

'water is what we do'

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temporary water trades  
permanent entitlement sales  
water market advice and strategy

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# «talkingwater»

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customer newsletter

## from the desk



### The role of a Water Broker

Whilst water brokers have been around since 1991 in recent years they have played an increasingly important role in the irrigation industry. For irrigators the services provided by a water broker can be divided into three distinct areas:

#### Temporary water

Given the drought in recent years the ability for local irrigators to purchase temporary water allocation has been essential to get through these difficult times of low allocations.

A good water broker has established relationships and contacts to source irrigators with surplus (temporary) allocations not used in the current year. This surplus allocation is then matched with buyers in need of additional temporary allocation to get through the season

Once the buyer and seller have been matched to create a transaction the water broker then has to manage the conveyancing process including completing and lodging the relevant trade forms with the relevant water authorities. When approved the buyer receives the temporary allocation credited to their water account and the seller receives the funds.

In the near future we are likely to see a range of new water products emerge such as long term leases, forward contracts and options. Hopefully this will reduce the severe price fluctuations in the temporary market we have seen this year and create a stable market to give irrigators more certainty in their water decisions.

#### Permanent water sales

Given that permanent water entitlements have been unbundled from land, permanent water entitlements are now a tradable asset. Indeed for many irrigators their permanent water entitlement is now one of their most valuable assets.

For those considering selling part or all of their permanent water entitlement a water broker will provide information in respect of the current market conditions and likely sale price. A water broker should also advise the most likely buyer and best method of sale to achieve the highest possible price.

#### Water market advice and strategy

You should use your water broker as a source of information for all water market issues. This includes advice on temporary and permanent price movements, carry over rules, allocation announcements and general strategy.

Given that water is now such an important consideration your water broker can play an extremely important and valuable role in your rural business.

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