

Updated March 2013

TERMINOLOGY FOR WATER TRADING

It is important that the distinction in water assets is understood. In NSW, irrigators hold an *entitlement* to a *share* in an *available resource*.

The *entitlement* is the permanent license. In NSW, this is held as an asset separate to land pursuant to obligations taken on by this state as part of the National Water Initiative (NWI).

The *available resource* in NSW is a judgment made by the NSW Office of Water (formerly the Department of Water and Energy) based on a range of factors, including inflows (real and projected). This process is known as an *Available Water Determination*, or AWD. Through a series of regulatory instruments known as *Water Sharing Plans* (WSP's), the available resource is allocated to a range of users (critical human need, the environment and industry).

The *allocation* that is made to an irrigator can, in many instances, be traded. The *allocation* is actual water, not an entitlement to a share in it. In trading terms, it is known as *temporary water*, as it is available only once and hence is the opposite of *permanent entitlement*.

For the purposes of clarity, it is our understanding that the current buyback process run by the Commonwealth is seeking to purchase *entitlement* and is not seeking to purchase *allocation*.

WATER TRADING VOLUMES in AUSTRALIA

	Entitlement Trades (GL)				Allocation Trades (GL)			
	2007-08	2008-09	2009-10	2010-11	2007-08	2008-09	2009-10	2010-11
Murray-Darling Basin								
Regulated		1490	1744	894		1663	2118	3340
Unregulated / Groundwater		25	74	105		220	183	76
Murray-Darling Basin Total	618	1515	1818	999	1237	1883	2301	3417
Other Water Systems	302	285	131	205	357	275	194	77
TOTAL AUSTRALIA	920	1800	1949	1204	1594	2158	2495	3494

* NWC Report 09/10 - http://archive.nwc.gov.au/data/assets/pdf_file/0011/11342/Sec3.pdf

* NWC Report 10/11 - http://archive.nwc.gov.au/data/assets/pdf_file/0011/18974/NWC_6958_Water-markets-2010-11-Section3.pdf

Water Exchanges and Brokers

A majority of water trades in Australia are conducted through intermediaries (water brokers and water exchanges who match buyers and sellers for a fee). At the present time there is **no regulation** in place for intermediaries.

* Always exercise caution when entering into any agreement – know who you are dealing with.