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Market Mechanisms for Recovering Water in the Murray-Darling Basin

Submission to the Australian Government
Productivity Commission

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This submission contains no confidential material.

Introduction: The Gwydir Valley Irrigators Association (GVIA) is a voluntary organisation that represents the interests of irrigation entitlement holders in the Gwydir Valley of North-West NSW.

Membership of the organisation represents in excess of 90% of the privately owned (non-government) water entitlement in the valley, covering regulated, unregulated and groundwater sources.

The Association is a member of both the NSW Irrigators Council and the National Irrigators Council, but reserves its right to express views independently of these two bodies.

GVIA appreciates the opportunity to provide this submission to the “Market Mechanisms for Recovering Water in the Murray-Darling Basin” Inquiry and also acknowledges the visit to the Gwydir Valley of Commissioners Neil Byron and Judith Sloan on September 3 and the opportunity that the visit allowed GVIA to have direct input into this inquiry, as well as giving the Commissioners an opportunity to view some of the issues from an on-farm level.

General Comments: The Gwydir Valley has been the most “bought” valley across the basin, percentage wise, under the “Restoring the Basin” programme to-date.

Some 70Gl of General Security entitlement, out of an available pool of 509Gl, and 16Gl of supplementary entitlement out of a pool of 178Gl, has been purchased by the Commonwealth over the past two years.

If the purchasing activities of the New South Wales Government, through its Riverbank and Wetland Recovery programmes are included, government now owns 87Gl or over 17% of the Gwydir General Security entitlement pool.

The Gwydir Valley Irrigators Association is not opposed to the government purchase of water, provided it is from willing sellers, and at market price.

In general, GVIA concedes that the activity of the Federal Government through the “Restoring the Balance” (RTB) programme has been in keeping with these principles.

However, GVIA does have some concerns with the programme, and will address them in greater detail through this submission.

As members of the Gwydir community, the primary concern is the fundamental impact water entitlement purchases will have on the social and economic life of our region.

Responses to Questions proposed by the Issues Paper

Is the focus on acquiring entitlements the best way of achieving the environment's needs?

The most direct answer to this question is - "what needs"? That is not a denial that the environment has needs, but these needs have not been established, nor has a plan of action been developed to best meet these needs.

What GVIA knows (and back-upped by a 2004 study of water planning in the Gwydir Valley by freshwater ecologist Lee Benson) increasing flows is not a universal answer to a riverine environment's needs. In fact out of 17 recommendations made by Dr Benson in regards to ecosystem health, only a couple directly related to water volume.

GVIA acknowledges that an environmental plan is to be part of the 2011 Basin Plan, and hopefully it will adequately identify the environment's needs and the most appropriate way to address them.

In the meantime, we know much can be achieved through better riparian zone management, enhancing fish passage, reducing cold water pollution, restoring natural hydrological cycles etc.

It is highly likely that obtaining additional water will form part of the solution, but should not be seen as the whole solution.

In terms of whether obtaining water entitlement is the best way to obtain additional water; it should be seen as just one option. Under certain circumstances it may be more effective to enter the temporary market, or use some of the more innovative water products that are starting to emerge.

Is a "no regrets" presumption a reasonable basis for purchasing entitlements, and at what point does it cease to be the case?

GVIA can support "no regrets" purchases in principle, but the problem is the government has not published any "no regrets" targets, or even the basis that it has used to set targets internally.

Without that information, and the justification for the targets set, it is really impossible to determine when "no regrets" ceases to be the case.

If purchases exceed requirements published in the Basin Plan, then clearly "no regrets" would have been exceeded, and unnecessary impacts will have been foisted onto regional communities.

In addition, there is a possibility, that purchases completed prior to the Basin Plan, will in fact drive the Basin Plan. That is, if water entitlements have been purchased past a level considered necessary by the Plan, the Plan may simply accept their

purchase and adjust the particular valley's new extraction limit to the higher, but unnecessary level.

GVIA recommends that the Commonwealth Water Purchaser publishes its rationale behind its setting of “no-regrets” limits and a purchase level band for each valley based on that rationale.

What are the arguments for continuing the buyback after the new Basin Plan is implemented in 2011, and associated State water sharing plans start to be implemented in 2014?

The fairest way to adjust the share of the available resource between extractive use and the environment is the transfer of shares, rather than any action that impinges on the reliability of the shares.

