

Lower Burdekin Water

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LBW Water Allocation Entitlement Policy

LBW Policy for dealing with Water Allocation Entitlements
in the Burdekin Haughton Water Supply Scheme
that are distributed under the Lower Burdekin Distributed Operations Licence

1. INTRODUCTION

1.1. Background

- 1.1.1.** The Burdekin Haughton Water Supply Scheme (BHWSS) Resource Operations Licence (ROL) sets out the authority and conditions by which its holder ("SunWater") may use watercourses, and interfere with the flow of water (by operating specific infrastructure), for the distribution of supplemented water in accordance with the day-to-day operational, water sharing and seasonal water assignment rules set out in the Burdekin Haughton Water Supply Scheme Operations Manual
- 1.1.2.** The Lower Burdekin Distribution Operations Licence sets out the authority and conditions by which its holder, Lower Burdekin Water (LBW) may use watercourses, and take and interfere with the flow of water (by using specific infrastructure), for the distribution of supplemented water in accordance with the seasonal assignment rules set out in the Lower Burdekin Distribution Operations Licence (DOL) Operations Manual
- 1.1.3.** The ROL, the DOL, the BHWSS Operations Manual and the Lower Burdekin Distribution Operations Licence Operations Manual relate to the Water Plan (Burdekin Basin) 2007 all of which collectively impose obligations on SunWater and LBW in respect of supplemented water allocations within the BHWSS that are managed under the DOL.

1.2. Objectives of the Policy

- 1.2.1.** The objectives of the Policy are to enable LBW to:
 - 1.2.1.1.** comply with its obligations under its DOL
 - 1.2.1.2.** align its dealings for the Water Allocations with SunWater's rules for the BHWSS
 - 1.2.1.3.** minimise its costs, including to Ratepayers and Customers generally
 - 1.2.1.4.** apply robust natural resource management and equitable commercial principles to LBW's dealings with the Water Allocation Entitlements and with the Water Allocation Entitlement Holders
 - 1.2.1.5.** assign, and facilitate third party access to, its water allocations for the purposes of advancing the LBW's purposes as set out in its Governance Policy, rather than to facilitate water trading specifically for the commercial gain of individuals.

2. OVERVIEW OF WATER CHARGES

2.1. SunWater bulk water charges

- 2.1.1.** SunWater invoices Water Allocation Entitlement Holders regulated bulk water charges for their Water Allocation Entitlement at the rates published and amended from time to time by SunWater in its Fees and Charges Schedule for the BHWSS.

2.2. LBW's rates and charges for customers or ratepayers

- 2.2.1.** As a Category 2 Water Authority under the Water Act 2000 (Qld) (the "Act") LBW is empowered to make, and levy, charges on its Customers and rates on its Ratepayers.¹
- 2.2.2.** The Act provides for LBW to make and levy:
 - 2.2.2.1.** charges on its Customers, on a volumetric basis for water activities carried out by LBW;² and
 - 2.2.2.2.** rates on its Ratepayers on the basis of the area of land in the authority area that is the subject of the irrigation service.³
- 2.2.3.** Accordingly, LBW will make and levy, as may be applicable:
 - 2.2.3.1.** an "Area Based Charge" at a rate per hectare as published in LBW's Schedule of Rates and Charges as amended from time to time

¹ Section 572(2)

² Section 572(4)

³ Section 572(5)

- 2.2.3.2. an "Open Water Base Rate" at a per megalitre rate as published in LBW's Schedule of Rates and Charges as amended from time to time
- 2.2.3.3. an "Open Water Excess Rate" for water taken over the nominal water allowance at a per megalitre rate as published in LBW's Schedule of Rates and Charges as amended from time to time
- 2.2.3.4. other charges where applicable and identified in LBW's published Schedule of Rates and Charges as amended from time to time.

2.3. Market Rate

- 2.3.1. From time to time, LBW may wish to seasonally assign a portion of its Water Allocation to a Non-Ratepayer.
- 2.3.2. LBW will charge the Non-Ratepayer for the portion of its Water Allocation being seasonally assigned on a volumetric basis at a commercially negotiated rate per megalitre ("the Market Rate").

3. WATER TRANSFERS

3.1. Types of Water Transfers

3.1.1. Water Allocation Holders have the right to:

- 3.1.1.1. seasonally assign a portion, or all, of their Water Allocations to a third party for part of a Water Year ("Seasonal Water Assignment" or "Temporary Transfer"); or
- 3.1.1.2. lease a portion, or all, of their Water Allocation to a third party for a specific period ("Lease of Water Allocation"); or
- 3.1.1.3. sell or purchase Water Allocations to or from a third party or LBW ("Permanent Transfers").

