

Water Act 1989

TRADING RULES FOR DECLARED WATER SYSTEMS

This is a consolidated version, prepared by the Department of Environment, Land, Water and Planning of the following instruments:

- *Trading Rules for Regulated Water Systems in Northern Victoria – gazetted on 28 June 2007*
- *Order for Amendment of Trading Rules for Regulated Water Systems in Northern Victoria – amendment adding trading rule 34 – gazetted on 12 July 2007*
- *Order for Amendment of Trading Rules for Regulated Water Systems in Northern Victoria – amendment of definition of back-trade – gazetted on 17 September 2007*
- *Order for Amendment of Trading Rules for Regulated Water Systems in Northern Victoria – amendment deleting trading rule 22 – gazetted on 3 December 2007*
- *Amendment (Southern Victoria) to Trading Rules for Regulated Water Systems in Northern Victoria 2008 – multiple amendments consequential to Order Declaring Water Systems in Southern Victoria 2008 – gazetted 26 June 2008*
- *Order for Amendment of Trading Rules for Declared Water Systems – amendment of definition of back trade – gazetted on 5 February 2009*
- *Order for Amendment of Trading Rules for Declared Water Systems – amendment modifying Table 2A of Schedule 2 – gazetted on 5 February 2009*
- *Order for Amendment of Trading Rules for Declared Water Systems – amendment modifying Rule 25 and inserting Rule 25A – gazetted on 30 June 2009*
- *Order for Amendment of Trading Rules for Declared Water Systems (Inclusion of Section 33AO in 4 % Limit) – amendment replacing Rule 25 and inserting Rules 25B and 25C – gazetted on 1 October 2009*
- *Order for Amendment of Trading Rules for Declared Water Systems (ECEG) – amendment inserting Rule 25A(d) – gazetted on 3 December 2009*
- *Order for Amendment of Trading Rules for Declared Water Systems (Ongoing 4% Exemptions) – amendment inserting Rule 25A(e) – gazetted on 7 January 2010*
- *Order for Amendment of Trading Rules for Declared Water Systems (Changes to Sunraysia Irrigation Area) – amendment to Schedule 5 – gazetted on 29 January 2010*
- *Order for Amendment of Trading Rules for Declared Systems (Additional Trading Opportunities) – multiple amendments resulting in more trading opportunities for irrigators in the Southern declared systems and the Broken system – gazetted 11 March 2010*
- *Order for Amendment of Trading Rules for Declared Water Systems (4% Exemptions - Campaspe) – amendment inserting Rule 25A(f) – gazetted on 6 May 2010*
- *Order for Amendment of Trading Rules for Declared Water Systems (Thomson/Macalister trading zones) – multiple amendments to combine two trading zones into one – gazetted on 10 June 2010 to come into effect on 17 June 2010*
- *Order for Amendment of Trading Rules for Declared Water Systems (4% Exemptions – Living Murray) – amendment inserting Rule 25A(g) – gazetted on 24 June 2010*
- *Order for Amendment of Trading Rules for Declared Water Systems (4% Exemptions – On-Farm Efficiencies) – amendment to Rule 25A(b) – gazetted on 21 October 2010*
- *Order for Amendment of Trading Rules for Declared Water Systems (Alignment of Rules for Interstate Allocation Trade) – amendment to Rule 23, addition of rule 23A, and definition of ‘environment Minister’ – gazetted on 25 March 2011*
- *Order for Amendment of Trading Rules for Declared Water Systems (Suspension of Some Allocation Trade) – addition of rules 12E and 12F – gazetted on 11 April 2011*
- *Order for Amendment of Trading Rules for Declared Water Systems (Suspension of Allocation Trade to Zone 6B) – amendment to rule 12F – gazetted on 3 May 2011*
- *Order for Amendment of Trading Rules for Declared Water Systems (Unblocking Commonwealth Purchases) – addition of rules 25A(h), (i) and (j) – gazetted on 30 November 2011*
- *Order for Amendment of Trading Rules for Declared Water Systems (Temporary Suspension of Allocation Trade from NSW and from Victorian Tributaries) – deletion of rules 12E and 12F, addition of rules 12E1 and 12F1, and amended definition of ‘back-trade’ – gazetted on 19 March 2012*
- *Order for Amendment of Trading Rules for Declared Water Systems (G-MW purchases for modernisation) – amended rules 25A(b), 25A(e) and 25A(f) to replace “the State Owned Enterprise*

for Irrigation Modernisation in Northern Victoria (NVIRP)” with “Goulburn-Murray Rural Water Corporation (G-MW)”, and to replace the instances of “NVIRP” with “G-MW” and inserted rule 25A(k). – gazetted on 29 June 2012

