

Understanding trading

What is trading?

A trade

A trade is the sale of part or all of a water entitlement to another party for use on a different property. In most cases a new licence is issued to the purchaser and the original licensee's water entitlement is amended accordingly.

The capacity to trade water entitlements provides a means for re-allocating water when all the available groundwater has been fully allocated. We will assess each application to trade to ensure it is acceptable and meets the requirements for water resource management as detailed in the *South West groundwater areas water management plan*.

Contact the department before you enter into any trade negotiations to make sure that you are able to trade the water to the new location or to the potential user. This is important as the aquifer from which you draw your water may not be accessible at the new location or it may have unacceptable impacts associated with taking of water from the new location.

A transfer of ownership

If you want to sell your licence when you sell your land to the new property owner it is considered a transfer of ownership. You must notify the Department of Water (the department) that you are transferring the ownership of the licence before the sale of the land is finalised.

A transfer is classed as a trade if money is associated with transferring the ownership of the water licence, and in that circumstance you are required to follow the rules and policies of a water licence trade. A transfer of a water licence does not always have a value associated with the change in ownership however, the rules and policies still apply.

In all cases, a water licence can not be assessed or issued until proof of purchase is supplied to the department and all criteria for transferring or trading a water licence have been met.

The approval of the department is required for *all* licence or water entitlement trades and transfers and a fee of \$200 applies to *all* trade and transfer applications.

Who can trade?

Any licensee with a valid groundwater licence entitlement can transfer or trade their licence to someone else, provided that they have:

- complied with their licence conditions
- consistently used their licensed allocation (meter readings or other documentation are provided to prove use)
- not committed an offence against the *Rights in Water and Irrigation Act, 1914*
- gained approval from the Department of Water for that specific trade.

It is important to note that a transfer or trade of a water licence will only be approved if you can successfully demonstrate these requirements, and that you have complied with the policies stated in the *South West groundwater areas water management plan* and *Statewide policy no. 6 – Transferable (Tradable) water entitlements for Western Australia*.

You can only transfer or trade your licence to someone who is eligible to hold a licence. This means that the purchaser of the licence must have legal access to the land where the entitlement is to be accessed.

When can I trade?

You can trade or transfer a water entitlement at any time provided you have met the conditions referred to above. This includes gaining approval from the department and negotiating the price with the purchaser of your licence.

It is important that you comply with your licence conditions and measure your groundwater use if you want to sell your water licence in the future.

The department will announce when an area is fully allocated and trading is a viable option by advertising in local and state newspapers in the Public Notices section. The information will also be available on the department's website, <www.water.wa.gov.au>.

Where can I trade?

You can only trade water from the same groundwater resource that you are licensed for (e.g. Leederville, Yarragadee aquifers) and only within the groundwater subarea you're licensed is assigned to (e.g. Dunsborough–Vasse, Bunbury–Yarragadee). This means that you can not trade a Leederville aquifer licence to a purchaser who wants a Yarragadee aquifer licence entitlement. As

the groundwater subarea boundaries have changed in the new plan please contact your local department office to find out what subarea you are located in.

The subareas and aquifers listed below are fully allocated and trading is a viable option for gaining more water or a new licence. This means that in these subareas, any application, other than for stock, domestic and garden (subject to policies in the plan), will not be approved. Trade with another licensee to gain a new water licence maybe the only option and is subject to the trading policies in the plan.

Table 1 Subareas and aquifers open for trading

Groundwater area	Subarea	Aquifer
Bunbury	Bunbury–Yarragadee	Yarragadee
South West Coastal	Lake Preston South	Superficial
Busselton–Capel	Dunsborough–Vasse	Leederville
	Donnybrook	Leederville
	Busselton–Yarragadee	Yarragadee
Blackwood	Blackwood–Yarragadee	Yarragadee

I have previously traded water – what does this mean for me?

All official trades (as documented on the department’s water licensing database) that have occurred in the plan area prior to this plan’s implementation are recognised and acknowledged as a defined asset separate from the land. This means that you have an asset that you can trade should you wish to.

As your licence has a value associated with it through the trading process, it will not be recouped by the department without compensation. You can still sell your water if you no longer need the licence.

How can I trade?

To find out how you can trade or transfer a water licence contact your local Department of Water office. Forms are available on the department’s website <www.water.wa.gov.au>.

How much is my water worth?

You are responsible for negotiating the price of your licensed entitlement with your buyer. It is up to you to determine how much you want to sell your water licence for. The department can supply you with previously traded prices and recommends that you seek legal advice on the trading of your water entitlement.

The department will provide information to potential purchasers or vendors such as the price, volume and locality information of the trade to ensure water trading occurs efficiently and equitably. This information will be publicly available

through the department's web site and from regional offices. Locating buyers and sellers is the responsibility of the market participants.

Trading policies

Applications for a new licence or existing licensees wishing to expand their enterprises in a fully allocated aquifer can consider purchasing their entitlement from another licensee. The ability to transfer or trade water is provided for by Schedule 1, Division 7 of the *RiWI Act* and in *Statewide policy no. 6 – Transferable (tradeable) water entitlements in Western Australia*. The plan provides clarity for groundwater trading in the south west, and a local context for decision making on trading.

Trading rules and restrictions are designed to protect the water resource from unacceptable impacts. Therefore all trades will be assessed as per a new licence application. If you have any questions please contact us.

Trading and water reform

The way that trading is assessed, and the rules for decision making regarding a trade or transfer, will be reviewed and revised when the new legislation is enacted through the legislative water reform process. These rules will remain in place until the *Water Resources Act* is enacted and a new management plan under the new act is developed in 2011.

For more information on water reform and how it may affect you please contact the department by emailing <waterreform@water.wa.gov.au> calling our free hotline on 1800 464 956 or see our website <www.water.wa.gov.au> for more details.