



Australian Government



Water for the Future

Restoring the Balance

Restoring the Balance

Objective: to make immediate progress in providing more water for the environment

Approach: Enter the market to acquire water entitlements for the environment

Entitlements to be managed by the
Commonwealth Environmental Water Holder



Restoring the Balance

Budget: \$3.1 billion over 10 years

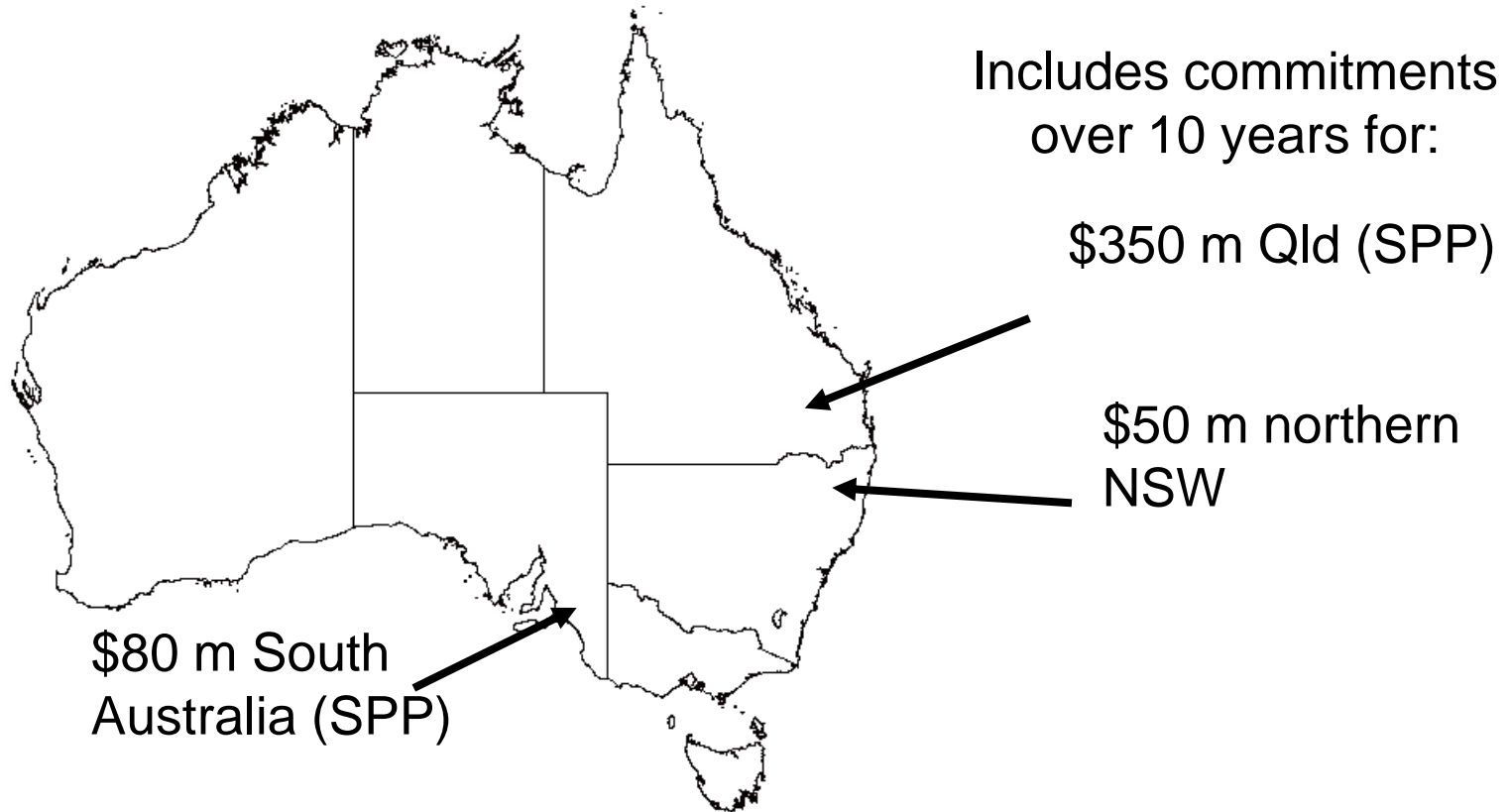
2007-08	\$50m
2008-09	\$430m
2009-10	\$566m
2010-11	\$518m
2011-12	\$446m