- *Order for Amendment of Trading Rules for Declared Water Systems (Curtailling Large Movements of Water Allocation Between Valleys) – replaced rule 12E1 and 12F1 with rules 12E2 and 12F2, and added definitions of “Goulburn Inter-Valley Trade account”, “resource manager” and “Upper Goulburn to Lower Broken Creek Inter-Valley Trade account”, in order to set limits on some allocation trade – gazetted on 21 November 2012*
- *Order for Amendment of Trading Rules for Declared Water Systems (Trade Out Of The Broken) – inserted rule 12G and 17D, added definition of “Broken Inter-Valley Trade Account”, amendments to Schedule 1, Schedule 2, Schedule 3 and Schedule 4 – gazetted on 1 May 2014, to come into effect on 1 July 2014*
- *Order for Amendment of Trading Rules for Declared Water Systems (Basin Plan) – deleted rules 23, 24, 25, 25A, 25B, 25C and Schedule 5 to remove some trading restrictions, amended Schedules 1, 2 and 3 to merge trading zones 10A and 10B and to simplify presentation of trade to and from unregulated systems, and amended various other rules for clarification – gazetted on 19 June 2014, to come into effect on 1 July 2014*
- *Order for Amendment of Trading Rules for Declared Water Systems (Trade from King to Ovens) – inserted rule 17E, amendments to Schedule 1 and Schedule 2 – gazetted on 27 June 2014, to come into effect on 1 July 2014*
- *Interim Order for Amendment of Trading Rules for Declared Water Systems (Revised Goulburn to Murray Trade Rule) – replaced Rule 12F2 with Rule 12F3 and inserted definitions for ‘deferred delivery volume’, ‘Goulburn Adjusted Legacy Trade Reserve’, ‘Goulburn Fixed Summer-Autumn Limit’, and ‘Goulburn Legacy Trade Reserve’ in order to give effect to a new interim Goulburn to Murray trade rule for the 2021-22 water year – gazetted on 30 June 2021, to be in effect 1 July 2021 to 30 June 2022.*

PART 1 - GENERAL

Title

1. This Order is called the Trading Rules for Declared Water Systems.

Purpose

2. The purpose of these Rules is to set out the conditions under which the Minister may consent to applications relating to water shares or water allocations under Part 3A or section 64K of the Act.

Authorising provisions

3. This determination is made under sections 33AZ, 47E, 48P and 64AZ of the Act.

Commencement

4. These Rules come into operation on 1 July 2007.

Application

5. These Rules apply to trade within, into and out of the water systems, as declared in the Order Declaring Water Systems in Northern Victoria 2007 and the Order Declaring Water Systems in Southern Victoria 2008.

Definitions

6. In these Rules:

A reference to a section is a reference to a section of the Act.

“allocation” means an allocation of water made under section 33AC with respect to a water share from water determined to be available in a water season, or an equivalent allocation of water made interstate;

“Act” means the **Water Act 1989**;

“back trade” means trade to a trading zone that:

- a) would not result in more water transferring to that trading zone than has previously transferred from it, and would not result in more water transferring to any other trading zone through which the trade must pass than has previously transferred from it, taking into account:
 - (i) in northern Victoria – all previous trades into and out of those trading zones, after adjustment for any spill, or quarantining in case of spill, of water held on account of past net transfers from those trading zones;
 - (ii) in southern Victoria – all trades into and out of those trading zones since 1 July 2008 except the trades referred to in rule 10B(a);
 - (iia) water already delivered from one trading zone to another as a consequence of trade; and
 - (iii) any back trade reserve; or
- b) in the case of trade from a trading zone above the Barmah Choke to a trading zone below the Barmah Choke,

- (i) would not result in more water transferring from the group of trading zones above the Barmah Choke than has previously transferred to the group, taking into account all previous trades into and out of that group of trading zones since 1 July 2007, and any back trade reserve, or
- (ii) is otherwise allowed by a decision of the Chief Executive of the Murray Darling Basin Authority;

“back trade reserve” means a volume of trade out of a trading zone that would otherwise be available for back trade to the trading zone, but which has been reserved for other purposes under an operating plan prepared in accordance with Schedule D of the Murray Darling Basin Agreement;

“Broken Inter-Valley Trade Account” means an account kept in the Victorian Water Register recording transfers of entitlements and allocations from the Broken River to downstream;

“deferred delivery volume” means an amount of traded water recorded in the Goulburn Inter-Valley Trade account that was not delivered to the River Murray in the preceding water season or where delivery has been deferred under an operating plan made in accordance with the *Murray-Darling Basin Agreement (Schedule D — Adjusting Valley Accounts and State Transfer Accounts) Protocol 2010* under Schedule D of the Murray Darling Basin Agreement.

“entitlement” means a water share or a take and use licence or a bulk entitlement or an environmental entitlement issued in Victoria, or an equivalent water entitlement held in another State;

“environment Minister” has the same meaning as in the Act;

“exchange rate” means a factor used to calculate the volume of an entitlement after an exchange rate trade;

“exchange rate trade” means:

- a) the conversion of a water share to a water share with a different water system in accordance with section 33Q(1)(a), or
- b) the issue of a water share on the cancellation of an interstate entitlement in accordance with section 33M, or
- c) the cancellation of a water share on the issue of a right in a non-declared water system in accordance with section 33ABA, or
- d) the issue of a water share, contingent on the cancellation of a right in a non-declared water system, in accordance with section 33F;

“Goulburn Adjusted Legacy Trade Reserve” means the amount of water, as determined by the resource manager due to historical exchange rate trade, by which the Goulburn Inter-Valley Trade account would increase if the seasonal determination for high-reliability water shares reached the projected determination for 15 February under average inflow conditions, as announced in the resource manager’s seasonal outlook in December of that water season;

