



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.



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

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.



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

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

SunWater Quality Management System	<i>Uncontrolled Copy Validate Currency when Printed</i>	Page 3 of 4
------------------------------------	---	-------------



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

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