Includes recently agreed bring forward of funds

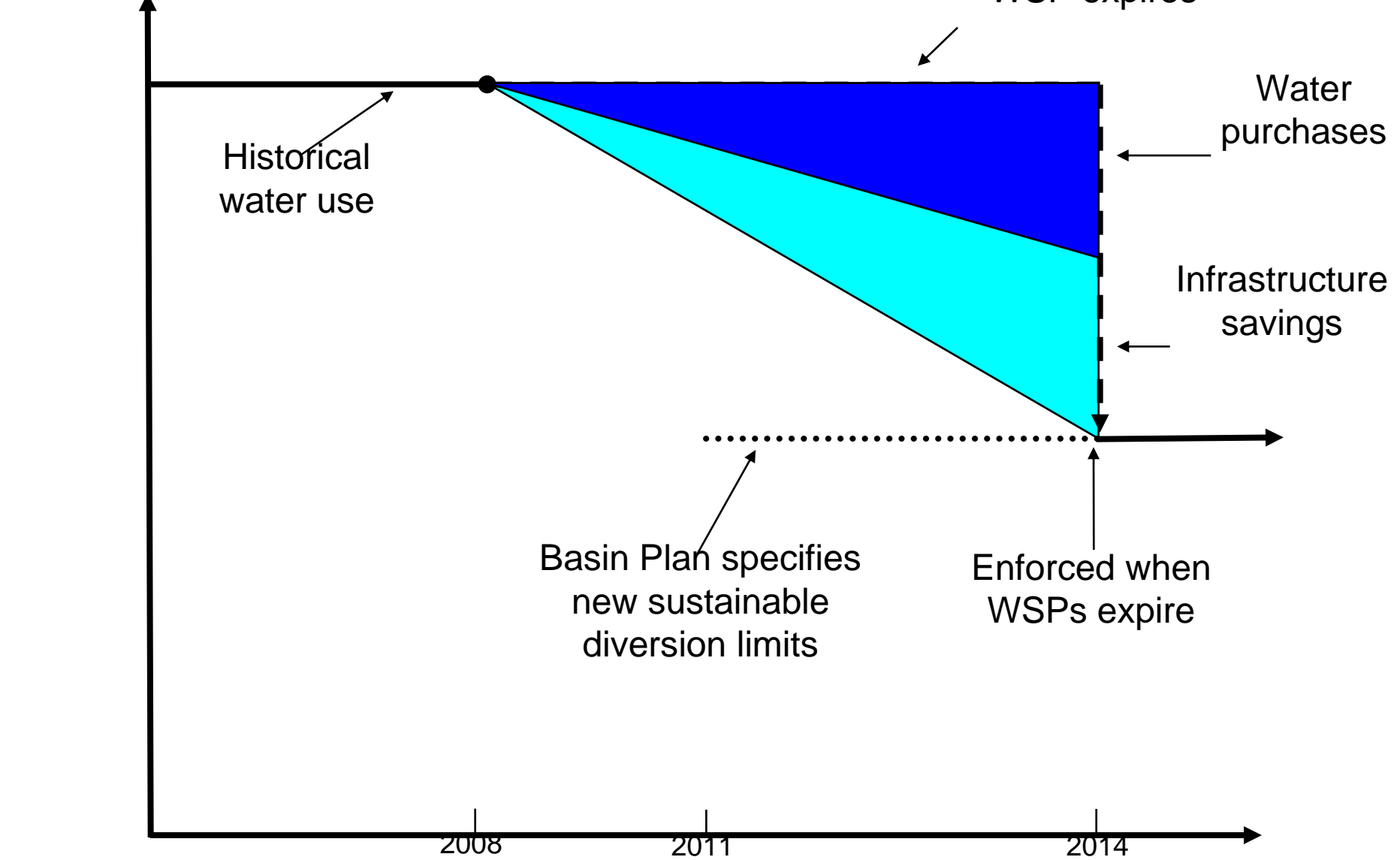


Purchasing under State Priority Projects

2008-09 \$430m
across entire basin



Average water use



Program review

Independent assessment

Supported by 12 member stakeholder consultative committee and 8 regional workshops

Endorsed approach taken in first round

Sound pricing strategy
Well managed program



Program review

Areas for improvement

Address concerns about transparency

Better communication and integration with infrastructure investment program

Broaden purchasing



Criteria for Assessing Offers

The entitlement must be in a catchment where scientific evidence suggests that more water is needed for the environment.