“Goulburn Fixed Summer-Autumn Limit” is 190 GL minus the combined volume of –

- a) the balance of the Goulburn Inter-Valley Trade account less any deferred delivery volume; and
- b) the balance of the Upper Goulburn to Lower Broken Creek Inter-Valley Trade account; and
- c) the Goulburn Adjusted Legacy Trade Reserve

“Goulburn Inter-Valley Trade account” means an account kept in the Victorian Water Register recording transfers of entitlements and allocations from the Goulburn River to the Murray River;

“Goulburn Legacy Trade Reserve” means the amount, as determined by the resource manager due to historical exchange rate trade, that the Goulburn Inter-Valley Trade account would increase by if the seasonal determinations for high-reliability water shares reach 100 per cent this water season;

“Murray Darling Basin Agreement” means the inter-jurisdictional agreement of that name which provides for the sharing of the resources of the Murray Darling Basin;

“northern Victoria” means a water system declared to be a declared water system under section 6A of the Act by the Order Declaring Water Systems in Northern Victoria 2007;

“Policies for Managing Take and Use Licences” means a document of that name made by the Minister for Water on 2 February 2014, as updated from time to time;

“resource manager” means any person appointed by the Minister under section 43A of the Act to be the resource manager for the River Murray;

“seasonal determination” has the same meaning as in the Act;

“southern Victoria” means a water system declared to be a declared water system under section 6A of the Act by the Order Declaring Water Systems in Southern Victoria 2008.

“tagging” means that, without the water system or trading zone of an entitlement being varied, approval is given for allocations with respect to that entitlement being taken in a different water system or trading zone – with this being marked by a tag on the entitlement – and includes:

- a) an approval under section 33AI for taking of *ongoing* water allocations with respect to a water share outside the water system of the water share, either within Victoria or in another State, and
- b) an approval under section 33AL to associate a water share with land in another trading zone, and

Note: association of a water share with land in another trading zone means that water can be taken in that trading zone.

- c) changing an existing tag to a different tag, and
- d) an approval under section 33AG for the taking in Victoria of ongoing allocations under an entitlement held in another State, accompanied by a parallel approval and tag in relation to the entitlement in that other State;

“take and use licence” means a licence issued in accordance with section 51;

“trade” means trade of allocation and trade of entitlement;

“trade of allocation” means a dealing in an allocation that assigns the allocation or allows water to be taken at a different location to that at which it could be taken before the dealing, and includes:

- a) an assignment of a water allocation under section 33X(1)(c), 46, 46A, 48L or 48M, and
- b) approval under section 64K(1)(b) for the use of a water allocation on land that is not associated with the water share with respect to which the water allocation was made – but not an approval relating to *ongoing* water allocations in connection with a limited term transfer or tagging – and

- c) approval under section 33AI for the taking of a water allocation outside the water system of the water share under which the water allocation was made – which may be in another State, and
- d) approval under section 33AG for the taking in Victoria of an allocation made interstate;

“trade of entitlement” means a dealing in an entitlement that transfers the entitlement or allows water to be taken at a different location to that at which it could be taken before the dealing, and includes:

- aa) transfer of a water share under section 33X(1)(a), transfer of a bulk entitlement under section 46D and transfer of an environmental entitlement under section 48OA; and
- a) association of a water share under section 33AQ, including when approved as part of the transfer of the ownership of a water share, and
- b) approval under section 64K(1)(b) for the use of *ongoing* water allocations on land that is not associated with the water share with respect to which the water allocations are made, in connection with a limited term transfer or with a standing direction, and
- c) variation of the trading zone of a water share without varying the water system, under section 33Q(1)(b), and
- d) tagging, and
- e) exchange rate trade;

“trading zone” means a part of a water system as described in Schedule 1 and Schedule 3 into or out of or within which trade can occur, and

- a) **in relation to an entitlement**, means the trading zone as determined by the Minister at the time of issue of a water share or as subsequently varied through exchange rate trade, or, if the entitlement is held in another State, a trading zone similarly identified;
- b) **in relation to an allocation**, means the trading zone of the water share or other entitlement in respect of which the allocation was made, or if the allocation has been traded to a different trading zone, that trading zone.

“unregulated trading zone” has the same meaning as in the Policies for Managing Take and Use licences;

“Upper Goulburn to Lower Broken Creek Inter-Valley Trade account” means an account kept in the Victorian Water Register recording transfers of entitlements and allocations from the Goulburn River to the Lower Broken Creek;

“water season” has the same meaning as in the Act;

“water share” has the same meaning as in the Act.

Note: any notes in italics are explanatory only and do not form part of the Rules.

PART 2 – TRADE OF ALLOCATION

7. Subject to Rules 12, 12C, 12D, 12E2, 12F3 and 12G, an application for a trade of allocation may only be approved if the trade:
- (a) is within a trading zone; or
 - (b) is from a trading zone identified at the top of a table in Schedule 2 to a trading zone identified at the left of that table, and the cell which is directly below the first trading zone and directly to the right of the second trading zone contains “a” (for always); or
 - (c) is from a trading zone identified at the top of a table in Schedule 2 to a trading zone identified at the left of table, and the cell which is directly below the first trading zone and directly to the right of the second trading zone contains “b” (for back trade), and the trade is back trade; or
 - (d) complies with Rules 8, 9, 10, 10A, 10B, 10C or 11.