3.1.2. Seasonal Water Assignments, Leases of Water Allocations and Permanent Transfers are:

- 3.1.2.1. subject to the requirements of the regulatory instruments set out in clauses 1.1.1, 1.1.2 and 1.1.3; and
- 3.1.2.2. require the prior consent of both SunWater and LBW.

3.2. Water Transfers to LBW

3.2.1. LBW may increase the volume of water that it can take by:

- 3.2.1.1. taking a seasonal assignment of water; and/or
- 3.2.1.2. leasing water allocation; and/or
- 3.2.1.3. permanently acquiring further water allocations.

3.2.2. The following are examples of situations that may trigger LBW's need to consider increasing the volume of water that it can take:

- 3.2.2.1. where LBW are approached by an existing Customer, Ratepayer or a Non-Ratepayer for further water and LBW cannot provide that water utilising LBW's existing water allocations; and/or
- 3.2.2.2. where LBW is approached by a Customer, Ratepayer or a Non-Ratepayer to transfer water allocation on their behalf and agree to enter into a Water Transfer Agreement with LBW; and/or
- 3.2.2.3. where LBW cannot meet all existing Customer or Ratepayer requirements by utilising LBW's existing water allocations; and/or
- 3.2.2.4. where LBW decides to expand the Authority area; and/or
- 3.2.2.5. to maintain reliability of supply within the authority area for the future in response to long-term climate trends.

3.2.3. Upon the triggering of a need under clause 3.2.2, the Executive Officer of the LBW ("**EO**") will complete a Risk Assessment for presentation to the Board for approval, that includes but is not be limited to consideration of the following:

- 3.2.3.1. in the case of 3.2.1.1, whether there is a commercial benefit to LBW to purchase the water allocation proposed;
- 3.2.3.2. in the case of 3.2.1.2, whether LBW can recover costs of the acquisition and whether the water allocation is required to maintain the aquifer;
- 3.2.3.3. whether the water allocation should be acquired by way of a seasonal water assignment, lease or permanent acquisition;
- 3.2.3.4. any pricing impacts of the acquisition on LBW's existing Customer and Ratepayer base; and
- 3.2.3.5. other relevant factors in respect of the proposed water allocation acquisition, including operational requirements for transportation of the water.

3.2.4. Where approval is granted by the Board for LBW for a proposal to increase the volume of water by adopting one or more of the options listed in clause 3.2.1 ("**Proposal**"), the EO is to advise SunWater of the Proposal and request SunWater's approval.

3.2.5. Where SunWater approves the Proposal, LBW will implement the Proposal by applying a competitive tender process, with selections for supply including evaluation of:

- 3.2.5.1. any operational constraints (including, for example, changes to the location of Water Allocations) associated with the Proposal; and
- 3.2.5.2. the cost per megalitre to LBW.

3.3. Procedure for dealing with applications for Seasonal Water Assignments or Water Allocation Leases by Water Allocations Holders

- 3.3.1.** The following procedure applies when a Water Allocation Holder applies to LBW for consent to a seasonal water assignment or lease of Water Allocation.
- 3.3.2.** The Water Allocation Holder is required to make application in the approved form to LBW for its consent to the seasonal water assignment or Water Allocation lease.
- 3.3.3.** LBW will notify SunWater of LBW's decision:
 - 3.3.3.1.** for a seasonal water assignment – within three (3) to five (5) business days of receipt of the application;
 - 3.3.3.2.** for a Water Allocation Lease – within three (3) to five (5) business days or as soon as practicably possible.
- 3.3.4.** SunWater will advise LBW and the Water Allocation Holder of its decision in respect of the application in accordance with SunWater's published timeframes.

3.4. Requirement for a Seasonal Water Assignment or a Water Allocation Lease that proposes to utilise LBW Infrastructure

- 3.4.1.** Further to the procedure set out in Section 3.3, the following additional requirement applies where a Water Allocation Holder is applying to LBW for consent to a seasonal water assignment or Water Allocation Lease to a third party who will be reliant on LBW Infrastructure for water to be delivered under the assignment or the lease.
- 3.4.2.** The Water Allocation Holder is required to submit a proposal for the delivery of the water under the assignment or lease in writing to LBW.
- 3.4.3.** Where the consent to the seasonal water assignment or Water Allocation lease has been approved by LBW and SunWater, the third party shall be required to enter into and be bound by the terms and conditions of a LBW Water Transfer Agreement.

