

18<sup>th</sup> September 2009

Recovering Water in the Murray-Darling Basin  
Productivity Commission  
Locked Bag 2, Collins Street East  
Melbourne, Vic 8003



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[www.gbcma.vic.gov.au](http://www.gbcma.vic.gov.au)

Dear Sir / Madam

### **Market mechanisms for recovering water in the Murray-Darling Basin**

Thank you for the opportunity to make a submission regarding the study into the mechanisms to purchase water entitlements.

There are only three areas where water can be recovered for the environment.

- Systems water savings, eg. Northern Victorian Irrigation Renewal Project
- Onfarm water savings, eg. Proposed \$300M investment from the Commonwealth
- Water Purchase

Water recovered will have different reliability (depending on the source). Ideally the basin plan will establish what the environment's needs are and how best they can be met. It is our view that buy-back should be constrained until the basin plan is completed, the sustainable limit for each catchment determined and the optimum mix of water product reliability established.

If the Productivity Commission is trying to determine if buy back is the "best" way of achieving government's goals/ outcomes/ objectives then the government needs to establish clearly what these are. Only after outcomes are clear can a good evaluation of the best way/s of achieving them be conducted.

Volume and reliability are not the only determinates of the value of environmental water.

If water is currently being applied to "high impact zones" and this water is purchased for EWR, then there are significant benefits to the river from removing irrigation via the purchase of water entitlement and associated delivery shares / water use licences.

Water purchase can also assist in reconfiguration. Purchasing water and the associated delivery shares from areas targeted to be taken out of irrigation, greatly assists the reconfiguration process and helps achieve system water savings.

Finally the definition of "market price" is generally accepted as being when a willing but not over-anxious, buyer purchases from a willing, but not over-anxious, seller. After twelve years of drought many of our sellers are anxious, perhaps even desperate.

Yours sincerely

Bill O'Kane  
Chief Executive Officer

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