



**REPORT ON SUNWATER'S  
COMPLIANCE WITH THE WATER  
TRADING CODE OF CONDUCT FOR  
THE PERIOD JULY 2015 TO JUNE  
2018**

SunWater

November 2018



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## EXECUTIVE SUMMARY

### 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, were not required at the time. However, there was a requirement to review the need for such tools periodically.

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 water allocations. The Code was re-issued in October 2010 with revisions mainly reflecting SunWater’s outsourcing of the Water Trader function. In February 2014, the Code was updated with some minor changes.

Section 7 of the Code of Conduct requires SunWater to establish and maintain appropriate internal procedures to ensure compliance with the Code of Conduct and to demonstrate the adequacy of these procedures. SunWater has commissioned BDO (QLD) Pty Ltd to carry out an independent review (termed an ‘audit’) of its water trading activities, to examine the effectiveness of internal mechanisms associated with the protection of confidential information, disclosure of market information and measures taken to implement SunWater’s Water Trading Code of Conduct.

### Objective and scope

The key objective of the audit is to assess the adequacy of the ring-fencing arrangements for SunWater’s sale of temporary allocations, including mechanisms relating to the disclosure of confidential information by SunWater, and to determine whether SunWater is complying with the Water Trading Code of Conduct.

Specifically, the scope of the audit included:

- An assessment of the current internal mechanisms associated with the:
  - Protection of confidential information
  - Disclosure of market information
  - Implementation of SunWater’s Ring-fencing Undertaking.
- An assessment of the non-discriminatory approval of water trades
- The provision of recommendations on areas in which SunWater’s internal mechanisms and procedures can be improved.

The scope of the review covered the period July 2015 to June 2018.

## Approach

To meet the scope of this review, the audit adopted the following approach:

- Reviewed the publicly-available information on the websites of SunWater (including the Water Trader pages) and Department of Natural Resources, Mines and Energy (including the Resource Operation Licences (ROL), Operations Manual (formerly known as Resource Operations Plan (ROP) or Interim Resource Operations Licence (IROL))
- Reviewed the contract with the Water Trader
- Reviewed the annual reports of the Water Trader
- Identified the nature and details of water trades carried out during the past three financial years
- Inquired whether any disputes had been notified to SunWater, Queensland Competition Authority or Queensland Treasury
- Gained an understanding of SunWater's processes for releasing information to the market and for protecting confidential information
- Assessed the appropriateness of how market-sensitive information is released
- Gained an understanding of the nature of information SunWater provides to the Water Trader
- Gained an understanding of the nature of information the Water Trader shares and their contacts with particular areas of SunWater
- Assessed the scope and appropriateness of market-sensitive information being provided to the Water Trader
- Assessed the adequacy of the Ring-fencing arrangements and SunWater's compliance with the Ring-fencing Undertaking
- Reviewed the water trade approvals and documentation to identify any evidence of price discrimination.

## Exclusions/limitations

Our report has been prepared for SunWater, solely for the purpose of meeting this objective. It is not to be used for any other purpose. The review was not a financial audit, and relied on the accuracy, completeness and validity of information provided by SunWater and other parties.

Our procedures consisted primarily of making enquiries and observations of documentation. The areas noted in the scope were reviewed. No other processes/areas were included in this current scope of work.

## Overall conclusions, key findings and recommended actions

Other than for the items reported in Appendix 1 below, our review found:

- No shortcomings in relation to SunWater's internal procedures:
  - To ensure compliance with the Water Trading Code of Conduct
  - Relating to the protection of confidential information and the disclosure of market information.
- No indication of discriminatory approval of water trades and no record of disputes notified to SunWater or Queensland Treasury
- No indication that SunWater has breached the Water Trading Code of Conduct.

Specific observations and related recommendations are outlined in Appendix 1.

## DETAILED REVIEW

### Code of conduct

The February 2014 version of the SunWater Water Trading Code of Conduct, available from the SunWater website, was reviewed.

