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AUSTRALIA

17 November 2011

Mr Peter Boettcher
Chief Executive Officer
SunWater Ltd
Level 10, 179 Turbot Street
PO Box 15536
City East Queensland 4002

Attention: Mr John Thornton

Dear Mr Boettcher

SunWater has appointed me as the independent external person to review its water trader function.

The objective of the review is to assess whether SunWater is complying with its obligations under the Water Trading Code of Conduct, and to make any recommendations on improving relevant internal procedures to help ensure an effective water market.

A printed copy of my report on the review is enclosed, and an electronic copy has been sent to Mr Thornton. In summary, the finding of the review is that SunWater has complied with the Code of Conduct. As well, no areas requiring improvement in the relevant SunWater procedures were identified.

If you have any queries in relation to the review, please contact me on 3237 5808 or at bob.shead@bdo.com.au.

Yours faithfully
BDO (Qld) Pty Ltd

Bob Shead
Partner



Audit of SunWater's Water Trading Function

November 2011

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1. Introduction

SunWater has commissioned BDO to carry out an independent audit of its water trading activities. This report is on the third such review to be carried out.

In Queensland, there are three types of water trading:

1. permanent trades of water allocations and interim water allocations
2. leases of water allocations
3. seasonal assignments of water available under a water entitlement (also called temporary allocations or trades).

Prior to October 2011, SunWater's water trader function had been outsourced to Psi-Delta Pty Ltd. From October 2011, SunWater has contracted the Adelaide-based Waterfind to sell its seasonal assignments of water. Waterfind acts as a broker – it does not buy or sell water in its own right.

In 2010-11, SunWater reported sales of 8,673 megalitres of seasonal water (2009-10: 38,594ML) - of which its broker processed 5 sales totaling 2,803 megalitres (2009-10: 54 sales totaling 10,256 ML).

In addition to the sales of its own water allocation, SunWater has a role in approving 'off market' seasonal trades negotiated directly between buyers and sellers within a SunWater scheme. To do this, the seller and buyer sign an Application for Temporary Transfer form (see Appendix 2) and send it direct to SunWater.

1.1 Objective

The objective of the audit is to independently assess whether SunWater's water trading activities and arrangements comply with its obligations under the Water Trading Code of Conduct.

Code of Conduct

In January 2007, SunWater issued a "Water Trading Code of Conduct" to give buyers confidence that it is acting with integrity and thereby helping to ensure an effective water market, including in relation to its own allocations.

A revised Code was issued in October 2010. The revisions mainly reflected the fact that the Water Trader function had been outsourced, rather than being operated internally.

The key features of the Code are:

- **Market Facilitation and Education**

- provision of timely and relevant information on allocations, new or augmented infrastructure, volumes and prices, through the SunWater website or that of the Department of Environment and Resource Management.
- **Transparent Trading Processes**
 - publication of the volume and timing of water allocations that SunWater will trade and whether they will be released by permanent transfer, term allocation or temporary transfer.
- **Pricing**
 - trading can take place through a public exchange, by tender or auction or through direct negotiation with customers through the SunWater broker.
 - no price discrimination for the same product delivered at the same time.
- **Approval of Trades** – for seasonal assignments:
 - no discrimination between those involving customers and SunWater.
 - approved in accordance with criteria in temporary trade application forms on SunWater’s website.
- **Disclosure** – standard water delivery and trading contracts to be on SunWater’s website.
- **Compliance**
 - SunWater to maintain procedures to ensure compliance with the Code.
 - an annual audit by an independent external party to report on SunWater’s compliance.
- **Ring-fencing** – ensuring the water trader only has access to market information that is available to every other market participant.
- **Dispute Resolution** - customer access to a binding process.
- **Breaches** – to be reported immediately to Queensland Treasury, investigated by an independent body, and, if the Code has been breached, the nature and resolution of the breach to be disclosed in SunWater’s annual report.

A full copy of the current Code of Conduct is at Appendix 1.

1.2 Background

The 2006 *National Water Initiative Water Trading Study* conducted for the Department of the Prime Minister and Cabinet assessed the need for market supervision and the enforcement of trading rules in the emerging water market in Australia. The study recommended that:

Processes for managing trades and the entitlement registers should be subject to a regular audit program to ensure the internal controls around these processes are adequate to [ensure] compliance with trading and entitlement rules.

For example, arrangements should be introduced to ensure the operational staff who manage trade are appropriately 'ring-fenced' from decisions that are likely to impact market process and are unable to use any 'inside information' for personal gain.