CSIRO Sustainable Yields – available surface water will decline in most Murray-Darling Basin catchments by 2030

Specific high value ecosystems – Macquarie Marshes

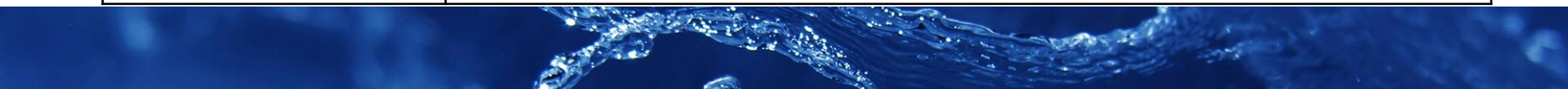
System health - MDBC Sustainable Rivers Audit

The entitlement must allow water to be managed to provide an environmental benefit.

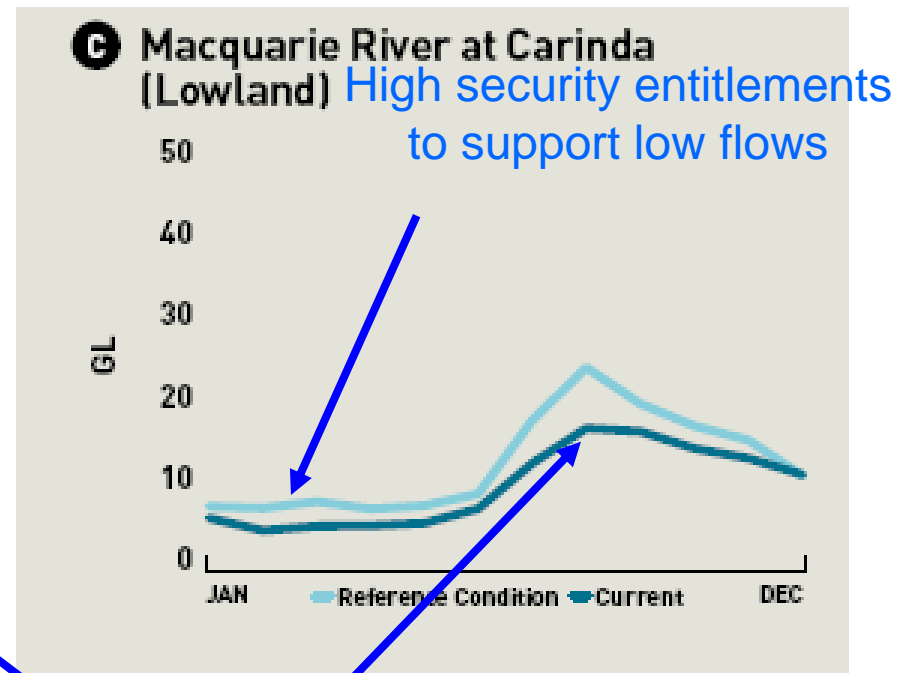
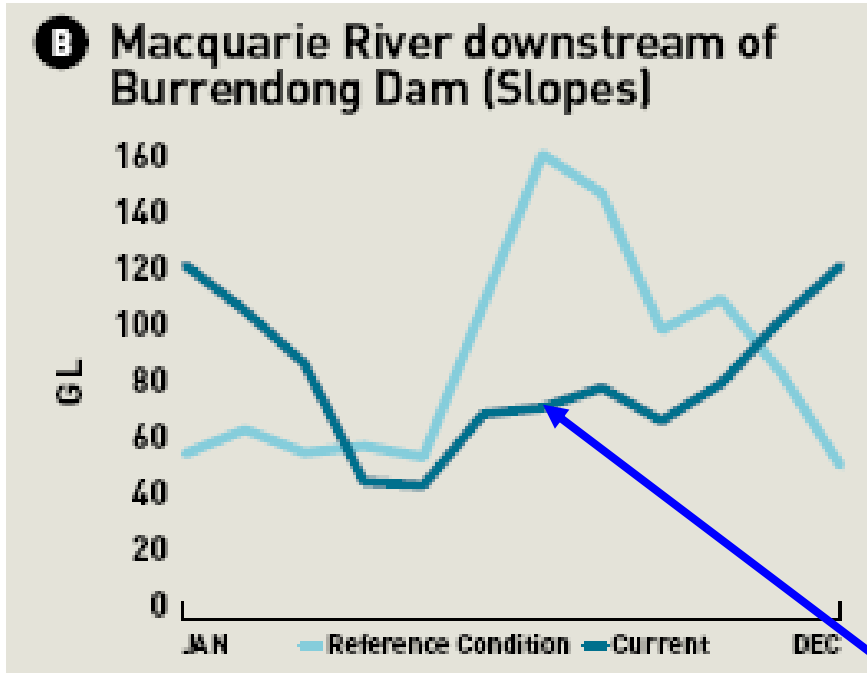