Therefore, assuming the new Basin Plan sets a valley's extraction limit at a level below the current level, and one that is not achieved by accounting for purchases to date, there would be strong justification for continuing the purchases as part of the new plan era.

Clearly there would need to be defined planned targets, and a “Plan B” in case the targets were not achieved, but it should be the governments highest priority to achieve the new sustainable extraction limits by the way of share transfer, either achieved through direct purchase or through the funding of irrigation efficiency savings, rather than relying on the outdated National Water Initiative Risk Assignment provisions, which apart from anything else are very ill-defined.

From a practical market sense, there would be a high risk of market failure if the very active Commonwealth purchaser was to simply withdraw out of the market overnight.

What implications do environmental demands across the Basin have on the targeting of purchases and the mechanism and instruments that should ideally be used?

As previously discussed, GVIA can see some justification for “no-regrets” purchases, but by definition the level of “no-regrets” purchases should be conservative. Once past that point, all purchases should be based on clearly defined and well understood environmental needs, and balanced against the social and economic cost of meeting those needs. Quite simply, the environmental needs should be driving the purchase programme, rather than developing environmental water plans that will use whatever water has been purchased.

But more importantly, all parties must recognise that water volumes only represent one small part of any overall environmental solution.

How should environmental water be allocated across competing projects and sites?

At a high level, the government must well understand the environmental requirements of sites, and they must be rated on their importance and resilience. With this

knowledge, on-the-ground managers should be tasked with delivering water in the manner they believe will best meet environmental water targets, and the managers will be answerable for their performance. It should be seen as no different to an irrigation farm owner with resource constraining water entitlements, tasking the irrigation manager with achieving the maximum result within defined boundaries.

Rational, day-to-day environmental water decisions will not be made in Canberra. As one GVIA members likes to say “centralised economies have failed around the world, as will centralised ecology”.

Should the buybacks be designed so as to reduce structural adjustments costs or should adjustments be addressed separately? If the former, are there particular buyback mechanisms that should be used to do this? If the latter, what approach should be used?

As previously stated GVIA strongly supports the rights of its members to engage in sales to government on the basis of “willing buyer & willing seller”. In this, GVIA believes the seller is fully compensated for the sale of entitlement. However, GVIA is acutely aware that such sales will have significant and permanent impacts on the regional economy and society.

GVIA believes the Government must seriously engage with rural communities, and offer support, significantly over and above the “Strengthening Basin Community Programme”, that will allow the communities to adjust to lower levels of extractive use. Government must consider the whole cost of water purchases. Little may be gained from purchasing entitlements, if governments have to then provide significant extra long-term support to communities through increased welfare payments.

GVIA has been very frustrated over the extremely slow roll-out of the promised on-farm irrigation efficiency projects. The successful implementation of these projects should mean that the government can meet its environmental water entitlement targets, while preserving economic activity from extractive water use. The programme offers a classic “Win-Win”.

GVIA recognises that the on-farm programme would probably not result in Government achieving all of its entitlement targets, but offers part of a solution that is region “friendly”.

GVIA believes the appalling lack of progress with this promised programme demonstrates a serious lack of commitment to it by both the Federal and State Government. GVIA cites the extremely quick roll-out of the education infrastructure component of the Federal Government’s stimulus package as an example of how such programmes can be quickly rolled-out when Government wants to act.

In summary, taking an integrated approach to balancing water entitlement procurement with socio-economic consequences is required.

Does the exit grant package for small block irrigators play a useful role in the overall buyback scheme? Should it be offered again?

Due to the nature of the irrigation farming industry in the Gwydir Valley this scheme has little to no relevance in this region, and therefore GVIA declines to comment further.

What impact has the Restoring the Balance programme had on the price of water entitlements to date? What, if any, impact has this had on the market for seasonal allocations?

These questions are almost impossible to answer definitively due to the scarcity of accurate and timely market information.

What we do know is that the Commonwealth Government has been the dominant buyer in the Gwydir Valley over the past 12 months, and it has been paying prices largely equivalent to the most recent non-government commercial sales. However, it should be noted that the large sale to Twynam was at a rate that represented approximately a 10% premium over what was previously considered the ruling market price.

