



Produced by Goulburn-Murray Water

PURCHASE OF WATER ENTITLEMENT

Q. Will water entitlements purchased from the Broken System be sold back to d/s irrigators, and therefore not benefit the environment at all?

Goulburn-Murray Water holds a Broken System Bulk Entitlement (BE). The Bulk Entitlement is the amount of water that can be taken from Broken River to supply water to entitlement holders (farmers with Licences). The BE volume equals the total volume of Licences held by farmers.

If the Government or G-MW purchases entitlements, G-MW will apply to have the BE volume reduced by the purchased amount. This has already happened for the one entitlement purchase by Government (Burnbrae property) previously concluded as part of the Mokoan project. Once the BE is reduced there is no extra water available for allocation or trade further downstream or within the system.

Water entitlement purchase will be undertaken to maintain Broken system reliability and to provide water savings for environmental benefits on the Broken, Goulburn, Murray and Snowy Rivers.

Q. How will the water savings will be monitored and accounted for to ensure that they are delivered?

Water savings will be achieved through the closure of Lake Mokoan, the provision of more efficient supply systems in the Broken system and through the purchase of entitlements. Bulk Entitlements for the Broken, Goulburn and Murray systems will be amended to recognise the volumes of water saved and translated to unregulated, environmental flows.

Water savings volumes will be confirmed through an independent audit of the system operations model. This audit will be undertaken by an independent consultant accredited by the Murray-Darling Basin Commission.

Monitoring of storage volumes, water harvesting, stream flows and allocations is undertaken in all river systems on an annual basis to ensure compliance with Bulk Entitlements and the Murray-Darling Basin Cap on diversions.

Q. What is the Future of the Broken system?

The current Expression of Interest process for Entitlement Purchase is just that, seeking an indication of interest from willing sellers. No one is being forced to sell their entitlement and no one will be forced to do so. The need for purchase of water entitlements was identified in the Governments White Paper, *Our Water Our Future* and has always been a possible component of the offset package to ensure reliability of supply to irrigators.

The Government has taken steps to limit the amount of entitlement that needs to be purchased, by providing additional funds for the project to invest in further supply efficiency improvement works. The improvement in efficiency of the Broken Irrigation system will provide for a productive future for Broken system irrigators.

Q. Would diverters in the Broken system be able to access winter fill (unregulated supplies) if they were to sell some/all of their regulated entitlement?

Yes, subject to normal water licence trading rules.

Q. Will recipients of a payment for sale of their entitlement to G-MW be taxed on the revenue they receive?

The sale of water will be subject to the same tax rules as for any sale of a capital item. The level of tax incurred depends on a whole raft of parameters and potential sellers should consult their accountant for advice.

Q. How, will the Project deal with property value impacts of reducing summer regulated flows in streams such as Majors Creek and Broken Creek?

Reduced summer regulated stream flows arising from operational efficiency improvement and entitlement purchase will be offset by increased winter/spring flows provided by taking Lake Mokoan out of service. Seasonal flows will become more natural for most of the Broken system. This will allow a different riparian environment to develop and one which may impact positively on property values

Property values are dependent on, but not limited to factors such as location, rainfall, aesthetics and water supply. These factors will vary between properties. Individuals considering selling some or all of the water entitlement will need to make their own assessment as to the impact of reduced summer flows in streams near or associated with their property

Q. Where can irrigators, who may be interested in selling water entitlement access advice on what value to place on their water?

Irrigators who wish to receive advice on the value of water should in the first instance contact their accountant and water broker. A list of registered water brokers can be found at: <http://www.g-mwater.com.au/downloads/wsxf01.pdf>.

Q. How will the Project manage offers to sell volumes of "unused" entitlement compared with volumes of "actively used" entitlement?

All applications will be treated equally. Guidelines are being developed and expert advice sought to assist the Project to identify the value of different entitlements and the relative benefits which their purchase provides to reliability improvement and the capital and recurrent costs of infrastructure to be provided in the Final Offset Package.

Q. Will an extraction share, to allow future diversions from the Broken system, through the use of temporary trade or purchase of permanent entitlement be allowed on properties offering entitlement to purchase?

Extraction shares will be the mechanism used to manage diversions from streams during periods of rationing after unbundling. Landowners without extraction shares will be able to divert water from a stream, whether that water has been purchased temporarily or permanently, except during rationing periods. Extraction shares will exist on regulated and unregulated streams.

If, as part of the offset package, all or a significant majority of the regulated diversion licence is purchased in a section of the Broken River or upper Broken Creek system, then a decision to change the status of the that section to unregulated is likely. Then, landowners in that section would not be able to purchase regulated licences but may be able to purchase unregulated licences, depending on the trading rules that apply in future.