System health and the flow regime

Flow Objective	Environmental Benefit
Cease to flow	Drying phases are part of a the lifecycle of many species and communities
Low flows	Drought refuge for water dependant plants and wildlife in particular for high value, rare, threatened or unique species and communities
Freshes and bank-full flows	River forming flows – in-stream sediment transport Short flow pulses maintain good water quality – flush algal blooms and reduce salinity Maintain in-stream connectivity between ecological communities (eg. fish migration)
Mid-level flooding	River forming flows Wetting billabongs and anabranches Sediment and nutrient transport between the floodplain and rivers
High-level flooding	Floodplain forming flows – large scale sediment and nutrient transport (soil formation) Large scale flooding of terminal wetlands – support high value ecosystems that include red gum communities and bird breeding sites.



Environmental Watering in Regulated Rivers

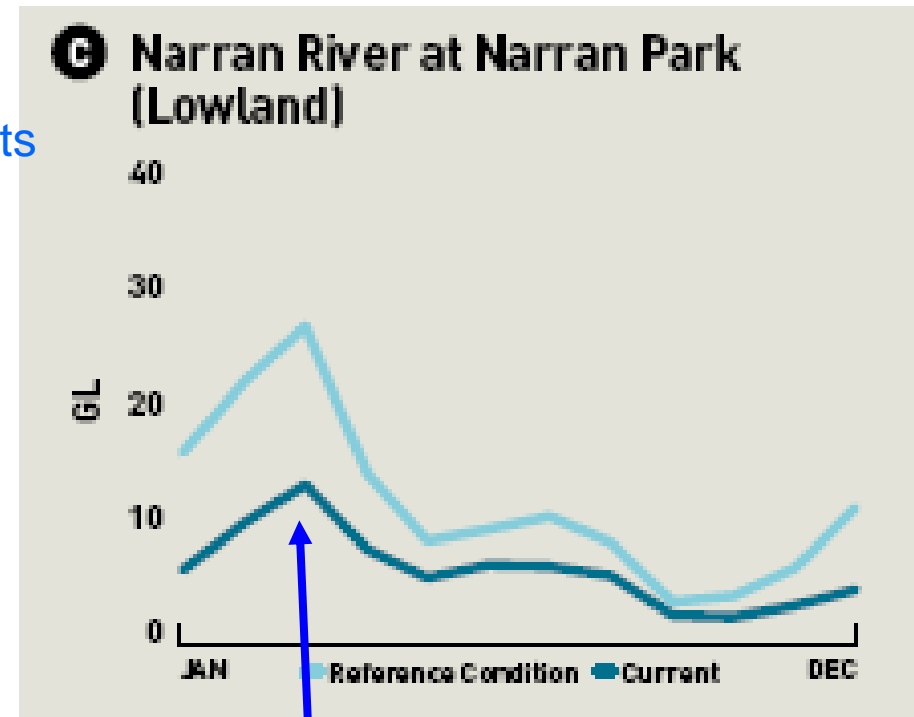
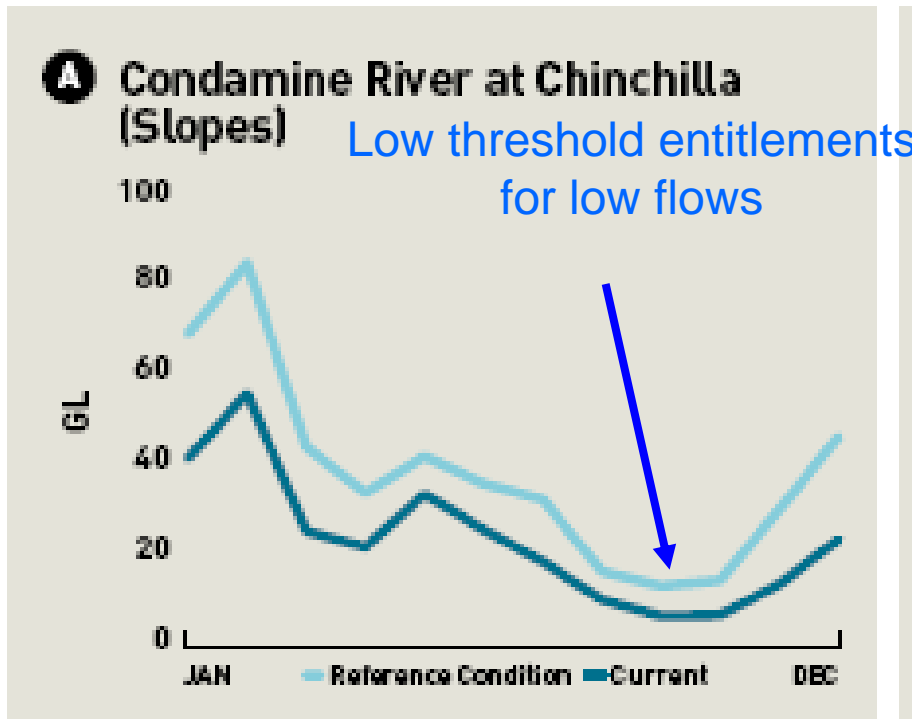


