

Interstate Water Trade



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FACT SHEET 3
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Permanent Interstate Water Trading Process - The Tagging Process

PERMANENT INTERSTATE WATER TRADING PROCESS - THE TAGGING PROCESS

What is tagging?

Tagging is the method by which the water that becomes allocated to an entitlement issued in one state can be physically taken in another. In essence, the state boundary is removed. The entitlement remains issued by and maintained by the selling state. The only difference is that the water is measured by the authorities in the receiving state. This information is conveyed to the selling state for the purpose of managing the water account. The water bills are issued by the selling state, although there may also be a service charge by the water retailer for the water delivery and meter reading.

New South Wales already allows interstate ownership of entitlements. South Australia allows interstate ownership of its 'hold' entitlements, but not its 'take' entitlements. Victoria, although having legislated to allow interstate ownership of its 'water rights' entitlements, has a commencement date of 1 July 2007. This means that an interim arrangement is required for tagging from Victoria until that date.

The Process

BUYING FROM SOUTH AUSTRALIA OR NEW SOUTH WALES.

Step 1

Find a seller and negotiate a price.

Step 2

Using the application form of the selling state, transfer the entitlement into your name.

Step 3

Using the appropriate form, arrange with the selling state to have the water delivered to your home state diversion point. [Note that you must have a legally authorised work permit in your home state and you must notify your retailer of the tagged trade. During the interim period until 2007, other than in New South Wales, you may need to also hold a current water entitlement in your home state].

BUYING FROM VICTORIA

For the interim period until 1 July 2007, a non-Victorian cannot own Victorian water rights. In order to facilitate tagged trading in the interim, a special contract will be available in Victoria which will bind the sale of the entitlement to completion after 1 July 2007. In the interim period the water becoming available to that entitlement will be temporarily transferred to the buyer's license in his home state under the contract.

All other steps are the same as the above exchange rate process.

Photo credits:

Dairy Cows grazing at Woodlands Dairy (photo: Regional Reach Advertising, May 2006)

Hattah Lakes (photo: Andrew Keogh)

Forage Sorghum field at Wylarah (photo: Regional Reach Advertising, May 2006)