

## Policy – Water Sales

---

### Policy

Where SRW owns water shares or is in the process of creating water shares within an irrigation district and/or identifies that additional water is available in an unregulated groundwater or surface water) system, it shall seek to sell the water having regard to the following principles:

- **Maximise availability** - SRW shall make water available as soon as possible, having regard to ease of provision and market conditions. This may involve a series of permanent (share) sales and temporary (allocation) sales in order to put the water into production.
- **Maximise the uptake** - SRW shall seek to maximise the uptake by promoting sales and encouraging customer participation.
- **Fair market price** - Water shall be sold at a fair price having regard to the costs associated in making the water available (e.g. cost associated with resource appraisals, validations and the sales process) and prevailing market conditions.
- **Fair and open process** – SRW shall seek to sell the majority of the water via an open and competitive process (e.g. auction or tender), albeit with the ability to reserve some water for ‘off the shelf sales’.

### Annual sales plan

The board will approve an annual water sales plan by 15 August each year. The plan must align with State policy.

The annual water sales plan will identify:

- the types of entitlements and volumes of water of intended to be made available for sale
- the proposed method of sale for each type of entitlement
- the proposed timing of water sales

### Probity

SRW staff involved in the sale process must not have a conflict of interest as defined by the Conflict of Interest policy, and must act in accordance with the Management of Confidential Water Market Information and Water Trading By Employees Policy.

SRW staff involved in the sale process must sign a declaration that they are aware of their obligations under the Code of Conduct for Victorian Public Sector Employees, and in particular they:

- do not have a conflict of interest
- are aware of their obligations under the SRW Gifts, benefits and hospitality policy
- understand their confidentiality obligations and confirm they will keep information regarding the process confidential.

SRW will conduct an annual probity assessment on the sale process.

---

---

### **Available water**

The volume of water available for sale shall not exceed:

- in regulated systems, the volume of shares owned by SRW that have been audited, validated and approved by the Minister
- in unregulated systems, the permissible consumptive volume (or equivalent) less the volume already allocated, less any volume subject to an outstanding application.

### **Pricing**

A reserve (minimum price) for each water sale must be approved by the Managing Director. In the case of unregulated surface water and groundwater entitlements, the reserve price must not be less than the published cost of application fees (including the cost of SRW funded technical studies related to the allocation).

Prior to a sale, the Managing Director will advise the Chairman of the matters taken into account in setting the reserve price.

Where water is made available for sale “off the shelf”, the price must be equivalent to the maximum price paid at the auction or where no sales are made, the reserve price.

### **Use of revenue**

Revenue will firstly be used to cover the costs of the sale process.

Where water is made available in regulated systems from modernisation works, surplus revenue will be accounted for within the district irrigation modernisation fund, to contribute to future irrigation modernisation projects, thus keeping prices down.

In the case of unregulated surface water and groundwater entitlements, surplus revenue will be used to undertake future resource appraisals and, if the State agrees, to fund other strategic groundwater and surfacewater projects designed to increase economic activity, employment and protect the water resource.

### **Promoting trading**

SRW will advertise its intent to sell the water, nominating the likely volumes available, along with details of the proposed timing and method of sale.

Noting privacy limitations, as soon as practical after each sale, information on the price and volume of the sales will be published on SRW's website.

---

**Who is affected** This policy applies to all staff at SRW.

---

**Rationale** From time to time, SRW is able to sell additional water that is not already allocated or licensed to existing customers. The additional water is generated from a variety of sources, including:

- water savings achieved as a result of modernisation,
- resource assessments by SRW and DELWP, and
- surrendered licences.

This policy establishes governance arrangements for such water sales by SRW.

---

---

**Contact** For more information on this policy, contact the General Manager Customer Service, Manager Water Supply East, Manager Water Supply West or Manager Groundwater and Rivers.

---

- Related documents**
- *Privacy Act 1988*
  - *Privacy Policy*
  - *Conflict of Interest Policy*
  - *Code of Conduct for Victorian Public Sector Employees*
  - *Management of Confidential Water Market Information and Water Trading by Employees Policy*
  - *Disclosure of Water Market Information Policy*
- 

**Communications** This policy will be made available on SRW's website.

---

**Effective date and review date** This policy takes effect on 30 October 2019.  
It is due for management review within two years of coming into effect and board review within three years of coming into effect.

---