The objectives of the Code of Conduct 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
- Assure integrity within the water trading market.

The Code's key features 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 Natural Resources, Mines and Energy.
- 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 copy of the current Code of Conduct is available in Appendix 2.

## Water Trading

In Queensland, there are three types of water trading:

- Permanent trades of water allocations and interim water allocations
- Leases of water allocations
- Seasonal assignments of water available under a water entitlement (also called temporary allocations or trades).

In addition to the permanent sales and leases of its own water allocations, SunWater has a role in relation to the third type of trade - approving and accounting for seasonal sales by the Water Trader and trades made directly between customers within a SunWater scheme.

SunWater's approval process involves checking and processing an Application for Temporary Transfer form (see Appendix 3) signed by the buyer and the seller (including, where relevant, the Water Trader on behalf of SunWater).

Since October 2011, SunWater has contracted with Waterfind Pty Ltd (Waterfind) to sell its seasonal assignments of water and to encourage water trading generally. Waterfind acts as a broker, and does not buy or sell water in its own right.

The below chart demonstrates the volumes traded (megalitre (ML)) and value of trades per financial year since engagement of Waterfind as independent broker:

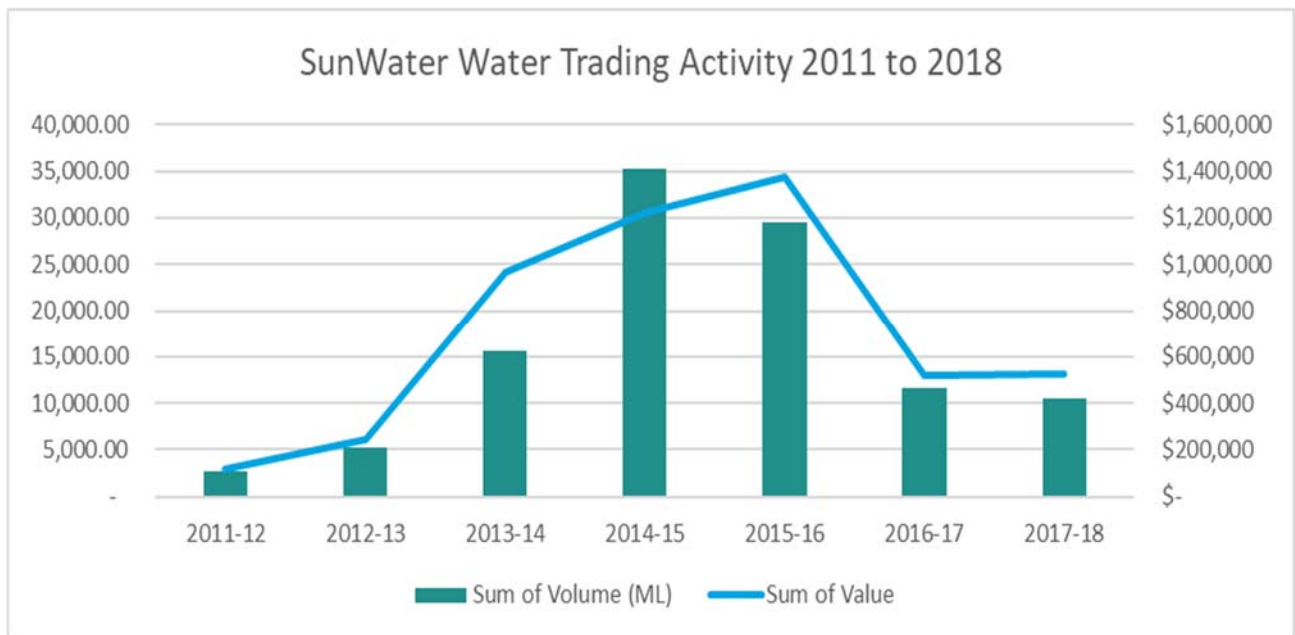


Figure 1: Volume of Trades, by financial year



The below chart demonstrates the volumes traded (megalitre (ML)) and value of trades from each water supply scheme:

