

Policy – Sale of unallocated water in unregulated systems

Policy

SRW will progressively sell unallocated surface water and groundwater in regions where demand is identified and water is available.

The sale must align with ¹state policy i.e.:

- There has been an independent resource assessment that has quantified the water in excess of current allocation that could be sustainably taken;
- Making excess water available through expressions of interest, tenders and/or auctions;
- The state has identified an area as a priority for selling water; and
- The process has appropriate probity controls.

The policy aligns with SRW's "More Water for Production" and "New Revenue" strategies.

Management will prepare an annual plan for water sales, for approval by the Board.

Probity

- SRW will develop an annual plan for water sales for approval by the Board. The strategy will be available on SRW's website;
- The process is accountable, transparent, not conflicted, confidential, fair and competitive;
- SRW staff and related parties who are involved in the sale process are prohibited from participating as purchasers;
- SRW staff involved in the sale process must sign Conflict of Interest declarations to avoid unacceptable conflicts. A conflicts register will be maintained by SRW;
- SRW staff will be reminded of their obligations under the SRW policies with respect to Gifts, Benefits and Hospitality;
- SRW staff will be required to acknowledge they understand their confidentiality obligations and confirm they will keep all confidential information regarding the process confidential; and
- An annual probity assessment on the sale process will be undertaken by an independent person and received by management and the Board.

¹Western Region Sustainable Water Strategy 2011 - Action 3.15 "Staged release of unallocated water" and Action 4.8 "Auctioning water where groundwater systems have additional capacity"

Volume Available for sale

- The volume available for sale will be limited to the permissible consumptive volume (or equivalent) less the volume already allocated, less any volume subject to an outstanding application.

Process

- SRW will make a public notification of its decision to sell water, nominating the volumes available for sale;
- Interested parties will be required to make an expression of interest;
- SRW will assess their eligibility prior to the sale and advise applicants of the outcome prior to a sale process;
- Licences will be sold by auction, tender or from a shelf;
- Only eligible applicants may participate in the sale;
- A Reserve Price at least equal to the published cost of application fees (including the cost of SRW funded technical studies related to the allocation) but not more than the fair market price will apply and;
- Unsold water from an auction or tender will be made available at a shelf price equal to the highest value from the sale for a period at the completion of the sale process, until six months prior to the next sale from the same surface water catchment or groundwater area.

Use of Revenue

As a non-prescribed activity, the revenue will be used as follows:

- In line with State policy revenue raised through these sales would be used by Southern Rural Water to cover the cost of the sales (including application fees) and to undertake future resource appraisals; and
- If the State agrees SRW will use revenue to fund other strategic groundwater and surface water projects to increase economic activity, employment and protect the water resource.

Promote market

- Noting privacy limitations, as soon as practical, price and volume information will be publicised.
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Definitions	<ul style="list-style-type: none">• Licences: refers to section 51 take and use licences Water Act 1989• Reserve Price: Published application fees current at the time of the sale and including the cost of SRW funded technical studies related to the allocation). The Reserve Price will be set in accordance with <i>CI 40 – Administrative Arrangements for selling unallocated water from unregulated systems</i>• Shelf price: Set price of water shares to be sold in the open market based on the reserve price following unsuccessful sale at auction or tender.
Effective date	This revised policy takes effect on 10 May 2018. It is due for review in May 2020.
Who is affected	This policy applies to all staff at SRW.
Rationale	<p>The policy contributes to two key strategies:</p> <ul style="list-style-type: none">• More water for production; and• New Revenue. <p>The policy also seeks to manage SRW's risks and ensure procedural fairness in the process.</p>
Contact	For more information on this policy, contact Manager, Groundwater and Rivers.
Related documents	<ul style="list-style-type: none">• Privacy Act 1988• Privacy Policy• Code of Conduct for Victorian Public Sector Employees• Water Trading by Directors, Employees & Related Parties Policy• Disclosure of Water Market Information Policy
Communications	This policy will be made available on SRW's website.