Tools that govern the conduct of market intermediaries, such as codes of conduct, accreditation or licensing in the sector, are not required at the present time. However their need should be reviewed periodically.

Every two years, the National Water Commission carries out an assessment of progress in implementing the National Water Initiative. The 2011 Biennial Review reported that:

Efficient market operation requires that water access entitlements be clearly specified, and that requires robust and transparent methods and processes for determining and announcing annual allocations of water. There is also a need for all market participants to have equivalent opportunity of access to market-sensitive information at the same time, to guard against insider trading or other situations in which some traders gain a market advantage by having prior access to allocation decisions.

In 2011, the Commission released a report (*Strengthening Australia's water markets 2011*) on a review which assessed the factors potentially hindering the further development and efficient operation of water markets. One of the review's findings was that:

With the exception of SunWater, the infrastructure operators reviewed above have not taken comprehensive steps to ring-fence their water trading activities from their other activities. In particular, there does not appear to be separation of information (for example, market-sensitive information) and decision-making processes (such as appointing an independent person or committee to trade). There is also an absence of protocols for trading that prescribe when to trade, the price to trade at and the mechanism for trade.

Only partial measures have been taken to manage the conflicts of interest that may arise from actively trading water in the market.

Some operators have implemented protocols for approving their own trades. There have been partial efforts to separate trading from other business activities and to require brokers to conduct trades or place trades on exchanges at pool prices. In some instances, entitlement holdings and associated trade volumes are listed in annual reports.

In other cases, protocols require water authorities to declare trading activities, which are subject to audit. For example, in Victoria, water authorities must make a declaration to the Department of Sustainability and Environment when they approve their own trade applications, and this must be noted in their annual reports. This may deter actions that contribute to, or occur with, inappropriate conduct.

In the case of SunWater, a much more rigorous and comprehensive approach has been taken to guard against potential conflicts of interest. In collaboration with the Queensland Government, SunWater has established a voluntary water trading code of conduct and has adopted ring-fencing arrangements to put its trading activities at arm's length from its operational and regulatory activities.

Nevertheless, the report noted that SunWater performs a number of roles that may give rise to conflicts of interest, given its commercial interests associated with holding or selling water entitlements and allocations:

- *System operation.* SunWater operates, maintains and develops infrastructure within the irrigation area. It may therefore use commercial or market-sensitive information to inform its own trading activities.

- *Determination of announced allocations.* SunWater determines announced allocations for supplemented (regulated) entitlements in each scheme and may therefore use that information to inform its own trading activities.
- *Approval of temporary trades.* SunWater has a role in approving seasonal assignment trades and could give preferential treatment to its own trades.

The manner in which these potential conflicts are dealt with by SunWater, and the consequent risks to the effective operation of the water market, are reviewed in section 2.

In addition to the National Water Commission's assessments, the development and operation of effective water markets has been the subject of advice and recommendations by the ACCC (Australian Consumer and Competition Authority) to the Murray Darling Basin Authority under the *Water Act 2007* (Cwlth) in relation to Water Trading Rules. The ACCC's final advice:

1. recommended that "approval authorities¹ and Basin state governments develop policies and procedures to identify and appropriately manage potential or perceived conflicts of interest of trade approval authorities". Draft recommendation 5-L
2. advised that "the Basin Plan water trading rules² should provide that trade approval authorities must inform the market of any trade of a water access right to which they have been a buyer, seller lessee or lessor. This disclosure should be made as soon as possible after the trade has been completed and on the approval authority's website." Draft rule advice 5-K

The Commission had also noted that SunWater had implemented ring-fencing of its trading and regulatory functions by outsourcing the trading function.

¹ SunWater is the trade approval authority for supplemented systems in Queensland, while DERM is the authority for unsupplemented systems.

² The MDBA is due to publish these rules in November 2011.

2. Water Trading Roles and Procedures

2.1 Announcement of Allocations

During the water year, SunWater's process for announcing allocations involves:

1. the Yield Hydrology team:
 - a. initiating or reviewing announced allocations;
 - b. calculating allocations by reviewing the storage and usage data in SWIMS and confirming its currency with the regional office;
2. the Water Accounting and Standards team:
 - a. auditing the announced allocation calculations;
 - b. communicating the announced allocation (by SMS or written advice) to customers and, where still required by the Resource Operations Plan (ROP) for that scheme, by news media.

