

What is the difference between a temporary transfer and an allocation assignment?

They are the same. An allocation assignment (formerly known as a temporary water transfer) is the assignment or transfer of current year allocation from one access licence to another.

Water access licences are treated like bank accounts. These water accounts track the actual water allocation (in megalitres) credited and debited on a daily basis. Credits to a water account include Available Water Determinations (AWDs) which are announced by DPI Water and water that has been assigned into the licence through allocation assignments. Debits to water accounts include the use of water through water supply works and allocation assignments from the water account.

Water available in a water account can be assigned (or transferred) to another water account on a temporary basis (for that season). This assignment or dealing has no permanent effect on the share component of the licence. Allocation assignments only affect the water allocations based on AWDs made in that water year.

Where can I get advice to help me complete my application?

WaterNSW staff can assist you with information on your water account balances and rules relating to your valley/region. WaterNSW cannot advise on what is right for your business. We encourage you to seek advice from an experienced broker or other professional adviser.

Where can I find out how much water I have available to trade?

Contact WaterNSW [Customer Service Centre](#). Alternatively, access your water accounts via iWAS.

Can I pay my fee with credit card?

Yes. Customer application fee payments for Water Trades should now be made securely via the [Westpac PayWay website](#).

What is an up-front fee?

An up-front fee, also known as a variable usage charge (VUC) is required when a trade is made to a water access licence (WAL) without a linked work approval. Read the [fact sheet](#) for more information on up-front fees and to find out if you're eligible for a refund.

How do I know if my paperwork is correct?

Customers must take their time and ensure their application is complete and accurate. Page two of the application form has been developed to guide customers in correctly completing their allocation assignment forms. Lodgement details, a guide to processing times and information on amending or withdrawing an application are all covered.

Do I need to provide correct information?

Yes. It is an offence under Clause 344 of the *NSW Water Management Act 2000* to provide false or misleading information with any application.

Do I need to indicate the sale price on my application form?

Yes. It is the responsibility of the seller to notify WaterNSW in writing of the agreed price of the water (refer Section 12.48 of the *MDBA Water Trading Guidelines*).

What happens if I don't fill in all the fields?

Incorrect or incomplete applications will be returned to the applicant. Where a broker has been nominated to act on behalf of the applicant(s), the application will be returned to the broker. Applicant(s) will be given a period of 10 working days to return the corrected application. Corrected applications received after this time will not be accepted and the application will be considered refused and the fee forfeited.

To ensure that your application is processed as quickly as possible, please contact our [Customer Service Centre](#) to confirm your available water balance prior to lodging an application.

Are other states making the same changes?

Yes. The southern basin states have worked closely on developing these reasons for trade, to ensure consistency. South Australia and Victoria are working towards including trade purpose categories on application forms.

Why do I need to report the price of the trade?

Accurate price reporting is mandatory. It is a requirement under Clause 12.48 of the Basin Plan that the person selling the water access right must notify the authority of the price agreed for the trade. Accurate price reporting also provides transparency for the water market. Price data is aggregated and average weighted trade prices for each water source are published on the NSW Trade Dashboard. This allows market participants to be informed and confident when trading water.

What happens if I don't report the price of the trade?

If an accurate price is not provided the application will not be processed.

Why do I need to provide a reason for a trade price of \$0?

There are many instances where a \$0 trade price is appropriate. Part 5 lists which types of trade are permitted to be reported with a \$0 price. However, concerns have been raised that \$0 trades are occasionally misreported. The Murray Darling Basin Authority's (MDBA) 2019 Trade Price Audit recommended that sellers provide a reason where a \$0 price is reported. This provides improved understanding of the accuracy of \$0 price reporting.

When is it appropriate to report a \$0 trade price?

See table on page 6 and 7.

Why are some categories not permitted to be reported as a \$0 price?

These trades purposes commonly have a commercial value and accurate price reporting is required.

What are the price reporting requirements for each trade purpose category?

It is mandatory to report trade prices accurately. Table 1 details the price reporting requirements for each trade purpose.

What if I have legitimate \$0 trade but the reason is not one of the permitted trade purposes?

Within the application form in Part 1, select the "Other" box and state the reason in the space provided.

What is the process for reporting prices related to carryover parking?

