

Water Trading

Border Rivers Interstate Water Market— Temporary Trade





Water trading

Water trading is the buying and selling of water separate to the sale of land. Trading is voluntary, and prices are set by the market. The main types of water trading include:

- permanent trading including buying and selling, and moving a water allocation to another location
- leasing of a water allocation
- temporary trade or the seasonal assignment of water available under a water entitlement.

Trading enables water users to adapt quickly to changing circumstances—existing users can more easily secure water to expand their operations or sell water they do not need—and it creates opportunities to establish new businesses. The water market also facilitates the movement of water to more productive uses.

Interstate water trade

An interstate trade means that the water available under an entitlement in one state is extracted in another state. Specifically, a temporary interstate trade occurs following an approval in the ‘state of origin’ where the take of water available under an entitlement or authorisation is linked to works in the ‘state of destination’.



Why trade interstate?

Interstate water trade in the Border Rivers catchment operates across the New South Wales–Queensland border. This provides extra opportunities and flexibility for water users by introducing more buyers and sellers and more water products to the market. The ability to source water from different systems within the Border Rivers catchment also allows users to reduce risks associated with varying water availability in any one area through better aligning their water portfolios with their business and water use needs.

Whenever water is traded temporarily, permanently or leased interstate, it will retain its attributes and remain registered or issued in, and subject to the terms and conditions and management rules of the state of origin. In other words, it does not convert into a new form of water entitlement or product.

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Under this arrangement, the water user always deals with the state water resource management agency and/or water service provider from where the entitlement or temporary trade approval originates—not in the state where the water is taken. Water bills and other charges are also issued from the state of origin.

For example, a New South Wales water product purchased by a water user in Queensland remains a New South Wales product that retains its existing attributes, despite the water being taken in Queensland—it is not converted into a Queensland product. Any requirements related to buying the water product are sought via New South Wales procedures—for example, approval from Statewater in New South Wales.

However, before taking or using any water, approvals for other authorities related to works and/or use may still be required in Queensland.

Terminology

The terminology used to describe water trading reflects the unique water systems managed by the two states involved in the Border Rivers water market. For example, a ‘water allocation’ in Queensland is akin to a New South Wales ‘water access licence’. In New South Wales, a ‘water allocation’ is the volume of water credited to a water account.

Below is a table of water products and transactions and its generally equivalent interstate term:

Queensland	New South Wales
Water allocation	Water access licence
Announced allocation	Available water determination
Supplemented water	Regulated water
Unsupplemented water	Supplementary water
Seasonal water assignment	Water allocation assignment
Announced allocation percentage	Available water determination
Resource operations plan	Water sharing plan
Water account	Water allocation account
Priority group	Category

Temporary trades

Temporary trades involve a specific volume of water that is available now or during a future flow event. This type of trading allows users to sell water that is surplus to immediate needs or to buy water to meet a short-term requirement.



Water trading

Under the temporary interstate trade framework in the Border Rivers catchment, part or all of the water accruing to a water account in one state can be assigned to be taken in the other state, during that water year. The water entitlement remains registered in, and managed by, the state of origin. The water available under the trade approval is also managed under the conditions or management rules of the state of origin.

A temporary trade in Queensland is referred to as a ‘seasonal water assignment’ whereas in New South Wales it is termed a ‘water allocation assignment’. In a similar way to permanent interstate trade, the primary contact and contractual arrangements for temporary interstate trade is between the water users and the relevant entity that manages the water. The state of origin is responsible for managing water orders and announcements (for periods of take), water accounting and invoicing. All works for taking water however, must be authorised by the relevant authority in the state of destination.



Conducting a temporary interstate trade

Supplemented/regulated water

For temporary trades of this water type, water is reassigned from the seller’s individual water account to a holding account that is managed by the water service provider in the state of origin. Specifically:

- After agreeing to trade, the parties enter into a private contract which allows the buyer to access a certain volume of water available under the seller’s water entitlement or existing temporary trade approval for the remainder of the water year. The state water resource management agency and the water service provider are not parties to this contract.
- For the purpose of enabling the buyer to order water under the temporary trade (directly from the state of origin water service provider), the seller must arrange for details of the buyer and the nominated works in the state of destination to be ‘added’ to the water entitlement storage account.
- Once the temporary trade has ceased, the seller must arrange—in writing—for the water service provider in the state of origin to remove the buyer’s name and any attached works in the state of destination from the account.



Unsupplemented/supplementary water

In Queensland, a temporary trade of unsupplemented water involves assigning access to current or future unregulated flows to another party during a water year. A temporary trade of New South Wales supplementary water involves applying to assign account water to another party, and requires the purchaser—in whichever state—to hold or lease a supplementary water access licence.

In particular, for temporary trades of unsupplemented/supplementary water:

- After agreeing to trade, the parties enter into a private contract which allows the buyer to access New South Wales account water, or current and/or future flows available under a Queensland entitlement, for the remainder of the water year. The state water resource management agency and the water service provider are not parties to this contract.
- The parties must contact the resource manager in the state of origin to provide all necessary information to enable the temporary trade to be completed. This information includes, but is not limited to, the details of the entitlement, the portion of unused volume to be assigned to the buyer, and the relevant details of the works for taking the water in the state of destination.

