



POLICY Water Entitlement, Delivery Entitlement, Share Policy.

POLICY NUMBER: 033

REVISION DATE: September 2014

REVISED BY: David Pengilly – Policy Committee

APPROVED BY:

A handwritten signature in black ink, appearing to read 'D. Pengilly', is written over a horizontal line.

Purpose: Provide guidelines relating to the transactions, transfers obligations and operational limitations surrounding JIL Shares, Water Entitlements (WE) and Delivery Entitlements (DE). This policy should be read in conjunction with the JIL Water Supply Contract.

Scope: All JIL shares, Water Entitlements and Delivery Entitlements.

Note; JIL management should be consulted prior to any decisions being made to ensure understanding of and compliance with current JIL policy.

Policy:

Shares

- For an entity to be able to hold JIL shares it must hold land within the JIL Irrigation District and hold DE's.
- If for any reason an entity does not meet these requirements the shares are automatically forfeited to the JIL company nominee.
- Shares will be held in the same proportion as DE's. i.e. if DE's are terminated then corresponding shares are forfeited and if DE's are permanently transferred then the corresponding shares must accompany the DE's.

Water Entitlements (WE's)

- If any transfer of WE's will result in the remaining DE's outnumbering the remaining WE's (at a ratio of greater than 5:1) then JIL can, at the discretion of the Board, request security.
- An entity can hold WE's independently within JIL (with no shares, DE's or land). These WE's can be transferred permanently within JIL or transformed out of JIL at any time as per ACCC Rules.
- All WE's held on JIL Water Access Licences incur normal (discounted) Govt. fixed charges.
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Delivery Entitlements (DE's)

Definition:

- 1. A right of access to JIL's delivery system.**
- 2. The obligation to pay associated charges.**

- DEs are issued to a customer on the terms of a Water Supply Contract with that customer.
- Every DE must be linked to a landholding that is connected, or is able to be connected to the JIL water delivery network and has a JIL Landholding Reference Number.
- One DE allows the delivery of one ML of water in any given water year
- DE's for General Security and High Security WE's are the same.
- Possession of DE's does not entitle the holder to any particular flow rate.
- DE's do not permanently expire, however the annual benefit expires 30th June every year and is reinstated 1st July the following year (ie there is no carryover of DE's).
- An entity cannot hold DE's if they do not hold land within JIL.
- Upon approval by JIL, DE's can be transferred permanently within JIL.
- The annual benefit/usage of DE's can be transferred within JIL.
- All transfers will subject to channel capacity, will be at JIL's discretion, and may result in delivery constraints (lower priority) being imposed.
- If DE's are terminated then the corresponding JIL shares are forfeited to the JIL nominee.
- JIL "out of district" entitlements holders can currently hold WE's and DE's, however no additional DE's can be transferred (permanently or temporarily) to these holdings.
- The Premium Delivery Charge will apply to the volume of water delivered to a controlling entity that exceeds the total DE's held and/or acquired temporarily.