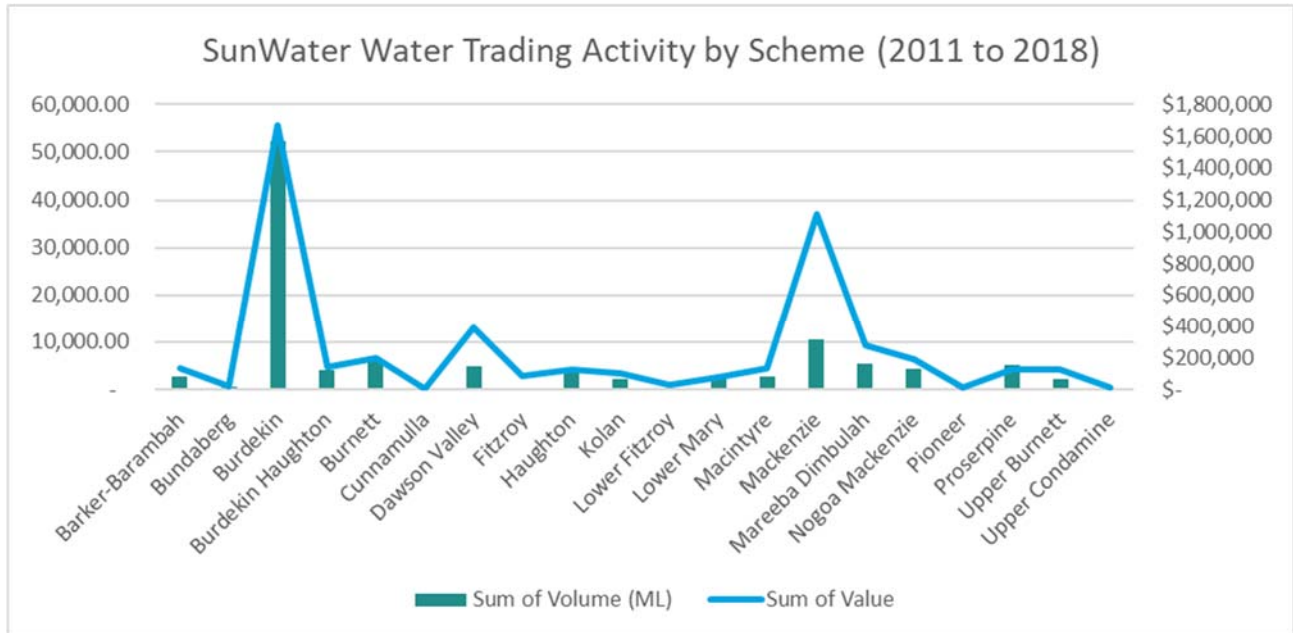


Figure 2: Value of Trades, by Scheme

## Water trading roles and procedures

### Announcement of Allocations

SunWater's process for announcing allocations involved the:

- River and Streamflow and/or Billing and Compliance team:
  - Initiating or reviewing announced allocations
  - Calculating allocations in accordance with the water sharing rules in the relevant Resource Operation Licences (ROL), Operations Manual (formerly known as Resource Operations Plan (ROP)) or Interim Resource Operations Licence (IROL) by reviewing the storage data in SAP and WIN and usage data in BILL (Orion) and confirming its currency with the regional office. Quarterly meter reading is undertaken by the regional offices.
- Billing and Compliance team:
  - Auditing the announced allocation calculations
  - Communicating the announced allocation (by SMS or written advice) to customers and to the Department of Natural Resources, Mines and Energy in a Notification and Operations Report in accordance with the relevant ROP and, where still required by the 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 ten days of a major inflow if the allocation increase is greater than 5%.

