

TERMINOLOGY FOR WATER TRADING

It is important that the distinction in water assets is understood. In NSW, irrigators hold an **entitlement** to a *share* in an **available resource**. This share is known as an **allocation**.

The **entitlement** is the permanent license. In NSW, this is held as an asset separate to land pursuant to obligations taken on by this state as part of the National Water Initiative (NWI). It must be noted that NSW has been far swifter than other jurisdictions – particularly Victoria – in separating water entitlements from land holding, a process known as “unbundling”.

The **available resource** in NSW is a judgment made by the Department of Environment, Climate Change and Water and managed by NSW Office of Water based on a range of factors, including inflows (real and projected). This process is known as an *Available Water Determination*, or AWD. Through a series of regulatory instruments known as *Water Sharing Plans* (WSP's), the available resource is allocated to a range of users, including irrigators.

The **allocation** that is made to irrigators can, in many instances, be traded. The **allocation** is actual water, not an entitlement to a share in it. In trading terms, it is known as *temporary water*, as it is available only once and hence is the opposite of *permanent entitlement*.

For the purposes of clarity, it is our understanding that the current buyback process run by the Commonwealth is seeking to purchase **entitlement** and is not seeking to purchase **allocation**.