



Transformation

About Transformation

What is Transformation?

Transformation is the process of converting Murray Irrigation water entitlements into NSW Water Access Licence (WAL) unit shares. It is another name for an 'external permanent transfer of water entitlements' out of Murray Irrigation.

The *Water Market Rules 2009* (Cth) specify rules for transformation. Murray Irrigation has established procedures for implementing these rules (see below).

This fact sheet provides information specific to Murray Irrigation customers interested in better understanding transformation.

Murray Irrigation recommends that customers interested in transformation seek their own independent legal and financial advice about the costs and implications of transformation relevant to their individual circumstances.

Who does it apply to?

Any customer holding Murray Irrigation water entitlements may apply for transformation.

What type of water access licence will I have?

That will depend on the type of water entitlement that you transform, and the WAL that you nominate to receive the transformed water.

The equivalent category of WAL for Murray Irrigation Class C water entitlements is a NSW Murray General Security Regulated River WAL, classified as Upstream of Picnic Point. Other categories of WAL may be used; however different conditions may apply.

Customers are encouraged to check the proposed transformation with the NSW Office of Water, prior to applying for transformation, to avoid problems or delays in gaining approval.

Is a termination fee payable?

No, unless you choose to terminate delivery entitlements at the same time as transformation, a termination fee is not payable. However, there is a transformation fee.

Considerations before proceeding with Transformation

Continuing to receive water delivery

You can continue to receive water supply from Murray Irrigation if at least four delivery entitlements are held and you have an outlet connected to Murray Irrigation's water supply channel system. Water ordering requirements and delivery fees are the same.

One key difference is that water allocation must be in your Murray Irrigation water allocation account to be available for delivery. This may require you to transfer water allocation from your State Water account to your Murray Irrigation account when allocation announcements are made by the NSW Office of Water, if this water is to be used on a Murray Irrigation landholding. Transaction fees (annual transfer fees) payable both to Murray Irrigation (refer to *Standard Service fees*) and State Water will apply to each transfer.

This could be needed as frequently as every allocation announcement (every two weeks), depending on on-farm water usage requirements.

Fact sheet

Monday 22 October 2012



Approval and processing times for State Water transfers can range from one day to two weeks, depending on the category and location of the WAL. Generally, the processing time for transfers within the NSW Murray Valley is less than one week.

Will water efficiency allocations continue to be received?

If delivery entitlements continue to be held, yes; Murray Irrigation currently calculates water efficiency allocations as a percentage of permanent delivery entitlements held.

This is however subject to seasonal conditions and annual review of the allocation method by the Murray Irrigation Board of Directors. Murray Irrigation provides no guarantee as to the availability of and or method for making future water efficiency allocations.

Carryover

Unused water allocation may need to be transferred to the water allocation account of a WAL in order to be eligible for carryover to the next season. This is because the carryover capacity usually associated with the water entitlements will now rest with the WAL.

Transaction fees (annual transfer fees) for both Murray Irrigation (refer to *Standard Service fees*) and State Water will apply if water is transferred back to the WAL at the end of the water year.

Ongoing costs

The following costs will continue to apply after transformation if water supply is still received from Murray Irrigation (refer to the *Fees and Prices Schedule* for full details, as this is not intended to be an exhaustive list):

- Delivery entitlement fees
- Landholding access fees
- Outlet fees
- Account administration fees
- Water entitlement fees (for any retained water entitlements)
- Variable fees for water delivery (including Murray Irrigation and government)
State Water and Murray Irrigation transaction fees for the annual transfer of water allocation (see below)

Customers should also clarify with State Water any ongoing government fees associated with a WAL that will be billed by State Water.

Access to website or water ordering line information and services

Access will continue to be available to the *Customer Login* section of our website to obtain account balances and information.