Water orders, water take, charges and metering

As water traded permanently, temporarily or leased interstate continues to operate under the conditions and management rules specified by the state of origin, any associated dealings always link back to that state. In particular, water orders—for supplemented or regulated water—are placed with the relevant water service provider in the state of origin. Similarly, announcements for unsupplemented or supplementary water entitlements, such as the start of water harvesting, will continue to be made by the state of origin.

The state of origin may include a service fee to water users to recoup the cost of metering invoices from the other state. For example, a water user in Queensland with a New South Wales entitlement from Pindari Dam submits water orders with Statewater. Statewater will bill the Queensland water user directly and may include a fee for reading the meter, which has been done under the rules and regulations and at the cost of the Queensland authority.

Use and works approvals

There may be requirements in the state of destination that are not directly related to the interstate trade itself, such as authorisations for water meters, pumps and land and water management plans. Water users must therefore contact relevant agencies in the state of destination to ensure that all necessary approvals are obtained.



Water trading

Market price information

The commercial value of water products is determined by market conditions. Prices in the interstate water market will vary depending on several factors including local demand and supply considerations, and the value placed on each product's attributes by water users. Prices paid for water entitlements in Queensland are publicly available on the Department of Environment and Resource Management (DERM) website at www.derm.qld.gov.au. Prices paid for water entitlements and water allocation assignments in New South Wales are publicly available on the Department of Environment, Climate Change and Water (DECCW) website at www.environment.nsw.gov.au.



Water brokerage services

Water brokers and exchanges play an important role in the market. Real estate and stock and station agents may offer water brokerage services. Water service providers may also offer online brokerage services and exchanges for some water trading markets. Online and other brokerage services and exchanges continue to expand over time.

Fair trading laws contain certain rights and obligations for brokers and exchange operators as well as water users when conducting business. These obligations are in addition to any contractual or other rights and obligations between water users, brokers and exchange operators.

Compliance

Water extraction without an appropriate authorisation can impact on the security of supply or reliability of other entitlements. Any unlawful extraction in either state is an offence in the state from where the water extraction occurs. Such offences will be investigated and a range of enforcement measures pursued.

Legal and financial considerations

Participants in the water market should obtain advice from appropriate professionals in relation to contractual, legal (e.g. wills) and financial matters (e.g. taxation and duties) that might arise as a result of water trading.



Further information

This brochure is an overview of trading arrangements in the Border Rivers catchment. For more detail on the processes and requirements related to trading water interstate, please refer to the following sources of information on each state's water trading framework.

Queensland contacts

Department of Environment and Resource Management

Business centres are open from 8.30 am to 4.30 pm (AEST), Monday to Friday, excluding public holidays. Please telephone or email the centre before you visit to confirm that the services or products that you require are available.

Goondiwindi office

42 Callandoon Street, Goondiwindi Qld 4390

Ph: 13 QGOV (13 74 68) Fax: (07) 4671 3163

Website: www.derm.qld.gov.au

Note: DERM staff **do not** provide legal advice. To protect your interests, or if you are unsure of your legal entitlements, please contact a solicitor or legal advisor.

SunWater

Ph: 13 15 89 Fax: (07) 3120 0249

Website: www.sunwater.com.au

Titles Registry Office

For enquiries on searches, document lodgement and registry requirements, please contact the Titles Registry on phone 13 QGOV (13 74 68) or (07) 3405 6900. The telephone enquiries service provides information on a range of conveyancing topics to:

- explain current charges and expected processing times
- explain and interpret register information
- answer any queries generally related to the functions and services provided by the Titles Registration business unit.

New South Wales contacts

Department of Environment, Climate Change and Water

Contact the Water Dealings Officer at the local DECCW office on phone 1800 353 104 or email wma.info@dnr.nsw.gov.au. Refer to the individual information sheets on each type of dealing available at www.water.nsw.gov.au or from regional offices.

Disclaimer

This information brochure has been prepared to draw attention to the *Water Act 2000* in force as at 10 December 2010. While every effort has been made to ensure accuracy at the time of publication, the information presented here does not purport to be definitive or to constitute legal advice. This brochure is not designed to be a substitute for the Act and/or seeking legal advice. The Department of Environment and Resource Management does not accept responsibility for any loss or damage caused by actions based on information in this brochure.

Land and Property Management Authority

General water dealings only take effect when registered by the Land and Property Management Authority.

Ph: (02) 9228 6713 Fax: (02) 9233 4357

Website: www.lands.nsw.gov.au/land_titles

Statewater

For general enquiries contact your Statewater Customer Service Officer on phone (02) 6841 2000, fax (02) 6884 2603 or email <statewater@statewater.com.au>.

For all enquiries relating to water usage, water orders, water transfers, water invoices and metering, please contact your Customer Service Officer within your customer service area or phone statewide 1300 662 077.

For bill enquiries:

Ph: 1800 353 091

email <billing@statewater.com.au>.

Goondiwindi office

42 Callandoon Street, Goondiwindi Qld 4390

Ph: (07) 4671 2338 Fax: (07) 4671 3915

Website: www.statewater.com.au