

	<h2>Ringfencing Guidelines</h2>	Standard No: Author: Commercial Analyst Approved: Commercial Manager
---	---------------------------------	---

Status: Guide	Availability: internet/intranet	Target Audience: general public/ SunWater staff/ water trader
----------------------	--	---

Purpose

The purpose of this ring-fencing guideline is to detail the roles and responsibilities of staff as they relate to SunWater’s undertaking to promote competition and transparency in water trading.

SunWater has committed to putting in place a robust system for the ring-fencing of information to ensure that its water trading function only has access to information that is available to every other market participant.

Strategy

SunWater is putting in place mechanisms to establish a well designed trading framework for its own allocations that is transparent and provides clarity to market participants. In addition SunWater is seeking to promote the development of a competitive environment for the trading of water so as to deliver economic benefits to water users and regional economies.

In relation to water trading two key aspects of this strategy are the provision of full information to the market place (subject to confidentiality and privacy requirements) and the ring-fencing of SunWater’s water trading activities from the water supply business.

To achieve these objectives SunWater is committed to the provision of market information to the market place. This information will include:

- Announced allocations for each scheme;
- Total volumes available in each water supply scheme at any point in time, and volumes used and the residual volumes potentially available for trading in the market;
- Development proposals for new or augmentation of water infrastructure in each scheme;
- Release of new water allocation;
- SunWater trading intentions for each scheme;
- Historic information on water usage patterns;
- Total volumes traded;
- Storage levels and streamflows;
- Changes or imminent changes to the volume available in a Scheme;
- Historic performance of inflows and changes to announced allocations;
- Water demand profiles;
- Any constraints on trading ; and

	<h2>Ringfencing Guidelines</h2>	<p>Standard No: Author: Commercial Analyst Approved: Commercial Manager</p>
---	---------------------------------	--

Status: Guide	Availability: internet/intranet	Target Audience: general public/ SunWater staff/ water trader
----------------------	--	---

- Any conditions and charges relating to the delivery of water (including entry and exit fees per ML).

What is Ringfencing?

Ringfencing is an administrative protocol which provides for the separation of different business units or functions. Ring-fencing is relevant to all SunWater staff members regardless of whether they work in the ring-fenced business unit or not.

What will be Ringfenced?

SunWater has undertaken to ringfence its water trading activities from its water supply business. This has the effect of ensuring that information flows between various SunWater business units and SunWater’s water trading functions do not provide a competitive advantage over competitors or other market participants.


The flow of confidential market sensitive information is to be ring-fenced. SunWater has undertaken to ensure that confidential information that is market sensitive, and not in the public domain, will be controlled so that it can not be used for commercial gain. This is achieved by ensuring that the water trader does not have access to any SunWater information management systems, servers or email system and is located remotely. Management and reporting of the water trader is also separated from the water supply business. Details of the ringfencing arrangements are contained in the document “Ringfencing Arrangements”

What is confidential market sensitive information?

Information obtained by SunWater in the course of business, which is confidential and might reasonably be expected to materially affect the commercial interests of market participants is considered to be confidential market sensitive information. In addition, SunWater has access to market sensitive information that is not specific to a market participant but is not publicly available; this information is also confidential.

With respect to the ringfencing of SunWater’s water trading functions, access to market sensitive information obtained by other business units of SunWater will be restricted. This ringfencing guideline applies to confidential and commercially sensitive information obtained by SunWater directly from its customers (actual and potential) as well as market sensitive information not publicly available.

Information is considered to be in the public domain if, for example, it has been discussed in a public forum (eg a customer council meeting), is the subject of a media announcement or is published on a website.

	<h2>Ringfencing Guidelines</h2>	Standard No: Author: Commercial Analyst Approved: Commercial Manager
Status: Guide	Availability: internet/intranet	Target Audience: general public/ SunWater staff/ water trader

**Table 1 –Information to be ringfenced
(Please note this list may not be exhaustive)**

Market Sensitive Customer Information	Market Sensitive Information Not Publicly Available
Name, contact details and consumption levels of all supply contract customers	Projected announced allocations for the next water year prior to public announcement.
Supply contract customer’s available water balance.	NR&M’s unannounced plans for water harvesting.
Changes in the level of consumption of a supply contract customer.	Proposals for new infrastructure not yet in the public domain.
Credit information on supply contract customers	Planned shut downs prior to being publicly announced.