However the facility to carry out annual transfers via the website or water ordering line will only be effective once water allocation is present in the Murray Irrigation account (see 'Continuing to receive water delivery' above). This means that customers will need to have first transferred any annual allocation from the water allocation account associated with their WAL to their Murray Irrigation water allocation account.

Use of Murray Irrigation's Exchange

Water allocated to a WAL obtained by transformation may be traded on Murray Irrigation's Exchange but only after the customer has incurred State Water's fees for transferring that water allocation to a Murray Irrigation water allocation account.

Annual delivery entitlements may continue to be traded at the same cost.

Fact sheet



Monday 22 October 2012

Security Requirements

In the event that transformation results in you holding five times more delivery entitlements than the number of water entitlements you have remaining, then Murray Irrigation is entitled to require you to provide security for payment of ongoing fees.

Murray Irrigation's current policy in these circumstances is to lodge a caveat on the titles of the landholding when less than 2,000 delivery entitlements are held; and to request a cash deposit or bank guarantee if more than that number are held (although customers may provide any form of security that is acceptable under the *Water Market Rules 2009* (Cth)). This request, if necessary, will be made once the initial application for transformation has been reviewed.

A caveat means that Murray Irrigation's consent is required for certain dealings with your land, for example if you sell it to another party; consent will not be withheld where all outstanding invoices on accounts have been paid or payment arrangements are in place.

Process for Transformation

How to apply

An application form (*Form 25*) is available from our website under *Customers > Forms*.

Murray Irrigation recommends that customers interested in transformation seek their own independent legal and financial advice about the costs and implications of transformation.

All applications for transformation are also subject to approval by the NSW Office of Water and registration by NSW Land and Property Information.

Transaction costs

Application costs for transformation include both Murray Irrigation fees (refer to the *Standard Service* fees for amounts) and NSW Government fees.

Other transaction costs in addition to those imposed by Murray Irrigation may also apply in some cases, including but not limited to the costs of obtaining a WAL, costs associated with updating of mortgages over the water entitlements, title searches and other information gathering, and legal costs where applicable.

What is involved?

The requirements for application for transformation are described in Murray Irrigation's Transfer Rules Policy, and include:

- Disclosure of encumbrances (e.g. mortgages) including title searches as evidence
- Seeking consent of mortgagees, etc. or discharges of encumbrance, as required
- Obtaining a WAL from the NSW Office of Water, if required
- Providing the original certificate for the water entitlements
- Providing an updated, signed Entitlements Contract
- Payment of outstanding fees, if any

Murray Irrigation will co-ordinate the relevant NSW approval and WAL registration processes.

You or your legal representative should discuss any proposal to transform water entitlements with your lender (if any) prior to making application for transformation, to ensure they are informed and to seek their consent to the transaction. A transformation cannot proceed unless such consent is obtained where the water entitlements are encumbered.

Fact sheet

Monday 22 October 2012



Delivery entitlements and rights of access

Unless specified otherwise, your delivery entitlements and rights of access will remain unchanged as a result of transformation. If you wish to modify your delivery entitlements the appropriate application for termination or transfer of delivery entitlements must be made separately.

Contact Us

For further information please contact reception on T. 03 5898 3300.

Murray Irrigation recommends that customers interested in transformation seek their own independent legal and financial advice about the costs and implications of transformation relevant to their individual circumstances.

More Information

Please refer to Murray Irrigation's website www.murrayirrigation.com.au.

Forms are available on the website under *Customers > Forms*

The *Fees and Prices Schedule* and the *Standard Service Fees* are available under *Customers > Fees and prices*.

The Entitlements Contract and Transfer Rules Policy are available on the website under *Corporate > Company Policies*

Fact sheets on other topics are available under *Customers > Customer Information*.

Disclaimer: Murray Irrigation has taken all care to ensure the information contained in this fact sheet is correct, however, changes in circumstances after the date of publication may impact the accuracy of the information. The reader should seek further information for individual circumstances.

Copyright: Murray Irrigation Limited, Deniliquin, 2012