Lower Goulburn (zone 3)

8. An application for a trade of allocation may be approved if the trade is from trading zone 3 to one of trading zones 1A, 1B, 1L, 4C and 6B, and –
- (a) the trade is in water season that, for the purpose of this Rule, is classed by Goulburn-Murray Rural Water Authority as dry; and
 - (b) the total trade under this Rule during the water season has not exceeded a limit, being 5,000 megalitres or less, set by Goulburn-Murray Rural Water Authority.

Lower Broken Creek (zone 6B)

9. An application for a trade of allocation may be approved if the trade is –
- (a) from trading zone 6B to trading zone 1A, 1B, 1L, 3 or 4C, and the total trade in the water season under this Rule has not exceeded the limit set by Goulburn-Murray Rural Water Authority; or
 - (b) from trading zone 6 to trading zone 6B, and will not exceed Murray Valley area channel capacity constraints.

Loddon supplement (zone 5A)

10. An application for a trade of allocation to trading zone 5A may be approved if -
- (a) the trade is:
 - (i) from trading zone 1A or 1B; or
 - (ii) from another trading zone from which trade to trading zone 1A or 1B could be approved under Rule 7(c); and
 - (b) the trade is in a water season that, for the purpose of this Rule, is classed by Goulburn-Murray Rural Water Authority as a season in which the Loddon water system is supplying water to the Goulburn water system as a supplement; and
 - (c) the total trade in the water season under this Rule has not exceeded the limit set by Goulburn-Murray Rural Water Authority.

Thomson (zones 42A and 42B)

- 10A. An application for a trade of allocation from trading zone 41 to trading zones 42A or 42B, or from trading zone 42B to 42A may be approved if Southern Rural Water assesses that there is sufficient water available in Thomson Reservoir to supply that trade without affecting supply to other holders of allocation.
- 10B. An application (the primary application) for a trade of allocation from trading zones 42A or 42B to trading zones 31AR, 31AD, 31BR or 31BD may be approved if -
- (a) an application (the prerequisite application) is received concurrently from the same applicant for a trade of allocation from trading zones 42A or 42B to trading zone 41, for a volume equal to or greater than 233% of the volume of the primary application; and
 - (b) the prerequisite application has been approved; and
 - (c) the transferee in the primary application has made arrangements with Southern Rural Water for delivery of that allocation to trading zone 31AR, 31AD, 31BR or 31BD.

Werribee to Bacchus Marsh

- 10C. An application for a trade of allocation from trading zones 31BR or 31BD to trading zones 31AR or 31AD may be approved if Southern Rural Water assesses that there is sufficient water in Pykes Creek Reservoir to supply that trade without affecting supply to other holders of allocation.

Special situations

11. Trade of allocation out of a trading zone listed in Schedule 1 (a “regulated trading zone”) which would not be allowed under Rules 7 to 10, may be approved if the property to which the allocation is to be delivered can physically receive a supply from that trading zone, and the property –
- (a) is situated in another regulated trading zone, and the seasonal determination for that trading zone is less than 100%; or
 - (b) is situated in a trading zone listed in Schedule 3 (an “unregulated trading zone”) and is subject to a ban on diversions;
- subject to any other conditions which the Minister may determine to ensure there are no adverse effects on other water users or the environment.

Limit on trade out of the Loddon

12. An application for a trade of allocation out of trading zones 1B or 5A must not be approved if, after the proposed trade, the net trade out (including trade of allocation in the current season, and any trade of entitlement, and any trade carried out under trading rules in existence prior to these Rules) of the combined trading zones 1B and 5A would exceed 8,000 megalitres.

Note: Records of trade have been kept since trade was first permitted, and will be used to assess whether an application is affected by this Rule and Rule 15.

12A. *[Deleted]*

12B. *[Deleted]*

Werribee water system

12C. An application for a trade of allocation from trading zone 31BD or 31BR to trading zone 31AD or 31AR must not be approved if Southern Rural Water has declared, at the time of making a seasonal determination, that there is insufficient water available for delivery in trading zones 31AD or 31AR, and has not cancelled that declaration.

Refusal by interstate authority

12D. An application for a trade of allocation to or from interstate must not be approved if the interstate authority advises that it will not approve the trade.

Limit on Allocation Trade from NSW

12E. *[Deleted]*

12E1. *[Deleted]*

12E2. An application, received after 9 January 2013, for a trade of allocation from NSW to any Victorian trading zone must not be approved if, after approval of the trade, either –

- (a) the volume of net trade from NSW to Victoria approved in the current water season would exceed 200 GL; or
- (b) the risk of spill of Victoria's share of Hume and Dartmouth Reservoirs during the remainder of the water season, as determined monthly by the resource manager, would exceed 50%.