The announcement of allocations occurs at the start of the water year (which is 1 April for Eton, 1 October for Dawson, and 1 July for all other schemes). If less than 100% is allocated at the start of the year, the percentage is reviewed later in the year, as required by the ROP for that scheme. Depending on the scheme, the review and any new announced allocation is made either monthly, quarterly or within 10 days of a major inflow when the allocation increase is greater than 5%.

2.2 Water Broker Role

SunWater's water broker, Waterfind, provides an online water exchange showing seasonal and permanent orders for sales and purchases. It also uses in-house brokers and a broker network to facilitate trades in water.

SunWater's contract with Waterfind specifies that the broker has the following roles:

- to sell rights to annual water use for SunWater-held allocations as seasonal assignments;
- to develop an Annual Water Trading Plan consistent with SunWater's Scheme Water Trading Strategies (which in turn are based on its Annual Portfolio Strategy). The Plan is to contain:
 - location of trades (Water Exchange, direct negotiations, auction or tender);
 - volumes to be traded;
 - trading frequency and timing;
 - predicted reserve prices;
 - KPIs agreed with SunWater.
- to report:
 - a monthly trust account reconciliation;

- quarterly reports;
 - an annual report;
- to develop a Quality Management Plan;
- planning, strategy and publicity, including annual tours of the 10 largest schemes;
- to have accounts with SunWater for each scheme (and each zone within a scheme) within which water can be traded. SunWater is to transfer to these accounts all volumes that are announced in the Scheme Trading Strategies or that become available;
- to provide access to the process and systems for itself to facilitate the annual water trading audit; and
- to be paid:
 - a sales commission;
 - an annual fee for trading plans, marketing and reporting;
 - the reimbursement of approved expenses; and
 - an incentive of a proportion of the excess of sales revenue over marketing costs and SunWater's minimum prices.

Following SunWater's announcement of allocations, the broker's exchange shows SunWater's allocations in the same manner as other sell orders.

2.3 SunWater's Approval Process

When a temporary trade occurs (either through the broker or directly between buyer and seller), SunWater's approval process is for the Water Accounting and Standards team to check that:

- the Temporary Transfer forms have been signed by both the seller and the buyer
- the specified volume of water is available in the seller's account
- it is within the same scheme and zone and not subject to a physical constraint on transfer
- the seller is not in arrears
- the transfer will not result in a significant water loss (or if it does, approving it to occur at a future time when there are sufficient flows to minimise loss).

Provided these criteria are met, the transfer is approved, generally within the COAG target of 5 days after a fully completed form is received.

2.4 Potential Conflicts

As noted in section 2.1, SunWater's roles in operating water infrastructure, determining announced allocations and approving temporary trades could create the potential for conflicts of interest in relation to its access to market-sensitive and confidential information.

Information on intended announced allocations and hence the supply of water available for sale in the scheme or sub-scheme would generally be a major determinant of its price, together with knowledge of bids for the purchase of water from other potential buyers and for the sale of water by competing allocation holders.

In practice, potential buyers can estimate the volume of water to be allocated by:

- reference to the water sharing formula in the ROP or IROP for that scheme or sub-scheme; and
- observation of inflows and of the water level in the catchment.

In relation to the confidential information on bids by buyers and competing sellers, SunWater does not have access to this information since the outsourcing of the water trader function and the decommissioning of its online Exchange.

Hence, the current arrangements generally overcome the risk of a conflict of interest between SunWater's roles in trading water.

2.5 Complaints

Enquiries to the areas of Queensland Treasury to which complaints against SunWater would be channelled – the Office of Government Owned Corporations and the Economic and Inter-Governmental Relations Unit – and to the Queensland Competition Authority, indicate that no complaints have been received since the Ring Fencing protocols have been in place.

As well, SunWater has advised it is not aware of any complaints, and has not reported any in its 2010-11 annual report.

3. Findings and Recommendations

3.1 Findings

Our review found:

1. no shortcomings in relation to SunWater's internal procedures:
 - to ensure compliance with the Code of Conduct;
 - relating to the protection of confidential information and the disclosure of market information;
2. no indication of discriminatory approval of water trades and no record of disputes notified to SunWater, Queensland Treasury or the Queensland Competition Authority;
3. no indication that SunWater has breached the Code.

3.2 Recommendation

The review identified no need for a recommended improvement in SunWater's internal mechanisms and procedures in relation to water trading.

