



Exemption Zone Program 4% Trade Exemption Process

Key Messages

1. There is currently a 4% annual limit on permanent trade (or transfer of water shares) out of irrigation areas in northern Victoria. This limit was put in place by the Victorian Government to allow irrigation communities time to adjust to the social changes associated with water trading.
2. The Exemption Zone Program process provides an opportunity to consider the sale of water shares to the environment outside the 4% trade limit.
3. This Program does not prevent an irrigator selling water shares permanently within an irrigation area or within the 4% limit when this is available.
4. This Program has been designed to complement the modernisation program.
5. Issuing of an Exemption Evidence Notice does not guarantee the sale of an irrigator's water share. Landholders are still required to negotiate with a suitable buyer. Only the Commonwealth Government, Murray Darling Basin Authority and Water for Rivers can purchase exempt water outside the 4% trade limit. Note the Commonwealth Government has announced three tenders of \$90 million to purchase environmental water with the first beginning on the 11th January 2010. Their hotline is 1800 218 478.
6. If irrigators wish to seek an exemption, and to confirm that part or all of their property is within the exemption zone, an application form must be completed. The owners of the water **and** the land must sign the application form.
7. If water shares are deemed to be within an exempt zone, a certificate will only be issued once the landowner agrees to undertake actions which support modernisation.
8. No exemptions are to be made available in the non-exempt (green) zone. Irrigators who are connected exclusively to the backbone are unlikely to be eligible for an exemption.
9. The Commonwealth Government is funding an "On Farm Irrigation Efficiency" program. This program could be suitable to farmers in the non-exempt areas who wish to sell some water to fund water savings projects on their farms.
10. Don't self-assess. Apply for an exemption to determine your eligibility.

Exemption Hotline 1300 068 477

Questions & Answers

1. Is my property in the Exempt Zone?

The “exemption” map you were provided is indicative only. The only way that eligibility can be determined is by completing an application form and forwarding it to NVIRP. NVIRP staff will then undertake an assessment of your property to see if your property meets the exemption criteria. Depending on how complex the assessment is, this can take up to 15 working days once your fully completed application is received.

2. What will happen if I don’t include all the relevant information on the application form?

The application will be rejected. The application will be returned to you with a covering letter stating the reason for rejection.

3. If I am in the exemption zone and I wish to sell water shares what happens then?

Determining that you are in, or partially in, an exempt zone is only the first part of the process. Once this has been determined the conditions that apply must be developed. The objective is to connect all properties back to the backbone over the life of NVIRP. The complexities involved in this will determine the speed an Exemption Evidence Notice can be provided.

4. How do I find my Water Share ID (WEE) number?

*All irrigators with Water Rights were issued a “Copy of Record in the Victorian Water Register Water Share” which included a WEE number in the top right hand corner. Irrigators who trade water (or their agent) will know their WEE number because they are a prerequisite for water trading. However, if you cannot find your WEE number, a statement can be obtained from the Victorian Water Register web site www.waterregister.vic.gov.au or by phoning the DSE Customer Service line on **136 186**.*

5. Who will carry out the assessment?

NVIRP will undertake the due diligence process and issue Exemption Evidence Notices. NVIRP Modernisation Coordinators will undertake the on-farm assessment.

6. Why are there conditions imposed?

The State Government modified its policy on the 4% limit on trade to facilitate the modernisation process. The exemption is conditional on the landowner agreeing to carry out actions which will complement the modernisation program by relocating or surrendering delivery shares.

You will need to work with the Northern Victoria Irrigation Renewal Project (NVIRP) to reconnect your property to the backbone to receive an improved, more cost effective service. Alternatively you can surrender delivery shares in proportion to the exempted volume of water shares.

7. Why can’t I be exempted if I am in the green zone and currently supplied by a Backbone channel?

\$2 billion is being spent to modernise the irrigation system. Landowners in the non-exempt areas can sell water out of the district under the 4% limit. The “On Farm Irrigation Efficiency” program is another mechanism by which people in the non-exempt areas can provide water for the environment.

8. What is the timeframe to receive an exemption?

Depending on the complexity of the assessment and conditions to apply, it could take up to 45 working days to provide you with an Exemption Evidence Notice. NVIRP will keep you informed of the process as it unfolds.

Although the agreement with the Commonwealth Government was for 300GL of water entitlements over five years, there will not be an annual cap for Exemptions Evidence Notices issued.

9. What is a Commitment Agreement?

In some cases the assessment required to determine options and costing to connect back to the backbone will be time consuming. Landowners have the option to enter into a Commitment Agreement with NVIRP, which basically confirms a willingness to work with NVIRP to connect back to the backbone in a timeframe that suits the modernisation program in return for issuing an exemption. Failure to meet the commitment may result in the termination of equivalent delivery shares.