Limit on Allocation Trade from Goulburn or Campaspe or Loddon, to Murray or Interstate

12F *[Deleted]*

12F1. *[Deleted]*

12F2. *[Deleted]*

12F3. An application for a trade of allocation from any Victorian trading zone other than trading zone 6, 6B or 7, to trading zone 6, 6B or 7 or to interstate, must not be approved if, either –

- (a) the application is received on or after 1 July 2021 and before 10.00am on 15 December 2021 (provided however that if 15 December 2021 is not a business day, then before 10.00am on the next business day after 15 December 2021) and if the trade were to be approved, the combined volume of –
 - (i) the balance of the Goulburn Inter-Valley Trade account less any deferred delivery volume; and
 - (ii) the balance of the Upper Goulburn to Lower Broken Creek Inter-Valley Trade account; and
 - (iii) the Goulburn Legacy Trade Reserve; –would exceed 190 GL; or
- (b) the application is received at or after 10.00am on 15 December 2021 (provided however that if 15 December is not a business day, then at or after 10.00am on the next business day after 15 December) and before the end of 30 June 2022 and if the trade were to be approved, the volume of net trade approved would exceed the Goulburn Fixed Summer-Autumn Limit.

Limit on Allocation Trade from the Broken (zone 2)

12G. An application for a trade of allocation from trading zone 2 to any other trading zone must not be approved if the application is received after 31 March and before 1 July in any year, or if after approval of the proposed trade, the Broken Inter-Valley Trade account would exceed 1,500 ML.

13. *[Deleted]*

PART 3 – TRADE OF ENTITLEMENT

Trading zone rules

14. Subject to Rules 15, 16, 17, 17B, 17C, 17D and 17E, an application for a trade of entitlement, other than by exchange rate trade, may only be approved if the trade:

- (a) is within a trading zone; or
- (b) is from a trading zone identified at the top of a table in Schedule 2 to a trading zone identified at the left of that table, and the cell which is directly below the first trading zone and directly to the right of the second trading zone contains “a”.

Limit on trade out of the Loddon

15. An application for a trade of entitlement out of trading zones 1B or 5A must not be approved if, after the proposed trade, the net trade out (including trade of allocation in the current season, and any trade of entitlement, and any trade carried out under trading rules in existence prior to these Rules) of the combined trading zones 1B and 5A would exceed 8,000 megalitres.

Lower Campaspe (zone 4C)

16. An application for a trade of entitlement must not be approved –

- (a) for trade out of trading zone 4C if the total entitlement for which water may be taken in that trading zone after the trade out would be less than 1,000 megalitres of water shares classed as high reliability, unless the trade out is for the total remaining volume of water shares classed as both high and low reliability in the trading zone; and
- (b) for trade into trading zone 4C if all the entitlement has been previously traded out of trading zone 4C, unless trade in is for at least 1,000 megalitres of water shares classed as high reliability.

Lower Darling (zone 14)

17. An application for a trade of entitlement must not be approved if the trade is into or out of the Lower Darling Valley.

17A. *[Deleted]*

Werribee District (zone 31BD)

17B. An application for a trade of ‘low reliability’ entitlement from or within trading zone 31BD must not be approved unless:

- (a) it is an application for a trade within trading zone 31BD and the water share will remain associated with the same or substantially the same land; or
- (b) Southern Rural Water is satisfied that the trade should be permitted, having regard to:

- (i) the environmental objectives for the Werribee River outlined in the Victorian Government White Paper *Our Water Our Future* (2004); and
- (ii) the circumstances of the proposed trade.

Refusal by interstate authority

17C. An application for a trade of entitlement to or from interstate must not be approved if the interstate authority advises that it will not approve the trade.

Notes regarding trade of entitlement:

- (a) *Tagging of a water share, other than to interstate, leads to the water share being associated with the relevant land.*
- (b) *The giving or surrender of a limited term transfer does not alter the association of the water share.*
- (c) *In accordance with Rule 14 above, a water share may only be tagged to a destination in a trading zone to which trade is always permitted, and back trade by tagging is not permitted except by the removal of a tag previously applied.*
- (d) *A water share may not be tagged to locations in more than one trading zone.*

Broken (zone 2)

17D. An application for a trade of entitlement from trading zone 2 to any other trading zone must not be approved.

Ovens and King water systems

17E. An application for a trade of entitlement from trading zone 9B to trading zone 9C must not be approved unless the works licence through which allocation under the entitlement can be taken includes a condition allowing Goulburn-Murray Rural Water Corporation to restrict take upon appropriate notice.

Exchange rate trade

18. An application for an exchange rate trade, other than for an exchange rate trade to an unregulated trading zone, may only be approved if:

- (a) the trade is back trade –
 - (i) from trading zone 6B or 7 to trading zone 1A or 1B or
 - (ii) from trading zone 12 to trading zone 1A or 1B and South Australia also approves the trade, or
 - (iii) from trading zone 1A or 1B to trading zone 4A or 4C, provided that the trade does not result in net trade from the Goulburn water system to the Campaspe water system, or
 - (iv) from trading zone 6B or 7 to trading zone 4A or 4C, provided that the trade does not result in net trade from the Murray water system to the Campaspe water system, or
 - (v) from trading zone 1A or 1B to trading zone 5A; and
- (b) the entitlement being converted or cancelled is a high-reliability water share or an equivalent interstate entitlement;
- (c) an exchange rate equal to 1.0 is applied.

