

Water Trading

Trading Interim Water Allocations

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Trading interim water allocations

In some areas, interim water allocations may be permanently transferred to other land, in whole or in part. This brochure explains the processes involved in trading interim water allocations between landholders.

What is an interim water allocation?

An interim water allocation (IWA) is an entitlement to be supplied with a volumetric share of water by the operator of a water supply scheme. A water supply scheme delivers water from infrastructure, such as a dam.

Who can hold IWAs?

IWAs can be held by the operator of a water supply scheme (such as SunWater) or by the operator's customers. IWAs are usually attached to the IWA holder's land; however, the following entities can hold IWAs without being landholders:

- a water supply scheme operator
- a local government
- a water authority
- an entity prescribed by regulation.

Where can IWAs be traded?

It is only possible to trade an IWA to the owner of another landholding in the Mary River Water Supply Scheme. IWAs can be traded in these schemes because, even though a water planning process has not yet been completed, there is confidence that the transfer of IWAs will not adversely affect environmental values. Additionally, there is a significant demand for re-allocating IWAs through trading.

The value of an IWA forms part of the value of the land to which it attaches. If the land is sold, the IWA will transfer to the new holder of the land.

Why trade an IWA?

Initially, IWAs were issued to support a particular crop; however, over time, irrigation needs have changed, and the profitability of alternative crops may make some new agricultural ventures more enticing for farmers. Allowing IWAs to be traded means IWA holders can match their water entitlement to changing enterprises.

The trading of water entitlements, such as IWAs, helps ensure maximum water-use efficiency. Water trading promotes innovation, and diversification into higher value industries.

How to trade an IWA between landholders

An application to transfer an IWA must be made to the Department of Environment and Resource Management (the department). Requirements include:

- Only IWAs used for stock, domestic or primary production purposes may be traded, and the purchaser must use the IWA for one or more of those purposes.
- The proposed seller and proposed buyer must jointly apply to transfer the IWA.



- The seller must support the application with:
 - a statutory declaration that each person (i.e. an 'interested entity') who has a financial or other interest in the proposed seller's land, has been notified in writing of the proposed transfer
 - the written consent of each interested entity.
- The buyer must support the application with evidence of the existence of a supply contract with the water supply scheme operator.

The department will consider the application with regard to several issues, including any likely environmental impacts on land and water resources in the area. The application will then be approved, approved with conditions, or refused.

If the application is approved, the applicants and the scheme operator will receive an information notice about the approval. The department will then either cancel or amend an existing IWA, or issue a new IWA to give effect to the trade.

If the department approves the application with conditions, the buyer is advised of the conditions in an information notice. The buyer may then decide whether or not to proceed with the proposed transfer. To give effect to the trade, the department will then either cancel or amend an existing IWA, or issue a new IWA. If the buyer does not formally notify the department of their intention to proceed with the application within 30 business days, it will lapse.

If the application is refused, the department will issue an information notice to the buyer and seller, and a notice about the decision to the water supply scheme operator.

Buying an IWA directly from the scheme operator

In some water supply schemes the scheme operator may hold unallocated IWAs, which can be sold to new or existing customers. Customers should ask the relevant scheme operator if there are any IWAs for sale in the water supply scheme, and discuss supply contracts and other commercial arrangements.

Some common questions

Who can buy and sell an IWA?

Holders of land that can be supplied by the relevant water supply scheme are able to buy and sell IWAs. The department and/or the scheme operator can confirm whether the holder of a particular property is allowed to trade in IWAs.

Can part of an IWA be sold?

Yes, a landholder may trade part of an IWA, but the entitlement must first be subdivided.

How do I find a buyer or seller?

Stock agents, real estate agents (in particular, those involved in rural transactions) and the operator of the relevant water supply scheme are often able to identify other interested parties. Also, water brokering services and water exchanges are becoming more common as water markets develop.

Disclaimer

This information brochure has been prepared to draw attention to the *Water Act 2000* in force as at 1 November 2005. 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.

Where do I get the appropriate forms?

Appropriate forms are available on the department's website and at all departmental service centres. To trade an IWA between two landholders, the form Application to Permanently Transfer All or Part of Water Entitlement to Other Lands must be completed.

Land and water management plans

Buyers of IWAs will need to have a land and water management plan (L&WMP) approved by the department before irrigating land with water taken under the IWA. Guidelines on L&WMPs are available at local departmental service centres or on the website.

Fees

Fees are payable for the processing of applications by the department for approval to transfer an IWA to other land and the assessment of L&WMPs.

Other considerations

Before trading IWAs, advice should be obtained from appropriate professionals in relation to financial, legal and taxation issues.

Further information

This brochure is one of a series of publications explaining water trading and associated issues. Other brochures in the series include:

- An overview of Queensland water markets
- Trading water allocations
- Seasonal water assignments and leases
- Water allocations and land valuations
- Water allocations, tenancy arrangements and financial interests.

For further information, or to obtain copies of these brochures, or guidelines on L&WMP or application forms for trading IWAs, please contact the nearest departmental service centre on:

Telephone: 13 74 68 (13QGOV)

Web: www.derm.qld.gov.au/water/trading