However, GVIA has been astounded by the hypocritical approach of the Federal Government regarding market information. The government's position espoused in everything from the National Water Initiative to numerous Australian Consumer and Competition Council reports has been that mature and fully functioning markets require accurate and timely price disclosure. However, the Federal Government has chosen to only release limited data on average prices paid, often months after transactions have occurred. Information on individual trades only appears when the transaction is finally displayed on the NSW Water Trade Register.

In terms of the seasonal allocation trade, again it is hard to discern any price impact to date, although it should be noted that the Federal Government does not appear to have entered this market as either a buyer or a seller, although the decision of the Federal Government to buy only entitlement, has meant that in cases where entitlements have included some available allocation in their accounts, this water has been placed by the original vendor on the market, and sold separately to the entitlement transaction.

DEWHA is now publishing average prices paid for entitlements. What impact is this likely to have on bids in subsequent tenders or one-off purchases?

While the reporting on average prices may have some relevance to the DEWHA purchasing programme, it has virtually no relevance to future pricing. Giving DEWHA is meant to be meeting the current market price; an average which may include information from trades concluded six-months earlier is meaningless.

GVIA recommends that should DEWHA continue with its current tender based system it should be obliged to disclose the cost of water entitlements purchased on the day the contract is entered into.

This is the only way accurate, up to date market information can be obtained. People could imagine the share market dysfunction if the only price information available was the average market price of the previous six months.

How much influence would the choice of market mechanism used to purchase entitlements for environmental purposes have on the market for water?

While there is obviously a whole range of market mechanisms that can be used to trade water, the very dominant nature of the Federal Government's participation in the current water market demands that its actions should be as transparent as possible.

GVIA recommends that DEWHA should stand in the market with a daily posted price, and report immediately on all acceptances.

The reporting system would have to acknowledge that there would be delays between offers being accepted and formal contracts being exchanged, but is critical that any shifts in market price are captured and reported immediately.

What impact has the entrance of the Commonwealth (and other governments) into the market for water had on background trade in water between third parties?

GVIA believes this would be very difficult to assess. Traditionally only a small number of Gwydir licences traded annually, so the entrance of government has certainly increased the level of trade. However, as the price has been largely in line with the previously ruling non-government sales, there is no real evidence to suggest that other potential participants have either been forced in or out of the market.

How would speeding up or slowing down the Australian Government's water purchases influence the effects of trade between irrigators?

In terms of the question it is hard to determine an answer. In general, greater activity is likely to push prices up, but many other factors also come into play.

The more important, but related question, is whether a sped up process would push purchase across the "no-regrets" threshold, and this would be a definite risk. There is also a reasonable risk of some degree of market failure, should a speeding up of the process also led to a quicker and sharper market withdrawal, which may lead to some short-term downward pressure on prices.

What are the advantages and disadvantages of the different market mechanisms that could be used to obtain water for the environment? In particular, how do they compare in terms of compliance and transaction costs and the ability to meet the different watering needs of environmental assets?

Purchasing entitlements in the market place – GVIA has no fundamental problem with this method, provided there was appropriate mandatory and timely disclosure of

price information. Current on-line broking services provide that information well for season allocation trade, but less well for the trade of permanent entitlement.

Purchasing entitlements through a tender (or auction) process. As previously described GVIA's greatest concern with this process is the lack of timely and meaningful market information.

GVIA considers the current rolling tender as a less preferable option than the government standing in the open market place. As GVIA understands the current process, trades are largely assessed as they come in, and are either directly or indirectly capable of further price negotiation. If this is the case, the method seems to be just a more clumsy way of standing in the market, and one that is likely to have higher administrative costs.

It is also hard to see what is gained by having rounds with cut-off dates, when there appears to be continuous assessment of application during the round.

Purchasing land and entitlements in the market place.

GVIA can understand the general preference to purchasing water and not land.

However, GVIA wishes to make two very relevant, but different comments.

In some cases the purchase of at least some land with irrigation infrastructure would make perfect sense. For example, where an entitlement is not backed by regulated river storage, environmental outcomes may be best achieved by the ownership of pumping and storage capacity which would allow the Commonwealth Environmental Water Holder (CEWH) to capture and store water under the conditions of the licence, and then release that water into the river system at the time of the CEWH choosing (It should be noted that in some cases State environmental protection legislation may prohibit such releases).

