



UNBUNDLING WATER ENTITLEMENTS

Water trade



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Water entitlements on regulated water systems in northern Victoria will be unbundled on 1 July 2007. At this stage unbundling does not apply to groundwater or waterways not regulated by Goulburn-Murray Water and Murray-Darling Basin Commission dams and weirs.

Unbundling separates an existing water entitlement package into:

- Water shares: high and low-reliability
- A delivery share (for regulated diversion licences this is called an extraction share)
- A water-use licence.

Unbundling takes current water entitlement and separates it from land, with the result that:

- water rights and diversion licences are converted into high-reliability water shares
- domestic and stock (D&S) allowances in irrigation areas are converted to high-reliability water shares
- current access to sales water is converted to low-reliability water shares.

What unbundling means for water trade

After unbundling, there will be three types of water trade available to an irrigator:

1 Allocation assignment, previously called temporary transfer

Allocation assignment will be the process used to buy or sell seasonal allocation. It changes the amount of allocation available for use in the current season, but does not affect ownership of the water share.

Allocation assignment will be very similar to the current temporary transfer process. New forms will be available from water authorities.

2 Water share limited term transfer, introduced as part of unbundling

Water share limited term transfer will be the process the owner of a water share uses to lease the water share to another person.

Limited term transfer is being introduced as part of unbundling. A limited term transfer does not change who owns the water share. During the period of the limited term transfer, the seasonal allocations from the water share go to the person 'leasing' the water share.

3 Water share transfer, previously called permanent transfer of water entitlement

Water share transfer will be the process used to buy or sell water shares.

Water share transfer changes who owns the water share, and therefore who receives the seasonal allocation from the water share. Once the water share ownership is transferred the new owner receives all future seasonal allocation increases; the previous owner retains any seasonal allocation made before the water share was transferred.

Other features of water share transfer after unbundling

- After unbundling, transfer of ownership will not change the attributes of the water share. Depending on their location this gives irrigators the option of owning water shares from different rivers, including from interstate, to manage water supply risk. It also ends the inequalities associated with the current exchange rate permanent transfer process.
- Water share transfers may often also include changing the place where its allocations are used. This will be done by a tagging process.

With tagging, when a buyer purchases a high-reliability Goulburn water share it will remain as a high-reliability Goulburn water share, and will retain all the attributes of a Goulburn high-reliability water share (and similarly for a low-reliability share.) The buyer in Sunraysia who purchases a Goulburn water share gets a Goulburn allocation, not a Murray allocation.

- People will no longer have to own land to own a water share, although 90 per cent of the high and low-reliability water shares in any water system must be owned by people with a water-use licence.
- There will no longer be a 28-day advertising period because all interests like mortgages, leases and owners' details will be recorded on the new statewide water register.
- There will no longer be a need to do a channel capacity or salinity and drainage assessment as part of the approval of a water share transfer; but:
 - approval of a water share purchase will not be an approval to use the seasonal allocations from it on land – landowners will need a water-use licence if they want to irrigate
 - approval of a water share purchase does not guarantee that the water can be delivered – landowners will need a delivery share (or an extraction share on a river) to make sure they can get water delivered to their land.
- There will be new forms and fees.

You can find out more about water trade through

- the Water Wheels information caravan visiting all localities in the next three months (keep an eye on local papers for dates and locations)
- your local Goulburn-Murray Water office or by visiting or calling:

www.g-mwater.com.au

1800 013 357