PART 4 – TRADE TO OR FROM UNREGULATED TRADING ZONES

Trade of entitlement to an unregulated trading zone

19. An application to cancel a water share under section 33ABA to allow the issue of a take and use licence in an unregulated trading zone may be approved if:
- (a) the take and use licence to be issued only permits the holder of the licence to divert water into or harvest water in a private dam between the months of July to October (inclusive) in each year, or during any shorter period within those months as specified in the licence (that is, it is a “winter-fill licence”); and
 - (b) the take and use licence will not become operative until the next 1 July; and
 - (b1) the water share being cancelled is a high-reliability water share;
 - (c) the trade is in accordance with the trading zone rules in Schedule 3; and
 - (d) the exchange rates in Schedule 4 are applied; and
 - (e) the total volume of entitlement transferred from the associated water system to unregulated systems since 14 October 2002 has not exceeded three per cent of the entitlements in existence for that water system on 1 July 2002.

Trade of entitlement from an unregulated trading zone

20. A water share must not be issued in accordance with section 33F, contingent on the cancellation of a take and use licence in an unregulated trading zone, unless:
- (a) the take and use licence is unused in the current year to 30 June; and
 - (b) *[Deleted]*
 - (c) the trade is a back-trade, and
 - (d) the inverse of the exchange rate in Schedule 4 is applied in calculating the volume of the water share.

Trade of allocation to or from an unregulated trading zone

21. Trade of allocation is not permitted –
- (a) from a regulated water system to an unregulated water system, except where allowed under Rule 11(b); or
 - (b) from an unregulated water system to a regulated water system.

PART 5 – *[Deleted]*

22. *[Deleted]*.

23. *[Deleted]*.

23A. *[Deleted]*.

24. *[Deleted]*.

25. *[Deleted]*.

25A. *[Deleted]*.

25B. *[Deleted]*.

25C. [Deleted].

PART 6 – MISCELLANEOUS

Adverse impact

26. (1) Notwithstanding any other provisions in these Rules, an application to trade may be refused if that trade would, in the opinion of the Minister, be likely to cause any material adverse impact on the environment or other water users.
- (2) Where the Minister has refused an application to trade under this Rule, the Minister must give the applicant the reason for the refusal in writing.

Carryover and advance allocation

27. (1) Transfer of ownership of a water share under section 33S(1) must not alter any limitations on water allocations in the current water season with respect to that water share arising from any allocation carried over from the previous water season under section 33F(2) or any advance allocation taken with respect to that water share.
- (2) If a water share is divided under section 33Y, any limitations on water allocations in the current water season with respect to that water share on account of carryover or advance allocation must be apportioned on a pro rata basis between all of the new water shares.
- (3) If two or more water shares are consolidated under section 33Z, any limitations on water allocations in the current water season with respect to those water shares on account of carryover or advance allocation must be aggregated against the consolidated water share.

Administration of interstate tagging

28. The following administrative procedures and requirements are to apply to interstate tagging of entitlements –
- (a) the owner of a tagged water share must apply to the relevant interstate body to establish separate accounting for tagged allocations;
- (b) an application to tag a water share to a trading zone in another State may only be approved if the owner of the water share:
- (i) provides details of an interstate account suitable for ongoing accounting for usage arising from the tagging, and
 - (ii) authorises the ongoing transfer of allocations to this account from Victoria as required for administration of the tagging, and
 - (iii) undertakes to ensure that the relevant allocation account in Victoria will always contain sufficient allocation to meet orders placed interstate for usage interstate;
- (c) an application to take water under an interstate entitlement in Victoria may only be approved if the owner of the interstate entitlement:
- (i) provides details of an interstate account that will hold allocations made in respect of the entitlement ready for transfer to Victoria; and
 - (ii) authorises the ongoing transfer of allocations from that account to an account in Victoria as required for administration of the tagging; and
 - (iii) undertakes to ensure that the interstate account will always contain sufficient allocation to meet orders placed for usage in Victoria.

Note: Schedule E to the Murray Darling Basin Agreement, which affects northern Victoria, requires each State to provide reports of interstate trade to the Murray Darling Basin Commission as follows:

- (1) Within seven days after the end of every month, each Authority must send to the Murray-Darling Basin Commission (“the Commission”) a copy of its records relating to interstate trade of entitlements (whether by exchange rate trade or tagging) and allocations for the preceding month.*
- (2) If the Commission advises an Authority of a discrepancy between the Authority’s data and that of another Authority or a similar body interstate, the Authority which receives such advice must:*
 - (i) give any explanation of the discrepancy to the Commission, within fourteen days after receiving a report; and*
 - (ii) in consultation with the Commission, promptly seek to resolve the discrepancy.*

Exit fees not permitted on a water share dealing

29. Any fees levied on the dissociation of a water share from land in an irrigation area, or on any other dealings in a water share, must not include any contribution towards the costs of maintaining irrigation infrastructure.

Surrender and cancellation of a water share

30. An application for surrender of a water share under section 33AA or cancellation of a water share under sections 33AB or 33ABA where there is a recorded mortgage held against that water share may only be approved if the mortgagee’s consent has been obtained.