For example, in the Gwydir it has long been appreciated that the greatest threat to the success of a bird breeding event is the premature drop in water levels following hatching. Water levels can be maintained by deliberate releases, but only if water is in storage to allow those releases.

The successful 2008 Narran Lakes Bird Breeding event can to a large part be attributed to the purchase and release of water from private storages above the lakes.

The second point GVIA wishes to make regarding land purchase, is that any successful management of the environment needs an integrated approach.

In the Gwydir, Government hold in excess of 87Gl of general security entitlement and a further 45Gl of general security like entitlement held as the Environmental Contingency Allowance. Over the past 24 months Governments have spent in excess of \$200 million on purchasing entitlement for the Gwydir, yet there is not one hectare

of government owned or controlled land in the Gwydir Wetlands or wider Watercourse area.

Every environmental water release is compromised to a greater or lesser degree by private landholder considerations and windfall gains.

GVIA argues that it is absolutely critical that the Government funds, either directly or indirectly, the purchase of core wetland sites in the Gwydir, so as to ensure the management of those sites is entirely in keeping with maximising environmental outcomes. If 5% of the funds spent on water purchases had been strategically spent on property purchase, fully integrated environmental management could occur.

Purchasing Seasonal Allocations – GVIA believes the government should be able to retain the right to enter the seasonal market as both a buyer and a seller. At times there maybe justification for urgent environmental releases and the water could be best obtained through the annual market. Similarly, when environmental needs have been met, the sale of excess water into the extractive use market could be a significant funding source for environmental works.

Leasing Entitlements – GVIA sees leasing as a legitimate tool for all water market participates, provided participants understand the market they are entering into.

Purchasing options contracts – GVIA has kept a watching brief on the Murrumbidgee River Reach project, and believes the concept may have a legitimate role to play.

Similarly, GVIA notes there has been a small, but informal option market for Gwydir supplementary water for a number of years, and it offers some risk sharing advantages for those wishing to access supplementary water, and this could be of interest to an environmental water manager.

Covenants – GVIA is naturally very cautious about any proposal that changes the licence conditions of any entitlement because of the very real risk of third party impacts. One of the very clear conditions of the government buyback has been that water purchased by the government retains its nature. However, GVIA would be open to considering specific proposals.

Provision of environmental services - Where an entitlement holder holds both the water and the infrastructure to delivery water for a particular environmental need, there could well be the option of being paid to deliver a particular service. In the Gwydir Valley there has already been one instance where an irrigator used his infrastructure to deliver government owned adaptive environmental water to a particular site.

Are there other market mechanism, not listed above, that the Commission should be considering? Clearly there can be many variations to the above methods, but GVIA cannot think of any that are fundamentally different to those considered.

In GVIA's view, most irrigation entitlement holders are reasonable sophisticated in terms of market understanding, and are comfortable with working with a suite of market options. However, critical to a market, particularly when dominated by a major buyer, is the provision of timely and accurate market/price information.

In terms of transaction costs and processing times, GVIA believes while these can be improved by cost reductions and reduced conveyancing times, these have not been considered major impediments to the buyback programme to date.

With the benefit of experience gained from three tenders under the RTB programme:

- *What are the advantages and disadvantages of the chosen rolling tender process?*

It would appear that the tenders were well advertised, and the application process quite simple. The main disadvantage was at least initially, uncertainty regarding the actual market price. Later, sellers had a good understanding of the price, but only through informal channels.

- *How could the tender process be improved?*

As previously advised GVIA sees the tender process as a "second best" option, however, if used it could be improved by the provision of accurate and timely market price data, and a speeding up of the conveyancing process (possibly by the Commonwealth engaging more firms to carry out its conveyance requirements).

- *How do you think an open market process would have fared instead?*

Irrigator entitlement holders in market terms are relatively sophisticated, and would be comfortable with an open market process. Its success would require the timely, and accurate provision of market price data.

What mix of market mechanisms and water products should the Australian Government be using to achieve its environmental objectives?

This is really a decision for the Australian government. However, GVIA believes there is a whole suite of mechanisms that can be seen as legitimate as long as accurate and timely market information is made available, transaction costs are known and kept to a minimum, completion times are minimised, and the application process is simple.

In terms of products, GVIA believes a sophisticated environmental manager could be attracted to a range of products; and provided that the fundamental nature of the product does not change due to its environmental use, the manager should be able to choose the best mix of products to meet a defined need.