4. ACCESS TO LBW'S WATER ALLOCATION

4.1. Access to LBW Water Allocation by Ratepayers

- 4.1.1.** A Ratepayer who is a Water Allocation Holder and has a SunWater licenced offtake can apply to access LBW's Water Allocation via a seasonal water assignment.
- 4.1.2.** In assessing an application for a seasonal water assignment of part or all of its Water Allocation, LBW shall:
 - 4.1.2.1.** limit the total volume of LBW Water Allocation seasonally assigned to a Water Allocation Holder, and applied to Rated Land, within a single water year in accordance with achieving the policy objective in Clause 1.2.1.5; and
 - 4.1.2.2.** limit the total volume of LBW Water Allocation seasonally assigned within a single water year in accordance with achieving the policy objectives in Section 1.2.1.
- 4.1.3.** In assessing the application for a seasonal water assignment of part or all of its Water Allocation, LBW will also consider the following factors:
 - 4.1.3.1.** The volume of water being requested and whether LBW has sufficient water available under its Water Allocation; and
 - 4.1.3.2.** The ability of LBW river operations to deliver the Water Allocation via a SunWater offtake.
- 4.1.4.** If approved, LBW will issue an invoice to the Water Allocation Holder for the full volume of water to be transferred under the seasonal water assignment to be paid in advance of the water transfer.
- 4.1.5.** The amount charged for the water transferred under the seasonally assigned Water Allocation will be the Open Water Base Rate as published in LBW's schedule of rates and charges as amended from time to time.

4.2. Seasonal Assignment of LBW's Water Allocation to Non-Ratepayers

- 4.2.1.** A Water Allocation Holder who is a Non-Ratepayer can apply to access LBW's Water Allocation via a seasonal water assignment in such case the following procedure shall apply:
 - 4.2.1.1.** The applicant is required to make an application using the approved form to LBW including nominating the volume of water sought and the location from which it is intended to be taken.
- 4.2.2.** In determining whether to approve an application, LBW's considerations may include, but are not limited to:
 - 4.2.2.1.** whether there is a commercial benefit to LBW in trading the water; and
 - 4.2.2.2.** any impacts that might arise from the water trade including in relation to the reliability of supply to Customers, Ratepayers or to the aquifer.
- 4.2.3.** Where an application is approved by LBW:
 - 4.2.3.1.** The Non-Ratepayer will be charged in advance by LBW for a seasonal assignment of the water at the Market Rate.

5. DEFINITIONS

Act	means the Water Act 2000 (Qld)
Area Based Charge	means the rates per hectare as published within LBW's schedule of Rates and Charges as amended from time to time
BHWSS	means the Burdekin Haughton River Water Supply Scheme
BHWSS Operations Manual	means the Burdekin Haughton River Water Supply Scheme Operations Manual
Customers	has the meaning ascribed for water authorities in Schedule 4 of the Act
DOL	means the Lower Burdekin Distribution Operations Licence
EO	means the Executive Officer of Lower Burdekin Water
LBDOL Operations Manual	means the Lower Burdekin Distribution Operations Licence Operations Manual
LBW	means Lower Burdekin Water
Market Rate	means the going market rate, in dollars per megalitre, for seasonal water assignments in the Burdekin Haughton River Water Supply Scheme
Non-Ratepayer	means a person and/or entity who is not a Ratepayer
Open Water Base Rate	means a per megalitre rate as published in LBW's Schedule of Rates and Charges as amended from time to time
Permanent Transfer	an informal term that generally relates to the sale of Water Allocations from one entity to another
Proposal	means a proposal to be submitted to SunWater to increase the volume of water for LBW in accordance with clause 3.1
Rated Land	means land upon which LBW levies rates
Ratepayer	means Ratepayer of LBW as that term is defined in the Act
Regulated Charges	means the Regulated Charges as published by SunWater from time to time
ROL	The Burdekin Haughton Water Supply Scheme Resource Operations Licence
ROL Holder	means SunWater as the holder of the ROL
SunWater	means SunWater Limited
Temporary Transfer	an informal term that generally has the same meaning as Seasonal Water Assignment
Un-Rated Land	means land upon which LBW does not levy rates
Water Allocations	means supplemented water allocations within the BHWSS that are managed under the DOL
Water Allocation Holders	means the holders of the Water Allocations
Water Supply Agreement	means the water supply agreement entered into between LBW and its customers
Water Year	means an annual period between 1 July and 30 June in the subsequent year