Division of water shares

31. Where a water share has been divided under section 33Y, any limited term transfer held in relation to that water share must be carried forward to each of the new water shares that is issued.

Consolidation of water shares

32. (1) Water shares may only be consolidated if they have the same trading zone and the water may be taken at the same location.
- (2) Where water shares are consolidated by cancelling a water share and adding the maximum volume to an existing water share under section 33Z(1)(b), any mortgage or limited term transfer over the water share to which maximum volume has been added will, in accordance with section 33Z(4), extend to the whole of the consolidated water share.

Evidence of identity (100 point check)

33. Each of the owners of a water share applying for approval for a transfer of a water share or limited term transfer must establish their identity in accordance with section 84ZE by completing a 100 point identity check including the provision of personal identification in the form of original, or certified copies of original, documents, together with such other information as may reasonably be required by the recording body.

Procedures for the management of applications for trade

- 34 (1) Applications for trade must be managed in accordance with procedures established for the management of such applications.
- (2) Where there is, or is expected to be, a high volume of applications for trade, and approval of all of those applications may cause a limit set by these Rules to be exceeded, specific procedures may be established for the grouping of applications, and for the orderly selection, by ballot or any other method, of applications from a group for processing and approval.

SCHEDULE 1: Trading zones for declared water systems

TABLE 1A: Northern Victoria

Trading Zone	Trading Zone description
1A	<p>Greater Goulburn Lake Eildon; Goulburn River from Lake Eildon to Goulburn Weir; Lake Nagambie; Shepparton, Central Goulburn, Rochester and Pyramid-Boort irrigation areas except the Boort irrigation area.</p>
1B	<p>Boort Boort irrigation area</p>
1L	<p>Loddon Weir Pool</p>
2	<p>Broken: Nillahcootie to Casey's Weir Lake Nillahcootie; Broken River from Lake Nillahcootie to top of Casey's Weir pool; Casey's Weir pool; Broken River from Casey's Weir pool to the Goulburn River; Upper Broken Creek from Broken River to Waggarandall Weir, including Major Creek.</p>
3	<p>Lower Goulburn Goulburn River downstream of Goulburn Weir.</p>
4A	<p>Campaspe Lake Eppalock; Campaspe River from Lake Eppalock to Waranga Western Channel; Campaspe irrigation district.</p>
4B	<p>Coliban channel system Coliban channel system.</p>
4C	<p>Lower Campaspe Lower Campaspe River, from downstream of the Waranga Western Channel to the River Murray</p>
5A	<p>Loddon Tullaroop Reservoir; Tullaroop Creek from Tullaroop Reservoir down to Loddon River; Cairn Curran Reservoir; Loddon River from Cairn Curran Reservoir down to top of Loddon Weir Pool; Serpentine Creek system upstream of Bear's Lagoon.</p>
5B	<p>Bullarook Hepburns Lagoon, and downstream to Bullarook Creek; Newlyn Reservoir; Bullarook Creek from Newlyn Reservoir to Creswick Creek.</p>
6	<p>Vic Murray Dartmouth to Barmah Lake Hume; River Murray from Lake Hume to Barmah Choke; Lake Dartmouth; Mitta Mitta River below Lake Dartmouth; Murray Valley irrigation area, excluding Lower Broken Creek.</p>
6B	<p>Lower Broken Creek Lower Broken Creek downstream of Katamatite.</p>

7	<p>Vic Murray Barmah to SA River Murray from Barmah Choke to the South Australian border; Torrumbarry irrigation area; Tresco irrigation district Nyah irrigation district; Robinvale irrigation district; Red Cliffs irrigation district; Merbein irrigation district; First Mildura irrigation district (Note – this now includes the previous trading zone 8)</p>
9A	<p>Ovens Lake Buffalo; Buffalo River downstream of Lake Buffalo; Ovens River downstream of the confluence with the Buffalo River.</p>
9B	<p>King Lake William Hovell; King River downstream of Lake William Hovell.</p>
9C	<p>Lower Ovens Ovens River downstream of the confluence of King River.</p>
10	<p>NSW Murray above Barmah Choke River Murray from Lake Hume to Barmah Choke, including Murray Irrigation Ltd areas and Wakool Irrigation District</p>
11	<p>NSW Murray below Barmah Choke River Murray from Barmah Choke to SA border (including the Edwards/Wakool system and the Western Murray Irrigation District).</p>
12	<p>South Australian Murray River Murray in SA and Trust districts</p>
13	<p>Murrumbidgee Murrumbidgee Irrigation and Colleambally Irrigation areas; Murrumbidgee and Tumut below Burrinjuck and Blowering reservoirs (including Yanko, Colombo and Billabong Creek systems)</p>
14	<p>Lower Darling Menindee Lakes and the Darling River downstream of the Menindee Lakes</p>

TABLE 1B: Werribee water system

31AD	Bacchus Marsh District Bacchus Marsh irrigation district
31AR	Upper Werribee Diverters Pykes Creek Reservoir Pykes Creek from Pykes Creek Reservoir to Werribee River Werribee River from Pykes Creek to Coimadai Creek
31BD	Werribee District Werribee irrigation district
31BR	Lower Werribee Diverters Werribee River from Coimadai Creek to the bluestone ford below Maltby Bypass
31C	Lake Merrimu Lake Merrimu