Appendix 1: Code of Conduct



Water Trading Code of Conduct

Authors: P. Moggahan & J. Thornton
Review Date: Oct 2010

Status:
Mandatory

Availability:
internet/intranet

Target Audience:
General public/ SunWater staff/ Water Trader

Purpose & Scope

The purpose of this Code of Conduct is to set out how SunWater will carry out its water trading activities within the portfolio strategy and scheme trading strategies approved by the SunWater Board. These activities comprise SunWater's water trading through permanent and temporary transfers, and term allocations.

SunWater seeks to put in place mechanisms to establish a well designed trading framework for its own allocations that is transparent and provides clarity to market participants. At the same time, SunWater seeks to allow a formative water market to develop in a competitive environment that can deliver economic benefits to water users and regional economies.

Objectives

The objectives of this Code are to:

- Ensure open and transparent access to a water trading market for buyers seeking to purchase water;
- Set out to market participants how SunWater will go about trading its water allocations;
- Provide an auditable process and policies to enable market participants to have confidence that SunWater is complying with its Code;
- Develop and grow water markets for the benefit for all water allocation holders and water users;
- Provide the opportunity to educate water users so as to develop an informed market; and
- Assure integrity within the water trading market.

Code Undertakings:

1. Market Facilitation and Education

SunWater will make market information publicly available through its website. This information will include:

- Up to date announced allocations for each scheme;
- Development proposals for new or augmentation of water infrastructure in each scheme
- Release of new water allocation (permanent and temporary)
- SunWater trading intentions for each scheme
- The total volume available in a particular water supply scheme at any time, and volumes used and the residual volumes potentially available for trading in the market (based on the most recent data available);
- Historic information on water use;



Water Trading Code of Conduct

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Review Date: Oct 2010

Status:
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Availability:
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Target Audience:
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- Total volumes traded over the current Water Year;
- Historic information on trading prices
- Regulated price information and, where available, commercial delivery prices
- Storage levels and streamflows and
- Historic rainfall.

Where SunWater is not the custodian of all market information, it will provide links to the relevant websites, such as the Department of Natural Resources and Mines.

2. Transparent Trading Processes

SunWater will publish, for all its Water Supply Schemes where it holds any water allocations that it can trade, information as to how it will release the water allocations it holds, for either permanent transfer, term allocation, or temporary transfer to the market.

This information will include:

- The volume of water to be made available by product (that is permanent, lease or seasonal assignment); and
- The timing of volumes to be made available;

These trading intentions will be made available on SunWater's website from time to time as appropriate. SunWater will utilise the services of an out-sourced external trader as a broker of all temporary trades of SunWater announced allocations.

3. Pricing

In general, SunWater will operate within normal market mechanisms when it trades or leases its allocations. This may take the form of:

- Trading through a public exchange;
- Offering its products through a tender or auction process outside of any public exchange; or
- Through direct negotiation with customers, via the SunWater broker.

4. Non-discriminatory Pricing

SunWater will not discriminate in its pricing between different customers where the same product is being traded at the same point in time.

5. Approval of Trades

In performing its function of approving trades between customers, SunWater will decide approvals in accordance with the published criteria and conditions applying to the type of trade.



Water Trading Code of Conduct

Authors: P. Mogahan & J. Thornton
Review Date: Oct 2010

Status:
Mandatory

Availability:
Internet/Intranet

Target Audience:
General public/ SunWater staff/ Water Trader

5.1 Approval of Seasonal Assignments (Temporary Trades)

In approving Seasonal Assignments (temporary trades) SunWater will:

- Not discriminate between seasonal assignments involving customers and seasonal assignments involving SunWater; and
- Decide approvals in accordance with published temporary trade criteria contained in temporary trade application forms published in the SunWater web site.

5.2 Approval of Permanent Trades

5.2.2 Interim Water Allocations (IWA)

Permanent trades of IWA will be approved by the Department of Natural Resources in accordance with the relevant Interim Resource Operation Plan published on the Department's website.

5.2.3 Water Allocation

Permanent trades of water allocation will be approved by the Chief Executive. SunWater will not discriminate between sales involving customers and those involving SunWater.

5.3 Approval of Term Allocations

In approving term allocations SunWater will:

- Not discriminate between leases involving customers and those involving SunWater; and
- Decide approvals in accordance with the relevant scheme Resource Operation Plan or Interim Resource Operation Plan published on the Department of Natural Resources website.

6. Disclosure of Contract Details

SunWater's standard water delivery and water trading contracts will be made available on its website.

7. Compliance

SunWater will establish and maintain appropriate internal procedures to ensure that it complies with the undertakings within this Code of Conduct.