A commercial price **must** be reported for carryover parking. Carryover parking return should be recorded as a \$0 trade. This standardised process helps provide an understanding of the market price associated with carryover parking.

Why do I need to provide evidence that I am authorised to make this application?

The MDBA's 2019 Trade Price Audit recommended that supporting evidence of authorisation be provided where an application is submitted by an individual acting on someone's behalf, or an individual signing on behalf of a company. This is being implemented to reduce the risk of identity or water theft.

Why do I need to provide the date that the price was agreed?

We are collecting this information to improve understanding of trade prices. There may be a delay between the date that the price was agreed between the buyer and seller (the "strike date") and the date the trade is registered.

On a 'standard commercial' trade this delay may be a couple of weeks where, for example, a broker doesn't submit the trade until payment is received; or where multiple signatures are required from various parties. On a 'forward' trade, this delay could be months or years where the trade relates to the delivery of a negotiated agreement made in the past.

Market prices may change during this time. It is important that we understand the time difference in order to understand why the trade price may be different to market prices at the time of registration.

Why do I need to select a 'trade purpose'?

This allows water managers to understand the type of trades that are occurring and to track any new products that are emerging in the market. Different trade purposes also have different values. For example, a standard commercial trade will have a higher value than a 'carryover parking' trade where water is being traded and later returned. Additionally, we can identify legitimate reasons for reporting a trade price as \$0, such as where water is being traded between a licence holder's own accounts. By breaking down temporary trade into different trade purpose categories, we better understand and report the accurate price for each type of trade.

What does each trade purpose category mean?

See table on page 6 and 7.

Who has been consulted on these categories?

The Australian Water Brokers Association has been involved and provided input into the development of the reason for trade categories. These categories have been designed to be self-explanatory and diverse enough to capture market information on the reasons for trade.

What do I do if my trade does not fit into one of the categories?

We have sought to identify all common trade purposes. However, if you find that your trade is for a reason not listed in Part 5, please Select "other" and provide a description of the purpose of your trade. Examples of 'other' types of trades may be:

- Futures / deferred delivery
- Call option
- Insurance and financial products

Does this affect how my groundwater trade is assessed?

A trade purpose must be provided for both surface water and groundwater trade applications in order to inform market prices for different trade products. However, the trade purpose will not be considered in DPE -Water's hydrogeological assessment of the trade application.

What does 'Licence owned by/associated with Water Broker' mean and why is this required?

This means any licence that is:

- Owned by water broker
- Owned by a direct family member of a water broker
- Owned by a business in which a water broker works or manages

What does 'Type of licence/holding' mean and why do I need to provide this?

Environment licences or holdings relate to those held for the purpose of delivering environmental objectives by:

- the Commonwealth Environmental Water Holder (CEWH)
- DPE Environment Energy and Science (Formerly Office of Environment and Heritage)
- Environmental holdings within irrigation corporations
- Other State / Territory governments
- Private concerns (nominated as Adaptive Environmental Water)

Consumptive licences or holdings relate to those held for the purpose of undertaking commercial activity, use in the trade market, critical human needs, public or cultural benefit.

Why are contact details required for both the buyer and seller?

The MDBA's 2019 Trade Price Audit recommended that the seller and buyer of water should both be notified of the price of trade upon completion of a dealing, to increase transparency and as a check on what the seller has been paid.

Do I need to submit a current meter reading with my application?

Sellers are encouraged to submit current meter readings with each application. Please be aware of any un-finalised applications you may have already lodged with WaterNSW or any water orders still outstanding.

Can I trade water from my domestic and stock licence?

No. You can only trade water from a high security or general security water licence.

Can I trade water from my groundwater supplementary licence?

No. You can only trade water from a groundwater aquifer licence.

Will I be notified when my application has been finalised?

Yes. The nominated holder of the licence will be notified in writing when the application has been finalised. If an application has been lodged on your behalf by an agent, the agent will be notified.

Can I withdraw my application?

You must notify WaterNSW in writing if you wish to withdraw your application. Consent to withdraw the application must be provided by both buyer and seller or your nominated agent.

My application to transfer allocation was unsuccessful, will my application fee be returned?

