

VICTORIAN FOOD BOWL MODERNISATION PROJECT - TRADE EXEMPTIONS FAQs

Q: What is the Victorian Food Bowl Modernisation Project agreement between the Victorian and Commonwealth Governments?

The Australian and Victorian Governments have signed an agreement for \$1.216 billion to fund the complete modernisation of irrigation systems in northern Victoria's food bowl to deliver 214 GL of water savings.

Under this agreement the Commonwealth will invest:

- ☐ \$953 million towards Stage 2 of the Northern Victoria Irrigation Renewal Project (NVIRP2) to deliver 102 GL; plus
- ☐ \$219 million for the strategic water purchase from Victoria of 102 GL from NVIRP2 water savings previously intended to be shared among Goulburn-Murray Irrigation District (GMID) irrigators; and
- ☐ \$43.7 million for an on-farm irrigation efficiency program to deliver 10 GL.

Victoria will be responsible for all aspects of delivering the NVIRP2 and on-farm projects and will guarantee the delivery of water savings for a fixed cost to the Commonwealth.

Q: How does water trade come into this agreement?

The Victorian Government has agreed to approve about 88 GL of Commonwealth water purchases for:

- all water share trades submitted for the July 2011 ballot but not approved because of the 4% limit, and
- all remaining trades from Commonwealth water purchase tenders in 2010-11 which would not have been approved because of the 4% limit.

Applications for approval need to be submitted by 28 February 2012. If an application was refused, a new application must be submitted, complying with the usual application requirements.

This will help to free up a backlog of trades for irrigators already contracted to sell water to the Commonwealth, including some who have been waiting for several years.

These water purchases will help to close the gap between current diversions and sustainable diversion limits proposed under the Murray-Darling Basin Plan.

Q: Will these trades be approved through an exemption to the 4% limit?

Yes. The Minister plans to make new once-off exemptions to the 4% limit to allow these trades to be approved. It is expected that these exemptions will be published in the Government Gazette and on the Victorian Water Register website before the end of October.

Q. Will there be another ballot?

No, there is no need for a ballot. There is no volume limit on the amount of exemptions, although the total volume of eligible applications is expected to be about 88 GL.

Q. How do I qualify for one of these exemptions?

Exemptions are available for Commonwealth water purchases for:

- all water share trades submitted for the July 2011 ballot but not approved because of the 4% limit, and
- all remaining trades from Commonwealth water purchase tenders in 2010-11 which would not have been approved because of the 4% limit.

Q. What application form must be submitted?

Applications must be submitted to Goulburn-Murray Water or Lower Murray Water in the normal way.

If an application has been previously refused, a new application form must be submitted. It must be an original that is properly executed and must be accompanied by the application fee.

The application must also include an attachment providing evidence of eligibility. This must be –

- a copy of the July 2011 ballot refusal letter for the same volume and water share, or
- a statement from the Commonwealth that the application is a result of a water purchase tender in 2010-11.

Q. Who should submit the application?

It is expected that the Commonwealth will arrange to submit applications, as it has always done for purchases that it makes. Information about the submission of previously refused applications can be obtained from the Commonwealth appointed solicitor. Contact details for the Commonwealth's solicitor can be found in the letter of introduction sent from the Commonwealth. Sellers are advised to contact the Commonwealth's solicitor through their nominated agent if they have one.

Q. When can applications be submitted?

Submissions can commence when the exemptions are published in the Government Gazette, which is expected to be before the end of October. Applications can be lodged until 28 February 2012.

Q. What is the process for approving these applications?

G-MW and LMW will carry out all the normal processing and approval steps, and will then advise the outcome by letter to the buyer, seller and lodging party. If applications are incomplete or there are outstanding water share fees, G-MW or LMW will be unable to approve the application and will notify the relevant parties to arrange for the information or fees to be provided. Contact G-MW or LMW for further information as required.

Q. How long will it take to do the approvals?

The applications will be attended to promptly and turnaround time will depend on volume. There is likely to be a very large number of applications and approval may take up to eight weeks.

Q. Why can't it be done really quickly if approval is guaranteed?

Approval is NOT guaranteed. Applications need to be checked for normal trading rules and proper completion and execution. All charges applied to water shares must have been paid.

A water share is a very valuable asset and rigorous transfer processes are essential.

Q. What happens after an application is approved?

The normal processes apply. The seller and buyer need to execute the pre-filled Transfer of Water Share form and then have it lodged with the Water Registrar within 60 days of the date of approval.

Q. When does settlement occur and when do I receive payment from the Commonwealth for the water share?

The Commonwealth will follow its normal processes. You need to consult with the Commonwealth appointed solicitor for details.

Q. I have since divided the water share that was in the ballot application and the remainder now has a new water share (or WEE) number – is that eligible?

Yes. An exemption is available provided that the water share is either exactly the same as was in the ballot or has been created as a result of the division of that water share. However the transfer volume must be the same as in the ballot.

Q. What if I have sold off part of a water share that I had contracted to sell to the Commonwealth?

Exemptions are only available to transfers that were contracted by the Commonwealth at the time of submitting to the ballot or have since been contracted as a result of the Commonwealth 2010/11 tender processes. If you have sold off part of the water share to another party, you will need to discuss this with the Commonwealth appointed solicitor.

Q. I applied to vary a water share (a Form 9 application) in the July 2011 ballot to remove its association with an irrigation area and it was refused. Do I qualify for an exemption?

You are not eligible for an exemption under the first category (July 2011 ballot refusals) as that only applies to refused applications for transfer to the Commonwealth.

However you may be eligible under the second category (2010/11 tenders) if you have a contract to transfer the water share to the Commonwealth – you should consult the Commonwealth appointed solicitor to obtain further information.

Q. Must sellers do another 100 point check?

Sellers who previously lodged an application in the July 2011 ballot and had it refused do not need to do another 100 point check provided that they note the refused application number on the new application form.

However a new 100 point check is needed if there has been any change of ownership since the ballot application was made.

A new 100 point check will be required for any application which relates to the second category of exemptions (i.e. not previously lodged in the 2011 ballot, but contracted in any of the 2010/11 tenders).

Q. Is there another exemption for the additional on-farm irrigation efficiency program?

There has always been an exemption available for the transfer of water shares done as part of on-farm irrigation efficiency programs.

But an amended exemption is being created for the additional program in which the Commonwealth is investing \$43.7M. This is necessary to allow the Goulburn Broken CMA to gather together smaller packages of water shares and consolidate them for delivery to the Commonwealth.

Q. Does the 4% limit still apply to other applications?

Yes, the 4% limit is still in place. However, as part of the agreement on the Victorian Foodbowl Modernisation Project, Victoria has agreed to remove the 4% limit on out of district trade by 30 June 2014.

Q Who do I contact for more information?

For information about the submission of an application in any of the new exemption categories -

For information about the submission of an application in any of the new exemption categories	Contact the Commonwealth appointed solicitor. If you have a broker or solicitor facilitating your application contact them.	Contact details of the Commonwealth appointed solicitor as provided in the letter of introduction. Contact your broker or solicitor directly
For information about the status of an application	You can view the current status of an application on the Victorian Water Register Website.	www.waterregister.vic.gov.au/Public/TrackWaterShare.aspx
General enquiries about water trading and application requirements	G-MW – visit the website or call. LMW	www.g-mwater.com.au/customer-services/water-trading 1800 013 357 Call 5051 3400