Water Trading Policy

Keywords: Trading, Water

Community Plan:	*NE6 - Expand / secure local water supply capacity to support economic development across the region* *B8 - Support existing business and industry to thrive and grow* *B11 - Employ best practice financial, governance and service methods across Council's work*
Classification:	*Council Policy*
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Review Frequency:	*Every four years*
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Next Review Due:	*September 2030*
Responsible Officer(s):	*Chief Executive Officer*
Council File Reference:	*Policy (P)*
Applicable Legislation:	*Local Government Act, 1999* *Landscape South Australia Act 2019* *Local Government (General) (Employee Code of Conduct) Variation Regulations 2018* *Local Government (General) Regulations 2013* *Independent Commissioner Against Corruption Act 2012* *Fair Work Act 2012* *Public Interest Disclosure Act 2018*
Relevant Policies:	*N/A*
Related Procedures:	*N/A*
Delegations:	*Enter any Berri Barmera Council Delegations Register*

1. Background

Berri Barmera Council (Council) holds water licences with allocations, for the purpose of irrigating public open spaces. These entitlements include both tradeable and non-tradeable allocations within the Central Irrigation Trust (CIT) district and also a tradeable River Murray All Purpose Consumptive Pool Class 3 allocation.

Council regularly does not use its full tradable allocations in a financial year. In situations where the Council has more than sufficient water to meet its own demand.

The purpose of this policy is to:

- enable the temporarily trade of surplus allocation for the purpose of generating revenue.
- enable the temporary trade of allocations to cover potential water allocation shortfalls (if this is ever required), the opportunistic purchase of small volumes of permanent water allocation and to enable the acceptance of potential donations or bequests of either temporary or permanent water allocations.

- determine the potential uses of revenue generated through water trading.enable the retention and increase of Council's water entitlements which, when traded, will preferably be made available to those with a water licence within the Berri Barmera community.

2. Purpose

This policy sets the principles for:

- the temporary leasing out of portions of Council's excess water allocations, up to any volume.
- the temporary leasing in of water allocations to cover potential shortfalls, up to any volume.
- the permanent purchase of water allocations, up to the total of five megalitres per transaction.
- the receipt of either temporary or permanent water donations or bequests, up to any volume.
- The use of revenue generated through water trading.

3. Principles

3.1. Temporary leasing out of excess water allocations:

- The Council delegates to the Chief Executive Officer the authority to engage in the temporary leasing out of any volume of water allocation.
- This is subject to:
    - the Chief Executive Officer undertaking an analysis of Council's water needs and potential financial benefits,
    - the Chief Executive Officer engaging the services of either a water broker or an irrigation trust to enable trading, and
    - the water allocation being leased out to an irrigation trust or water licensee within the Berri Barmera Council irrigation district as a preference where practically viable or unless a material financial benefit can be derived from trading elsewhere.

3.2. Temporary leasing in of water allocations to cover potential shortfalls

- The Council delegates to the Chief Executive Officer the authority to engage in the trading in of any volume of water allocation.
- This is subject to:
    - the Chief Executive Officer undertaking an analysis of Council's water needs and potential financial costs,
    - the Chief Executive Officer engaging the services of either a water broker or an irrigation trust to enable trading,
    - the water allocation leased being a high security water product, and
    - budget allocations existing for the purpose of water trading

3.3. Permanent purchase of water allocations

- The Council delegates to the Chief Executive Officer the authority to engage in the purchase of high security permanent water allocations up to the volume of five megalitres per trade.
- This is subject to:
    - the Chief Executive Officer undertaking an analysis of the value for money of each trade,
    - any permanent allocation purchases being a high security water product and being sourced from outside of the Berri Barmera Council area as a preference, where practically viable, and

- budget allocations existing for the purpose of water trading

3.4. Water donations or bequests

- The Council delegates to the Chief Executive Officer the authority to accept donations or bequests of either temporary or permanent water allocations.

3.5. Use of revenue generated through water trading

- Expected water trading revenue will be considered through Council's Annual Business Plan process.
- Revenue may be used to support:
  - primary production or hardship rebates (if offered);
  - economic stimulus or transition initiatives;
  - irrigation and water efficiency renewals or upgrades; and
  - leasing or purchasing additional water allocations
- Any residual water trading revenue that has not been allocated/used at the end of each financial year will be considered as general revenue.

4. Responsibilities

In financial years that water trading has occurred, the Chief Executive Officer will provide advice to the Audit and Risk Committee regarding the volumes traded and financial revenue/expenses, via an information only report

5. Delegations

Council delegate responsibility for the management of this policy to the Chief Executive Officer, including that of negotiation and finalising any contract or lease arrangements, including scope to determine the lease fee and matters subject to the outcome not varying materially from the intent of this policy and any financial processes involved with any transfer of donated water.

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