No. If your application is refused your fee will not be returned. You will need to lodge a new form and pay a second fee for assessment and approval. WaterNSW encourages customers to take care when completing allocation assignment forms.

What should I expect when using a broker?

When using a broker, it is reasonable to expect that your broker or agent has the expertise to help you gather the information necessary to lodge a correct and complete application.

Brokers should also be able to advise on trading rules that apply and whether your trade will comply with water trading rules. Applications that do not comply will be declined.

You should also expect that your broker will promptly lodge your application with the seller's water corporation and swiftly resolve any problems with your application.

If you have concerns about your trade, you should check with your water broker in the first instance to confirm the status of your transaction with WaterNSW.

Time taken to finalise the application?

An application to assign water must be completed in full to ensure processing is not delayed.

A service standard for processing times has been implemented by The Council of Australian Governments (COAG).

Under the service standard, the following targets will be met for:

- Interstate -90% of allocation trades to and from Victoria processed within 10 business days.
- Interstate -90% of allocation trades to and from South Australia processed within 10 business days.
- Intrastate -90% of allocation trades processed within 5 business days.

WaterNSW reports against these service standards for each and every assignment application and we provide a monthly report on performance against the standards. For more information view our [monthly trade statistics](#).

To ensure that your application is processed as quickly as possible, please contact WaterNSW [Customer Service Centre](#) to confirm your available water balance prior to lodging an application.

Allocation assignment policy?

WaterNSW has an allocation assignment policy that aims to:

- Provide customers with a consistent and equitable service for each and every allocation assignment.
- Facilitates an open and transparent water market in support of the National Water Initiative.
- Appropriately administers the Minister's power to determine allocation assignments under sections 71T and 71V of the *Water Management Act 2000* (WMA2000), as conferred within the operating licence.
- Complies with Section 71Y WMA2000 and other legal and regulatory instruments.

Purpose of trade	Description	\$0 permitted?	Price reporting requirements
Standard commercial	Traditional commercial trade between unrelated parties.	No	Accurate commercial price must be reported
Forward contract	Delivery of account water between two licences associated with an allocation trade agreement made at a previous date.	No	Accurate commercial price must be reported each time water is delivered.
Carryover parking	Trade to temporarily move water to another licence to be held and carried over to the following water year. (Do not use this category for managing carryover between your own accounts. Please instead use 'Related party').	No	Accurate commercial price must be reported
Carryover parking return	Return of carryover parked water to the original licence holder. (Do not use this category for managing carryover between your own accounts. Please instead use 'Related party').	Yes	Price must be reported as \$0.
Related party trade	Administrative trade between licences where there is a relationship between the parties; such as between licences owned by the same person, family or company.	Yes	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances.
Compensatory trade for outcome delivery	A trade used to deliver water as a form of payment.	Yes	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances. An explanation must be provided.
Private lease arrangement (not 71M)	Fulfillment of private lease arrangement made at a previous date, by delivery of an agreed amount of water at intervals over a defined period of time.(This is unrelated to an entitlement lease undertaken using a 71N dealing).	No	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances. An explanation must be provided.
Allocation trade as part of share transfer	Trade of allocation as part of a bundled transaction of water shares and associated account water. Often known as the allocation component of a 'wet trade'.	No	Accurate commercial price must be reported relating to the price of account water only . Must not include the price of any related shares.
Environmental use	Trade for the intent or purpose of delivering environmental water to a specific site. This could be to an environmental licence or to a consumptive licence being used to deliver water to an environmental site. Also trade to retain water in the water source.	Yes	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances. It is expected that this would generally be a \$0 trade.

Purpose of trade	Description	\$0 permitted?	Price reporting requirements
Returned unused environmental water	Following an initial trade from an environmental licence to a consumptive licence (see above), the consumptive licence may return unused water back to environmental licence.	Yes	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances. It is expected that this would generally be a \$0 trade.
Government program	Trades associated with State or Commonwealth Government programs. (Not Local Government).	Yes	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances.
Other	To be used when the trade does not fit with a defined category. The reason for the trade must be described. Examples may include: futures / deferred delivery; call options; insurance and financial products.	Yes	May be reported as \$0 or as a commercial value. Report the accurate price based on the individual circumstances. An explanation must be provided.