

Fact Sheet 3b

Permanent trade from an unregulated to a regulated water system

If you intend to apply for a permanent trade from an unregulated to a regulated water system please ensure you read the information below and refer to the trading rules

For more information contact the Licensing Unit

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What are the benefits of transferring water entitlements from an unregulated water system to a regulated system?

Trading provides existing licensed water users in an unregulated system with the opportunity to maximise the value of their water by selling unwanted or unused entitlement to buyers in a regulated system. In areas where there are licence holders in an unregulated system with excess entitlement, allowing transfers to a regulated system provides greater access to the water market.

How can I tell if my water entitlement is in a regulated or unregulated system?

If you hold a Licence to Take and Use Water (generally called a diversions or surfacewater licence) your water entitlement will be associated with an unregulated system.

If you are the owner of a high reliability water share in northern Victoria, your entitlement will be associated with a regulated water system.

Can I transfer water from the unregulated to the regulated system on a temporary or annual basis?

No, transfers are only permitted on a permanent basis.

This is because trade between the two systems involves cancelling (or reducing) the licence in the unregulated system and issuing a water share in the regulated system.

How can I determine if this type of transfer would be available in my area?

Generally opportunities are limited for this type of transfer. Rules have been established to ensure transfers do not adversely affect other water users or the environment.

Trading rules are specified in the *Policies for Managing Take and Use Licences* (the Policies) issued by the Minister for Water, and also specified in local management rules and management plans.

The Policies and information about the trading rules and zones can be downloaded from the G-MW website: www.g-mwater.com.au

You are urged to read and consider the relevant rules prior to considering this type of transfer.

What general rules apply?

The following general rules apply, however you should check the specific rules before proceeding to make arrangements for a transfer:

- The trade must comply with the relevant trading zone rules.
- The trade will only be approved if there has previously been a trade of entitlement from the regulated trading zone to the unregulated trading zone of an equivalent volume. This is generally called a back-trade opportunity.
- Current back-trade opportunities for each trading zone can be viewed at www.g-mwater.com.au

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What general rules apply? (cont)

- The volume issued in the regulated system as a water share if a trade is approved is subject to the applicable exchange rate - which is generally 0.8.
- There must be no recorded usage of water from the licence for the current year to 30 June.
- The water share will be issued to the purchaser with a high reliability.
- Additional rules may apply to an individual catchment as a result of rules established under a Water Supply Protection Area.
- Water Supply Protection Areas are declared to protect the water resources of surface water catchments, groundwater aquifers or both and aim to provide a balanced and sustainable sharing of stream flows between all water users in unregulated systems.

What is a trading zone?

A trading zone defines the physical boundaries to, from or within which water may be traded. Trading zones apply in northern Victoria across both the regulated and unregulated water systems.

Any application to transfer must comply with the trading zone rules. Details about the trading zone for an entitlement can be found on the licence or water share document. The trading rules and a map of the zones can be downloaded at www.g-mwater.com.au.

Where can I get more information about trading opportunities and current prices in my area?

G-MW cannot provide you with information on the current market value of water. If you decide to proceed with an application, information about market activity and pricing can be obtained from your local water broker. Details of brokers in your area can be located in the Yellow Pages or through advertisements in your local newspaper.

How do I make application for a transfer?

Once you have considered whether your proposed trade will comply with the rules and trading zone constraints you should contact G-MW for information about current opportunities for back-trade and application procedures and fees.

Generally to apply for a trade of entitlement from the unregulated system (a licence) to the regulated system (a water share) the following forms will be required:

- Application for Permanent Transfer of a Surfacewater Licence
- Application for Issue of a Water Share (Form 7)

Application fees apply and all parties are required to complete and sign the application forms. Please contact the Licensing Unit for more information and application forms.

How does G-MW assess the application?

All applications are assessed against the trading rules, relevant legislation and policy and other guidelines which all aim to limit any potential for the proposed transfer to adversely impact the environment or other users. When the application has been assessed, all parties will be notified of the decision by G-MW in writing.

Are there ongoing costs associated with having a water share in the regulated system?

Yes, water shares are subject to annual fixed charges, issued by G-MW in July each year. Contact the Licensing Unit for information about the current fees and charges.