

Policy – Water Sales

Policy

Statement

This policy outlines the principles and processes for the sale of water entitlements owned or created by SRW.

Principles

SRW will sell available water in regulated and unregulated systems according 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 sales to put the water into production.
- **Market Growth and Development:** SRW shall seek to maximise the value by promoting sales that move water to its highest productive value, attracting new investment to the region, and gathering market intelligence to inform the sales strategy.
- **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 is committed to a fair and open sales process, which balances competitive public offerings with strategic volume management. While the majority of water will be offered via transparent methods like auctions or tenders, we may strategically reserve a portion of the total volume. This approach allows us to maximise overall value and protect the market from distortion caused by the sudden release of large quantities. Any volumes remaining from competitive events, will then be available for direct 'off the shelf' purchase.
- **Sustainable Allocation:** decisions to sell new water entitlements will consider the long-term security of supply for existing entitlement holders and the environment, informed by the best available climate science.
- **Market-based:** Where appropriate, a market-based mechanism will be used to put water into production by allowing it to move to its most efficient and valuable uses. Transparent trading and price signals help ensure water is actively used, promote investment and innovation, and reduce the likelihood of water remaining unused while supporting sustainable management.

Water Allocation Principles and Conflict Management

To ensure transparency and manage the potential conflict between its roles, SRW separates its water allocation and water sales functions. Water allocation decisions are guided by the principles of equity, sustainability, and compliance with statutory and regulatory requirements. These decisions are

Annual sales plan

- The board will approve an annual water sales plan by 30 April each year. The plan must align with State policy and will identify: the approach to market, methods for attracting existing and new customers, and key performance indicators for the
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year.

- the types of entitlements and volumes of water 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. The reserve price will be informed by an analysis of recent market transactions, independent valuations where appropriate, and the costs associated with making the water available.

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 Chair of the matters considered 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.

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 surface water projects designed to

increase economic activity, employment, and protect the water resource.

SRW may, from time to time, retain monies received from unregulated water sales for extended periods while an orderly and planned program of investment in water resource management activities is developed and implemented. During this time, such funds may be held to ensure they are applied strategically and efficiently, supporting the timely delivery of priority projects, infrastructure improvements, and sustainable management initiatives. The retention of these monies is intended to provide flexibility in planning and to maximise long-term benefits for water resource management outcomes.

Promoting trading

SRW will actively promote its water sales program to existing and potential customers. Information on sales timing, volumes, and methods will be promoted through multiple channels to encourage broad participation. 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	<p>From time to time, SRW can sell additional water that is not already allocated or licensed to existing customers. The additional water is generated from a variety of sources, including:</p> <ul style="list-style-type: none">• water savings from channel modernisation,• resource assessments by SRW and DEECA, and• surrendered licences. <p>This policy establishes governance arrangements for such water sales by SRW.</p>
Contact	For more information on this policy, contact the General Manager Service Delivery, Manager Water Supply East, Manager Water Supply West or Manager Groundwater and Rivers.
Related documents	<ul style="list-style-type: none">• <i>Privacy Act 1988</i>• <i>Privacy Policy</i>• <i>Conflict of Interest Policy</i>• <i>Code of Conduct for Victorian Public Sector Employees</i>• <i>Management of Confidential Water Market Information and Water Trading by Employees Policy</i>• <i>Disclosure of Water Market Information Policy</i>• <i>Environment and Climate Change Policy 2022</i>• <i>Central and Gippsland Region Sustainable Water Strategy</i>• <i>Western Region Sustainable Water Strategy</i>
Communications	This policy will be made available on SRW's website.

**Effective date
and review date**

This policy takes effect on 6 December 2025.

It is due for review by November 2028.
