim carried over against this new 50ML water share.

5. Mavis has 100ML of water right, she carries over 30ML (the maximum allowable) to season 2007/2008. On 15 July she purchases another 100ML high-reliability water share from Charles, no carryover or advance allocation has been made against this water share. Mavis decides to consolidate the two water shares into a single 200ML high reliability water share. Given the 30ML carried over against this new water share, Mavis is eligible for seasonal allocations up to 170ML (85%) against the water share.