

Water Trading

Irrigation Rights and Delivery Rights are tradable within the irrigation district, in accordance with the Irrigation Clauses Act 1973 and the Trading Rules for the irrigation district. Trades are made by transferring volume between Irrigation Rights, and flow rate between Delivery Rights. To take effect, a transfer must be approved by Tasmanian Irrigation and recorded in the water entitlements register for the irrigation district.

Zones

Delivery rights carry a zone nomination which relates to the zones of the scheme. Zones occur due to of variations in pipeline diameters and other factors which limit the capacity of the scheme to deliver water to different parts of the irrigation district. Each zone originates from the supply point to the irrigation district, i.e. Lake Trevallyn, and extends to the furthest downstream point of the zone with the same capacity.

Trade Types

There are two categories of trades (entitlement trades and allocation trades) and three types of transfers (permanent transfers, limited term transfers and short-term transfers). Entitlement trades include permanent and limited term transfers, while allocation trades refer to short term transfers.

Entitlement trades are transfers of the volume and flow rate entitlements, held under Irrigation Rights and Delivery Rights. A permanent transfer (sale) will result in an absolute change in the ownership of entitlements, while a limited term transfer (e.g. lease) will result in a change in ownership for a defined period of time.

Allocation trades refer to transfers of the volume and flow rate allocations that have been made to Irrigation Rights and Delivery Rights for a particular irrigation season. Because allocations are made on the first day of a season, short term transfers will necessarily take effect entirely within one season.

Trading Water Rights

Trading of water within the irrigation district is regulated through the zone nomination of Delivery Rights. A transfer of flow rate will only be approved if:

- In the case of permanent transfers, the zone nomination of the transferor's Delivery Right is the same as the zone nomination of the transferee's Delivery Right
- In the case of limited term or short-term transfers, the zone nomination of the transferor's Delivery Right is the same as, or compatible with, the zone nomination of the transferee's Delivery Right; and
- Tasmanian Irrigation approves the transfer on the basis that it does not exceed the capacity limitations of the scheme taking account of all other Delivery Rights issued.

Important additional conditions to Tasmanian Irrigation's approval of transfers include:

- All money owing to Tasmanian Irrigation by the transferee and transferor is paid;
- The sale price of the transfer is disclosed; and
- In the case of transfers exceeding 12 months, that the transfer is consented to by the holders of any registered security interests; or
- In the case of a permanent transfer, Tasmanian Irrigation is satisfied as to the credit worthiness of the transferee; and in the case of limited and short-term transfers, the transferor remains liable for all money not paid by the transferee in relation to the transferred entitlement or allocation.

Frequently Asked Questions

Is water trading subject to capital gains tax or stamp duty?

Water trades may be subject to capital gains tax, although it is Tasmanian Irrigation's understanding that they do not currently attract stamp duty. Entitlement holders should obtain their own independent tax advice on these matters.

Why do schemes have zones?

Zones occur because the capacity of a scheme to supply water varies across the district. Zones define where in the scheme you are entitled to receive water and facilitate water trading. This provides surety that you can receive entitlement when you require it.

Is there any assistance TI provides in trading water?

To assist buyers and sellers of water entitlements establish connections, Tasmanian Irrigation has launched the Tasmanian Water Trading Notice Board. The Notice Board allows parties to advertise their interest in buying, selling or leasing water entitlements. The Notice Board is a free service provided in support of the development of the water market in Tasmania.