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Target Audience:
General public/ SunWater staff/ Water Trader

SunWater will demonstrate the adequacy of these procedures through an annual audit that will be conducted by an independent external party. The audit will report on SunWater's compliance with this Code, Water Trading Policies and Procedures.

The terms of reference for the audit will be available on SunWater's website.

The Audit report, with commercially sensitive information removed, will be published on SunWater's website.

8. Ring-fencing

To assist in promoting competition and assuring integrity in water trading in schemes owned by SunWater, SunWater will put in place systems and procedures through its ring-fencing arrangements to ensure its water trader only has access to market information that is available to every other market participant. The ring-fencing arrangements will be documented in the "Ringfencing Guidelines" which will be published on SunWater's website. SunWater will utilise the services of an out-sourced external trader as a broker of all temporary trades of SunWater announced allocations.

9. Binding Dispute Resolution

All customers and prospective customers will have access to a binding dispute resolution process for complaints in respect to SunWater's compliance with this Code that cannot be resolved through negotiation.

A copy of SunWater's dispute resolution framework will be made available on SunWater's website.

10. Breaches of SunWater's Water Trading Code of Conduct

Immediately upon becoming aware that the breach has occurred, SunWater will provide a report of any breach of any of its commitments under this Code of Conduct to Queensland Treasury.

Potential breaches of the Code will be investigated by an independent body agreed between both parties. The final report of the investigation will be provided to Treasury.

Where it has been found that SunWater has committed a breach of Code, the nature and resolution of the breach will be publicly reported in SunWater's Annual Report.

11. Revisions to the Code of Conduct

Revisions to this Code of Conduct will be approved by Shareholding Ministers prior to implementation and will be published on the SunWater web site.

After three years of operation of the Framework, a full review will be undertaken within nine (9) months. The three years of operation will occur at 30 June 2010, with the review required by 31 March 2011.

Appendix 2: Application for Temporary Transfer



APPLICATION FOR TEMPORARY TRANSFER

Part A – Seller Details	
Customer Account ID <input style="width: 100%;" type="text"/>	Water Account ID <input style="width: 100%;" type="text"/>
Account Holders _____	(Print Name)
_____	(Print Name)
Who can we contact regarding this application? (MUST be a Contact Profile on this account)	
Name _____	Phone _____
Address _____	Alternate Phone _____
_____	Fax _____
Select Preferred Notification Method	Email: <input type="checkbox"/> Email Address _____
	SMS Message: <input type="checkbox"/> Mobile Phone # _____
Part B – Buyer Details	
Customer Account ID <input style="width: 100%;" type="text"/>	Water Account ID <input style="width: 100%;" type="text"/>
Account Holders _____	(Print Name)
_____	(Print Name)
Who can we contact regarding this application? (MUST be a Contact Profile on this account)	
Name _____	Phone _____
Address _____	Alternate Phone _____
_____	Fax _____
Select Preferred Notification Method	Email: <input type="checkbox"/> Email Address _____
	SMS Message: <input type="checkbox"/> Mobile Phone # _____
Part C – Transfer Volume Details	
Seller's Nominated Transfer Volume _____ ML	Water Year _____ / _____
Part D – Transfer Statement	
<p><small>This application is made under the standard Water Supply Contract and is a Seasonal Water Assignment under the Water Act 2000. The Seller warrants that they have sufficient water available under their contract with SunWater for the proposed temporary transfer. The Seller requests to reduce the volume available to them by the Nominated Transfer Volume and the Buyer requests to increase the volume available to them by the Assessed Volume. The Buyer warrants they have approval under the Integrated Planning Act for their pump taking the water. The Buyer and Seller acknowledge that they have read and agree to the Transfer Conditions on the back of this form and acknowledge that in addition to the Transfer Conditions this application will be assessed by SunWater in accordance with the Local Conditions for the water supply scheme in place on the day that SunWater receives this application. This form must be signed by ALL those listed as Customers on the Water Supply Contract or listed as holders of the Interim Water Allocation/Water Allocation ("Relevant Signatories"). The Relevant Signatories may sign this form personally, or an authorised person may sign on their behalf. SunWater accepts the signatures of persons authorised to sign under a SunWater "Appointment of Agent Form", and persons authorised to sign under a relevant Power of Attorney, where a copy of that Power of Attorney is attached/already submitted. Authorised persons should specify on whose behalf they are signing, and whether they are signing under an Appointment of Agent Form or a Power of Attorney. Please note, a SunWater Online Customer Principal does not have authority to sign a manual temporary transfer form. By signing this you are agreeing that you have read the current local conditions for the relevant Scheme available from sunwateronline.com.au. or from SunWater.</small></p>	
Signed by all Relevant Signatories	
Seller's Signature(s): _____	Date: _____
Signed on behalf of Seller Specify where relevant:	<input type="checkbox"/> Under Power of Attorney (copy attached/already submitted) <input type="checkbox"/> Under Appointment of Agent Form <input type="checkbox"/> Multiple/Combined Delivery Form
Buyer's Signature(s): _____	Date: _____
Signed on behalf of Seller Specify where relevant:	<input type="checkbox"/> Under Power of Attorney (copy attached/already submitted) <input type="checkbox"/> Under Appointment of Agent Form <input type="checkbox"/> Multiple/Combined Delivery Form