What other examples of the use of market mechanisms for purchasing water entitlements or similar property rights are you aware of, and what lessons can be learned from these that might apply to purchasing water in the Basin?

- *How substantial are or were these purchasing programmes (for example, in comparison to the total stock of property rights concerned or the relevant market)?*
- *What institutional constraints might limit the degree to which those examples may apply to purchasing water in the Basin?*

In late 2007 GVIA was a first stage applicant for the Federal Government's "On-Farm Irrigation Efficiency Pilot Programme. As the name suggests this was a pilot programme designed to test both delivery options and interest in an on-farm scheme.

In summary, the scheme would part fund on-farm irrigation efficiency projects, in return for the irrigator returning half the assessed water savings in form of entitlement to the Federal Government.

While the programme did not specifically nominate a figure, it was generally believed the Commonwealth would provide funding for approximately 80% of the cost of the works.

GVIA's application did not pass past the first stage, but GVIA makes the following points:

- The scheme was clearly designed with Southern Basin type Irrigation Infrastructure Operators in mind, as the Federal Government wanted to engage with organisations rather than individual irrigators, but wanted those groups to be able to legally transfer entitlement (something only bulk entitlement holders could do).
- The draft contract treated the agreement as a grant agreement, with no recognition that the irrigator was transferring a very significant asset in return for funding.
- The application assessment and roll-out process was ridiculously long, with applications closing in December 2007, and some of the very small number of successful applicants still awaiting final contracts in August 2009 (A quick turn around is absolutely critical to ensuring there are not significant project cost blowouts during the application and assessment period.)
- The process should be a simple commercial transaction with the irrigators agreeing on receiving funding to a certain amount in return for transferring an agreed level of entitlement to the government and carrying out agreed works to specification.

It would be foolish for GVIA to try and estimate how much entitlement could be recovered in the Gwydir Valley through such a scheme, as the decision to participate or not would be entirely up to the individual entitlement holder.

A prime consideration would be the effective premium the programme offered over the market price for the entitlement handed back. If the effective price was equal to, or less than the market price, entitlement holders would simply fund efficiency works themselves (as they have been doing for years), and retain 100% of the savings.

As the premium increased over market price, up take would also increase.

A price premium would be justified by the Commonwealth on the grounds that the programme is helping to maintain the level of production from extractive use, while still achieving environmental outcomes.

Projects in the Gwydir that are likely to attract interest would include on-farm storage re-configuration, conversion of flood systems to overhead sprinkler systems like lateral moves and pivots, and to a much lesser extent the installation of drip systems.

Naturally, from the Commonwealth point of view, there would be a balance between providing a premium in return for maintain regional economies, and the cheaper and more direct option of purchasing entitlement and taking the full amount out of productive use.

Should water purchasing and infrastructure upgrades be coordinated and, if so, how?

In the Gwydir Valley, as all irrigators have direct pumping access to a river or creek, and there is no reliance on shared delivery schemes, there is little merit to an argument that indiscriminate purchasing could lead to uncompensated “stranded water infrastructure assets”, as the asset component has been built into the willing seller price, and there are no third party impacts to fellow irrigators (that is not to say that there is no impact on other assets such as cotton gins, etc).

However, what is very frustrating is that right at the moment irrigators looking to restructure under “Water for Our Future” can only participate through the buyback. While this avenue is appropriate for some, for others participation in a funded on-farm irrigation efficiency scheme would be more appropriate as they clearly intend to remain in irrigated agriculture.

Therefore it is essential that irrigators should be given the immediate option of either participating in buyback or in on-farm irrigation efficiency.

What potential is there for a more cost-reflective approach to pricing of water delivery to obviate the need for targeting purchase of water?

In the Gwydir Valley State Water applies a “postage stamp” pricing regime and this approach has always been supported by irrigators.

In a market based environment adoption of a “cost reflective” pricing policy may have some merit, although overwhelming irrigator support would have to be identified. Further, it would simply not be possible just to consider the additional delivery costs imposed by distances but allowances would also have to be made for actual conveyance losses, and how they are accounted for in individual water accounts. Other factors such as the accounting of storage losses also need to be considered.

One reason why the socialisation of delivery losses has been supported for so long, is that it has been considered that a loss an irrigator might suffer in one area (eg conveyance), was to a greater or lesser extent balanced out by the way another area was treated (eg storage losses).

