

Our Ref: #2179673; 2006/451/1

7 May 2007

Dear Water User

**Mokoan - Return to Wetland  
Basin Water Pricing and Expression of Interest in Sale of Water Entitlement  
Extension of Closing Date**

We refer to our letter dated 2 March 2007, inviting expressions of interest in the sale of some or all of your water entitlement.

As you may be aware the Goulburn-Murray Water Board, at its March 2007 meeting, endorsed a policy to introduce Basin Pricing into water supply basins. One of the triggers will be where significant restructuring or investment is proposed. The Broken Basin falls into this category, due to significant investment in the delivery system, with the decommissioning of Lake Mokoan.

The timing of implementation and transition arrangements for the introduction of Basin Pricing in the Broken System will be determined through consultation with water users, as part of the engagement process required by the Essential Service Commission. Clearly the magnitude of the increase in water charges will require appropriate consultation before an implementation and transition plan can be finalised and implemented.

A full assessment of the Broken Basin price and tariff structure following decommissioning of Lake Mokoan will be undertaken when the content of the Supply Reliability Final Offset Package and final details of the Supply to Lake Mokoan Diverters are known. The price and tariffs are also dependent upon agreement with the Essential Services Commission.

As a guide, it is expected that when Basin Pricing is adopted, charges for your diversion may rise by about \$40 to \$50/ML, in current day dollars.

In view of the change in G-MW water pricing policy and recognising that for some water users, this may affect their decisions in relation to retaining or selling their water entitlement the Mokoan Project Control Board has decided to extend the period over which it will receive expressions of interest in the sale of water entitlement. The closing date for submissions will now be 31 May 2007.

To date over 20 expressions of interest in the sale of water, totalling approximately 3,900ML have been received, with a broad range of prices being sought.

In response to a number of expressions of interest received to date and various telephone enquiries to the Project Office, the Project Control Board has developed a Question and Answer document to assist with broader understanding of some of the issues which water users have raised in recent weeks. This information is available on [www.lakemokoan.com](http://www.lakemokoan.com) or by contacting the Project Director as indicated below.

The next steps in the entitlement purchase process will involve the engagement of a probity adviser to assist with the development of a probity plan and to oversee the entitlement purchase process. The probity plan will provide the guidelines to determine which of the expressions of interest will require further action and which are deemed to be beyond the limits of interest for the project.

A water broker will be engaged to negotiate directly with those water users whose offers of sale of water entitlement fall within the probity plan guidelines. Water broker negotiations with water users will commence after the extended period for expressions of interest closes on 31 May 2007.

While the Mokoan Project Control Board notes that selling of water entitlement is of limited interest to many water users, there are those for whom selling entitlement may present an attractive business opportunity.

Any expressions of interest received will be treated with strict confidentiality and will not be deemed to be a binding offer to sell entitlement water. A further copy of the Expression of Interest Form is attached

If you have in further queries in relation to this matter please contact the Mokoan Project Director, David Jeffery on 03 5761 1611.

Yours truly,

**Department of Sustainability  
and Environment**



Kevin Ritchie  
REGIONAL DIRECTOR  
NORTH EAST REGION

**Goulburn Broken Catchment  
Management Authority**



W J O'Kane  
CHIEF EXECUTIVE

**Goulburn-Murray Water**



Russell Cooper  
CHIEF EXECUTIVE

**Expression of Interest  
Sale of Water Entitlement  
Broken Regulated Supply System**

Expressions of Interest are invited in the Sale of Water Entitlement by current holders of Broken Regulated Diversion entitlement.

Information received from this process will be used to support the development of the Final Supply Reliability Offset Package, will be used solely for this purpose and will be treated as strictly confidential.

I understand that by submitting this Expression of Interest I am not legally bound to sell the water but may be contacted by G-MW for further discussion on this matter.

Name of Entitlement Holder: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Service Point No/s associated with the potential entitlement sale volume/s: \_\_\_\_\_

Total Amount of Entitlement currently held: \_\_\_\_\_ ML

Volume of potential Entitlement Sale: \_\_\_\_\_ ML

Indication of price expected: \_\_\_\_\_ \$/ML

In providing the information above, please recognise that there is a finite amount of water entitlement proposed for purchase. If you price your proposed sale price is too high, then you may not be successful.

Comments/issues related to this Expression of Interest:

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This form should be placed in an envelope marked "**Strictly Confidential**" and mailed to Mokoan Project Director, 89 Sydney Road Benalla 3672, PO Box 124 Benalla 3672 by **31 May 2007**.