SunWater – Phone 13 15 89

PO Box 15536
CITY EAST QLD 4002

Fax: 07 3120 0249
Email: customersupport@sunwater.com.au

1. What is a temporary transfer

A temporary transfer enables two customers to transfer available water in the current water year. Please note you can now perform temporary transfer online at www.sunwater.com.au.

The seller's remaining available water for the water year will be reduced by the Nominated Transfer Volume. The water available to the buyer will be increased by this volume, less any Loss Adjustment (the Assessed Volume).

The volume available to the buyer is not affected by any increases in Announced Allocation during the water year.

Temporary transfers do not alter the buyer or seller's access conditions for taking water from a channel or pipeline.

2. Volume that can be transferred

The maximum amount the seller may transfer is the volume available to the seller on their water account at the time of application. By signing this form, the seller warrants they have sufficient water available for the temporary transfer. The Seller is encouraged to check their meter reading to determine if such water is available.

Available water balances can be viewed at SunWaterOnline.

If the Seller applies to transfer more than their available water, they will be in breach of their supply contract with SunWater.

3. Application

To apply for a transfer, both the buyer and seller should complete and sign this application form and submit it to their local SunWater Office.

End of Water Year applications - Please ensure the application form is submitted at least five (5) business days prior to the end of the current water year.

SunWater will notify the buyer and seller within 5 business days of receiving all applications (correctly completed) whether the temporary transfer has been approved or refused. The rules applied by SunWater in determining whether to approve or refuse a temporary transfer can be found in the Local Conditions, specific to each water supply scheme. A copy of these Local Conditions is attached. However, the Local Conditions applying to your application will be the Local Conditions in place on the day your application is received by SunWater. A copy of the current Local Conditions can be obtained by contacting SunWater or from www.sunwateronline.com.au.

You should contact SunWater prior to signing the application form to ensure you have a current version of the application form and a current copy of the Local Conditions. Your application will not be assessed by SunWater unless you have used the most up-to-date version of the application form.

WARNING

- Any transfer of money between the buyer and the seller is made at their own risk.
- The buyer should not begin accessing the water from a temporary transfer until they receive the written confirmation from SunWater that the temporary transfer has been approved. If a buyer exceeds its existing entitlement and the temporary transfer is refused, SunWater is required to report the buyer to the Department of Environment and Resource Management.
- Customer should be aware that any temporary transfer undertaken in conjunction with a Carryover application is subject to the Carryover Cancellation rules for that Scheme.

4. Land and Water Management Plan

You may wish to contact the Department of Environment and Resource Management to clarify any requirements for a Land and Water Management Plan.

5. Supply Contract

The buyer must have a supply contract with SunWater for delivery of the water prior to the application being made. To accelerate the processing of this form, please ensure all accounts are current.

Where the seller may have an arrangement with SunWater for payment of outstanding charges, SunWater may approve the transfer subject to these proceeds being paid to SunWater to reduce the outstanding amount. You can check your balance if you are registered with SunWaterOnline.

6. Water Charges

The seller's Part A (fixed) charges do not change as a result of the temporary transfer.

The buyer's Part B (consumption) charges apply for all water taken where the Standard Supply Contract applies.

7. Transfer Adjustment Fee

A Transfer Adjustments Fee, equal to the value of SunWater's applied irrigation price subsidy, will be payable where water is transferred from a regulated irrigation pricing use to a non-irrigation use. It is the responsibility of the parties to any such temporary transfer to contact SunWater to ascertain this fee in advance of settlement.

8. Approved of Pumps

The buyer must ensure they have obtained approval under the Integrated Planning Act for their pump. This may include prior approval under a license.

9. Loss Adjustments

Under normal conditions there are no loss adjustments. SunWater will advise applicants if a loss adjustment will be required.