10. If I get an exemption when will I get my money from the Commonwealth Government?

This is out of NVIRP's control and is a matter between the seller and the Commonwealth Government. All NVIRP can do is provide evidence that your water shares meet the exemption criteria rules. It is still up to you to negotiate with the appropriate buyer, which will determine when the transaction will occur. The process will happen in parallel and there is no anticipated impact on the sale occurring if an exemption can be provided.

11. What if I don't agree with the assessment?

Upon landholder request, an NVIRP Internal Review process can be used to check the accuracy of the eligibility assessment.

12. How does the Exemption Evidence Notice become attached to the application to transfer water?

Ideally, an Exemption Evidence Notice (EEN) is obtained prior to a contract for water sale being entered into. The EEN will then be attached to the Form 1 (application for approval to transfer water share) or Form 3 (application for approval to divide and transfer a water share), which is forwarded to G-MW to approve the sale.

If a contract of sale has already been entered into, it will be up to the applicant to negotiate any changes that may be required once the exemption process is finalised. This is important if the volume of exempted water is less than the volume on the contract.

13. What if only part of the 'exempted volume' is sold?

Upon application to NVIRP, and provision of evidence that a part sale has occurred, a supplementary Exemption Evidence Notice may be issued for any residual volume.

14. Will the exemption expire?

Exemption Evidence Notices are valid for 12 months at which time they will expire. Landowners can apply for an extension if required. No more than 300,000 ML of exemptions will be issued at any one time.

15. Will the volume of water shares applicable to issued Exemption Evidence Notices be reported?

Regular updates will be provided on NVIRP's web-site www.nvirp.com.au

16. What about domestic & stock requirements?

Appropriate domestic & stock supply will need to be discussed and agreed as part of the negotiations.

17. Are there any fees involved with the 4% application process?

No fees will apply.

18. What if there is space within the 4% annual limit?

If there is space within the 4% annual limit when Goulburn-Murray Water assesses your application it will be approved without the need to use the exemption.

19. If you apply for an exemption does this fast-track a connections agreement?

Only in some cases where the connections option is relatively simple. The main objective of the Commitment Agreement is to ensure the Connections Program is rolled out in a facilitated and logical manner.

20. Who will pay the termination fees?

If as part of the negotiations for an exemption a landowner agrees to terminate delivery shares, NVIRP will pay the termination fees where this action complements the NVIRP Modernisation Program.

21. I have an exemption. When will my water share sale be approved?

The submission of an application to Goulburn-Murray Water for approval of the sale is negotiated between the buyer and the seller.

22. Can you get an exemption if I have sold my property and the water shares have been dissociated from land?

In recent times, Goulburn-Murray Water has allowed water to be dissociated from land where a property has been sold. However, the water share is still tied to the irrigation district. It cannot be exempted as it does not complement the Modernisation Program. The only avenue for sale outside the irrigation district is to sell within the 4% annual limit.

23. Will G-MW run a ballot this year?

Yes. G-MW will again run a ballot in early July 2012 to determine the processing order for water trading applications that involve the transfer of water out of AN Irrigation Area. The ballot ensures everyone seeking to transfer water shares out of an Irrigation Area has equitable access to this opportunity at the start of the season.

24. Do applications to transfer water shares through the Commonwealth's buyback need to go through the ballot?

If you have a letter of acceptance from the Commonwealth and an NVIRP Exemption Evidence Notice your transfer can be submitted at any time to G-MW and do not need to go into the ballot provided it meets all other water trading rules your application will be approved.

If you intend to sell to the Commonwealth but do not qualify for an NVIRP exemption your application will be subject to the 4% limit. If the 4% limit has not been reached in your Irrigation Area you can submit your application and provided it meets all other water trading rules it will be approved. If the limit has been reached you should consider submitting your application as part of the ballot.

25. When can I submit my application for the 2012/13 ballot?

Applications for the ballot can only be accepted during the nominated application period which usually begins around mid June and closes prior to the ballot. G-MW will confirm the precise dates closer to this time.

All applications received in advance of the ballot application period will be processed when received in the current season and may be refused if the limit has been reached in your Irrigation Area.

26. Why can't I be exempted if I am in the green zone and currently supplied by a backbone channel?

Exemptions are designed to direct Commonwealth purchases to areas that are unlikely to be connected to the backbone channels. Landowners in the non-exempt areas can sell water out of the district under the 4% limit. However, the "On-Farm Irrigation Efficiency" program is another mechanism by which people in the non-exempt areas can sell water to be returned to the environment.