TABLE 1C: Thomson/Macalister water system

41	Macalister Macalister irrigation district Lake Glenmaggie Macalister River from Lake Glenmaggie to Thomson River Thomson River from siphon to Latrobe River
42A	Upper Thomson Thomson Reservoir Thomson River from Thomson Reservoir to top of Cowwarr Weir weir pool
42B	Mid-Thomson Thomson River from Cowwarr Weir (including weir pool) to siphon Rainbow Creek Cowwarr Channel

SCHEDULE 2: Trading capability for regulated trading zones

(see Rules 7 and 14)

TABLE 2A: Northern Victoria

To Trading Zone	From Trading Zone																	
	1A	1B	1L	2	3	4A	4C	5A	6	6B	7	9A	9B	10	11	12	13	14
1A	a	a		b	b	a	a	a	b	b	b			b	b	b	b	b
1B	a	a		b	b	a	a	a	b	b	b			b	b	b	b	b
1L	a	a	a	b	b	a	a	a	b	b	b			b	b	b	b	b
2	b	b		a	b	b	b	b	b	b	b			b	b	b	b	b
3	a	a		a	a	a	a	a	b	b	b			b	b	b	b	b
4A	b	b		b	b	a	a	b	b	b	b			b	b	b	b	b
4C	b	b		b	b	a	a	b	b	b	b			b	b	b	b	b
5A	b	b		b	b	b	b	a	b	b	b			b	b	b	b	b
6	a	a		a	a	a	a	a	a	a	a			a	a	a	a	a
6B	a	a		b	b	a	a	a	b	a	b			b	b	b	b	b
7	a	a		a	a	a	a	a	b	a	a			b	a	a	a	a
9A												a						
9B												b	a					
9C												a	a					
10	a	a		a	a	a	a	a	a	a	a			a	a	a	a	a
11	a	a		a	a	a	a	a	b	a	a			b	a	a	a	a
12	a	a		a	a	a	a	a	b	a	a			b	a	a	a	a
13	b	b		b	b	b	b	b	b	b	b			b	b	b	a	b
14	b	b		b	b	b	b	b	b	b	b			b	b	b	b	a

TABLE 2B: Werribee water system

To Trading Zone	From Trading Zone				
	Zone	31AD	31AR	31C	31BD
31AD	a	a		b	b
31AR	a	a		b	b
31C			a	b	b
31BD	a	a	a	a	a
31BR	a	a	a	a	a

TABLE 2C: Thomson/Macalister water system

To Trading Zone	From Trading Zone		
	Zone	41	42A
41	a	a	a
42A		a	
42B	b	a	a

Notes to Schedule 2:

1. *This Schedule does not apply to exchange rate trade, which is governed by Rule 18.*
2. *This Schedule must be read in accordance with Rules 7 and 14 and other Rules.*
3. *When using this Schedule for trade of allocation:*
 - a. *'from' is the existing trading zone for the allocation;*
 - b. *'to' is the proposed new trading zone for the allocation.*
4. *When using this Schedule for trade of entitlement, other than for exchange rate trade:*
 - a. *'from' is the trading zone for the entitlement;*
 - b. *'to' is the trading zone in which allocations are proposed to be taken.*
5. *Trading zone 1L is not a trading zone for any water share, but is a trading zone in which water may be taken.*
6. *Trading zone 9C is not a trading zone for any water share, but is a trading zone in which water may be used.*

**SCHEDULE 3: Trading capability between regulated and unregulated trading zones
(see Rule 19)**

Unregulated trading zone, as described in 'Policies for Managing Take and Use Licences'	Regulated trading zone from which transfer can occur
110 Goulburn	1A
120 Broken	2
130 Lower Goulburn	1A & 3
140 Campaspe	4A & 4C
141 Coliban	4B
150 Loddon	5A & 1B
151 Lower Loddon	5A & 1B
160 Upper Murray	6
161 Upper Murray main stem	6
170 Barmah to Nyah	7
180 Ovens and King	9A, 9B & 6
190 Kiewa Catchment	6
191 Kiewa Main Stem	6

Note: Trading zone numbers in the second column refer to trading zones defined in Schedule 1.

SCHEDULE 4: Exchange rates for trade of high-reliability water shares from regulated trading zones to winter-fill licences (see Rules 19 and 20)

Regulated trading zone or zones	Exchange rate
Zones 6, 6B, 7 (Murray system)	1.19
Zones 9A & 9B (Ovens)	1.19
Zones 1A, 1B, 1L, 3, 5A (Goulburn/Loddon system)	1.19
Zone 5B (Bullarook)	1.19
Zone 2 (Broken system)	1.19
Zone 4A (Campaspe system)	1.19
Zone 4B (Coliban System)	1.19
Zone 4C (Lower Campaspe)	1.19

Note: The exchange rate has been calculated on the basis that the long term cap equivalent of a high-reliability water share is 0.95, and the expected utilisation factor for a farm dam is 0.8.

SCHEDULE 5: [DELETED].