How well has the irrigator-led group proposal component of Restoring the Balance addressed the possibilities for taking group action that coordinates infrastructure upgrades and water sales? How could it be improved?

Given the lack of any group schemes in the Gwydir, GVIA declines to comment on this question.

What impact is the 4 per cent limit having on the market for water entitlements?

The 4% rule is of little significance to Gwydir irrigators given the closed trading nature of the valley. However, as a general comment GVIA believes there should be equal trading opportunity across the Basin, and clearly the application of the 4% and 10% Cap are restricting the ability to trade water either within or out of Victoria.

What impact is it having on the effectiveness and efficiency of the Australian Government's purchasing programmes (both under the RBT and under the Living Murray)?

There is no doubt that the Caps are limiting the opportunity for Commonwealth to purchase water out of Victoria, and the recent concessions from Victoria should be seen at best as only a partial, and inadequate, removal of the restriction.

To what extent are irrigators who wish to sell their entitlement being disadvantaged by the limit?

As the Commission is aware, as a direct result of the skewed trading patterns caused by the Victorian Caps, the NSW government has placed an embargo on transferring further entitlement purchased in NSW for environmental purchases to the Commonwealth. This is directly impacting on a number of Gwydir irrigators who were actively negotiating sales to the Commonwealth. The embargo is a direct attack on their property right.

And while GVIA cannot speak for Victorian irrigators, any restriction that limits their ability to sell as a willing seller is an attack on their property right.

Is a limit on outward trade the best way to address concerns over possible socio-economic impacts on particular irrigation areas?

GVIA is not comfortable with any provision that diminishes the property right irrigators have. However, at the very least, if a limit was to be justified it would need to be applied equally over the whole Murray-Darling Basin.

Is the Commonwealth-Victorian agreement on the 4 per cent limit a satisfactory way to allow a greater quantity of entitlements to be purchased in Victoria?

The agreement still applies special provisions to Victoria, and therefore is unacceptable as the condition is not being applied equally across the Basin.

What impact is the NSW Government's ban on sales of NSW entitlements to the Commonwealth for environmental purposes likely to have on the ability of the buyback to obtain water efficiently and effectively?

By its very nature the embargo will make it very difficult, if not impossible, for the Commonwealth to obtain further water entitlements in NSW.

Terminations Fees

Due to the fact that the Gwydir Valley has no Irrigation Infrastructure Operators GVIA will not comment on the questions surrounding termination fees.

Are the costs associated with trading water entitlements (including those associated with delays and lack of market information) higher than they should be?

GVIA believes that the use of automated market platforms should allow significant decreases in both costs and transaction times. GVIA has heard of some concerns regarding the time it is taking for the Commonwealth's legal representatives (Lawlab) to process some documentation.

However, in general, GVIA is not aware of any complaints that would suggest serious systemic failure.

Are these costs a significant impediment to the efficient operation of government water buybacks and the water market in general?

GVIA does not believe that the costs associated with the Buyback are any higher than those incurred with transaction involving a non-government buyer. Having said that, it is important all steps are taken to reduce transaction costs.

How might these costs be reduced?

In NSW it is possible; utilising provisions 71M of the Water Management Act 2000, to simple transfer ownership by registering the trade of a complete water access licence with NSW Land and Property Information. This process should be the most cost effective; however, it appears most permanent trades are affected using the 71T provision which effectively require the subdivision of an access licence, therefore requiring approval by the NSW Office of Water. This process, while possibly offering some administrative advantages, does add to both the cost and the time required.

An automated on-line trading platform, similar to those operating in the share market should offer significant savings, both in money and time.

To what extent have the CPG's restricted or limited the design of current DEWHA purchasing mechanisms and the decision to buy only water entitlements?

What impact might the CPGs have on the commonwealth's ability to use alternative purchasing mechanisms to buy water products other than water entitlements?

GVIA believes only the Government can assess whether the Commonwealth Purchasing Guidelines have impacted on its ability to utilise various purchasing mechanism or purchase other water products.

However, if CPGS are restrictive, then the government needs to review them in light of the advantages offered by alternative mechanisms and products.

GVIA understands the need for Government to be transparent and accountable, but also believes that in this case it should be able to participate in the most appropriate market for meeting its environmental water goals.

Submission ends