Information sharing

The protocol for the sharing of information applies to all SunWater staff, as well as consultants, independent contractors and agents of SunWater. The fundamental principle is that confidential or market sensitive information provided to or obtained by SunWater is applied only for the purposes it was provided or obtained for – conducting its water supply business.

SunWater has committed to putting in place systems and procedures to ensure that its water trader will only have access to information that is available to every other market participant. As other water traders operate in the market it is essential that the SunWater trader is not given a competitive advantage by having access to, or receives confidential information from SunWater, that is not also made available to other traders.

SunWater employees, consultants, independent contractors or agents engaged in non-water trading activities will ensure that confidential information that is obtained, or held, will be administered in accordance with SunWater’s Privacy Policy. Subject to the Privacy Policy information should not be disclosed to any person without the prior written approval of the customer (actual or potential) to whom that information pertains.

The Chief Executive will have access to all information in SunWater. The Chief Executive will exercise due care and regard to the principles of these guidelines in dealing with that information and revealing information to the water trader.

If the water trader is located in Brisbane they could potentially be placed at a competitive disadvantage to market participants located in each scheme. For example the water trader may be unaware of rainfall within the catchment of a scheme or that it is about to rain. In contrast the staff in a business centre will be better informed of these events. Such information is not confidential and is in the public domain,

	<h2>Ringfencing Guidelines</h2>	<p>Standard No: Author: Commercial Analyst Approved: Commercial Manager</p>
---	---------------------------------	--

Status: Guide	Availability: internet/intranet	Target Audience: general public/ SunWater staff/ water trader
----------------------	--	---

therefore it would be appropriate for the water trader to be informed of such events by the Business Manager.

Customer enquiries guideline

SunWater maintains a presence across much of Queensland, with business/ service centres in:

- Ayr;
- Biloela;
- Bundaberg;
- Emerald;
- Ipswich;
- Mackay;
- Mareeba; and
- St George.

It is anticipated that business centre staff will continue to receive requests from market participants for the purchase, lease and temporary transfer to water allocations. As such it is necessary to establish a protocol for the handling of such enquiries.

There are two ways in which queries for trading of water allocations will be handled:

1. Requests for temporary transfers will be referred to the water exchange; and
2. Business centres will provide information to customers using the price and volumes set by the water trader

In business centres/schemes where Option 2 is adopted, the water trader is responsible for developing a list of prices and volumes for the trading of water allocations. These prices are “posted” and distributed to the relevant business centre. The relevant staff in the business centres will then provide this information, together with any other information they have from other brokers/ customers, to any person enquiring about water available for trade.

An important element of SunWater’s responsibilities is to ensure that it treats all market participants equally. Thus it is inappropriate for SunWater to provide services to its own water trader on more favourable terms than those it provides to another customer or market participant.

Information access and storage protocol

The Water Trader will not have access to the SunWater server. This will ensure that market sensitive information that is retained or otherwise stored (either electronically or in a hard file) by SunWater for water supply business will be secured such that

Revision No: January 2007	Water Trading Framework	Page 4 of 5
------------------------------	-------------------------	-------------

	<h2>Ringfencing Guidelines</h2>	<p>Standard No: Author: Commercial Analyst Approved: Commercial Manager</p>
---	---------------------------------	--

Status: Guide	Availability: internet/intranet	Target Audience: general public/ SunWater staff/ water trader
----------------------	--	---

access will be denied to the water trader. If the Water Trader is to be provided access to the SunWater server access protocols to computer networks, systems and databases will be amended such that staff performing water trading activities can not access or otherwise view market sensitive information stored by other parts of SunWater.

Similarly, the water trader's access to files associated with water supply will be restricted. This restriction applies to all those files maintained by SunWater which contain market sensitive information.

Audit arrangements

In order to demonstrate to market participants SunWater's ongoing commitment to effective ringfencing, an annual independent audit will be conducted. This audit process will demonstrate the adequacy of SunWater's procedures and actions against the ringfencing arrangements. The results of the audit (with commercially sensitive information removed) will be made available on SunWater's internet site. The water trader's activities will also be subject to internal audit at any time.