## Water Broker Role

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
- 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
- To be paid:
  - A sales commission
  - An annual fee for trading plans, marketing and reporting
  - The reimbursement of approved expenses
  - 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.

## SunWater's Approval Process

When a temporary trade occurs (either through the broker or directly between customers), SunWater's approval process is for the Billing and Compliance team to check that the:

- Temporary Transfer forms have been signed by both the seller and the buyer
- Specified volume of water is available in the seller's account
- Seller's and buyer's accounts are not in arrears
- Transfer is within the same scheme, in accordance with the water sharing rules in the relevant ROP, and within or between zones not subject to a physical constraint on transfer
- 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. The timeliness of the approval process is subject to a performance measure agreed by COAG - namely, 95% of trades to be approved within five business days of a fully completed form being received.



## Conflict of Interest Management

SunWater's roles in operating water infrastructure, determining announced allocations and approving temporary trades create a 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 a 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 of 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 Resource Operation Licences (ROL), Operations Manual (formerly known as Resource Operations Plan (ROP)) or Interim Resource Operations Licence (IROL) for the scheme or sub-scheme
- Observation of inflows, and of the water level in the system
- Reference to the Start of Water Year Announced Allocation Prediction Graph on SunWater's website.

In relation to the confidential information on bids by buyers and competing sellers, SunWater has not had 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.

## Complaints

Enquiries to Queensland Treasury indicate the Department is not aware of any complaints being made about SunWater's compliance with the Code of Conduct. At the same time, the Department agreed that the Queensland Competition Authority or the Department of Natural Resources, Mines and Energy would be the more natural recipient for complaints of this nature.

The Queensland Competition Authority also advised that it had not had any complaints during the past three financial years.

As well, SunWater has advised it is not aware of any complaints, and has not reported any in its 2017-18 annual report.

## APPENDIX 2 - CODE OF CONDUCT



### Water Trading Code of Conduct

FN95\_C01  
Revision: 2  
Last Revision Date: FEB 2014  
Next Revision Date: FEB 2016  
Approved by: GM Corp  
Owner: MGRFIN

#### PURPOSE AND 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;
- 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.

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Where SunWater is not the custodian of all market information, it will provide links to the relevant websites, such as the Department of Energy and Water Supply.

### 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.

#### 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 on the SunWater web site.

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### 5.2 Approval of Permanent Trades

#### 5.2.2 Interim Water Allocations (IWA)

Permanent trades of IWA will be approved by the Department of Energy and Water Supply 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 Energy and Water Supply 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.

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

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## Water Trading Code of Conduct

FN95\_C01  
Revision: 2  
Last Revision Date: FEB 2014  
Next Revision Date: FEB 2016  
Approved by: GM Corp  
Owner: MGRFIN

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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.

#### REFERENCES

*Water Trading Policy*

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## APPENDIX 3 - 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>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 authorized person may sign on their behalf. SunWater accepts the signatures of persons authorized to sign under a SunWater "Appointment of Agent Form", and persons authorized to sign under a relevant Power of Attorney, where a copy of that Power of Attorney is attached/already submitted. Authorized 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 has the 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 <a href="http://sunwateronline.com.au">sunwateronline.com.au</a>, or from SunWater.</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"/> Principal Account Holder <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"/> Principal Account Holder <input type="checkbox"/> Multiple/Combined Delivery Form



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You can view our [Privacy Policy](http://www.sunwater.com.au) at [www.sunwater.com.au](http://www.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](http://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 either by Fax, Email or Mail as per the details above.

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.sunwater.com.au](http://www.sunwater.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 Natural Resources and Mines.
- 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 Natural Resources and Mines 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. Transfer Adjustment Fee**

Refer to Local Conditions specific to each water supply scheme.

**7. 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.

**8. Loss Adjustments**

Refer to Local Conditions specific to each water supply scheme.