

Untitled

4 Aug 2009

Productivity Commission
R. E. Market Mechanisms For Recovering water in the Murray Darling Basin

Dear Sir.

Because of the ongoing need for Government to Control distribution of water between over allocation, environmental flows, and essential industry and farms that are priced out of the water market, the buyback alone will not give the government the control it needs into the future.

It must be remembered that the issue of allocations was to control distribution of water. The water Baron system that has been allowed to develop has muted that control. (prevents review).

I believe there is a need to make gradual changes to the ownership and leasing arrangements, bearing in mind there are people who are using leasing as retirement income.

Leasing of water needs to be phased out. Every year the government would make an additional small percentage of owners allocation unleaseable. The owner would have three options for the unleaseable water, sit on it, sell it, or use it. Retirees would gain there income part from lease part from sale and not be assessed for Capital Gains Tax.

When water is sold, say around 5% of the allocation involved would revert to government ownership. The seller would not have to pay Capital Gains Tax. All the water purchased by the new owner would be unleaseable (must be used). This provision should be put in place immediately to put an end to people buying water just to lease out.

The Government Buyback would continue, but sensitive to other users requirements. Water restrictions would continue to be used as required.

Yours Sincerely.

Peter Brophy.

S. A.