General security and supplementary entitlements to support high and flooding flows

Source: MDBC Sustainable Rivers Audit



Environmental Watering in Unregulated Rivers



Source: MDBC Sustainable Rivers Audit



Criteria for purchases

Unmet environmental watering needs

Capacity to deliver the water to target sites

Price

Trade information available

State registers

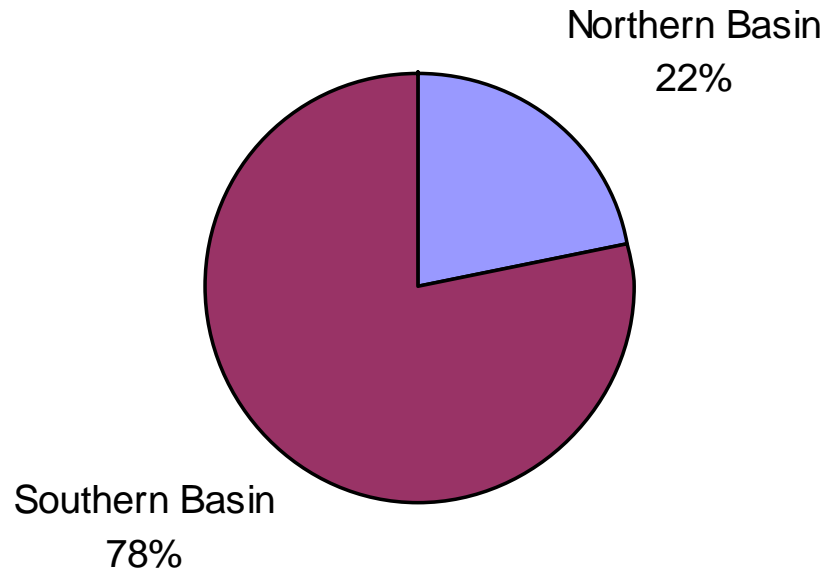
(supported by information from agents and brokers)

No trade information available

Expert valuations from registered valuers, drawing on comparable trades



Applications received



Currently > 1300



Preliminary outcomes

Purchases currently being pursued

At 13 February 2009:

Pursuing 48 Northern Basin purchases

Gwydir General Security

Macquarie General Security

Namoi General Security

Qld Border Rivers

Total value ~\$76m

Late December rush!

Tender re-opened 27 January 2009



Purchase steps

Apply the 3 assessment criteria

Advice from Qld/NSW on licence characteristics

Acceptance letter

Due diligence

Exchange contracts

State approval

Settlement



Using the water acquired

Regulated Rivers

Regulated entitlements allow active management of environmental water

Requires coordination with other environmental water holders:

- Environmental contingency allowances

- Riverbank

Environmental watering will be opportunistic:

- use Commonwealth environmental water on top of natural flows

Coordination with land management is also important:

- environmental water is just one part of catchment management

- grazing, clearing, pests etc. will be managed by site owners



Using the water acquired

Unregulated Rivers - Water Shepherding

Environmental watering in unregulated rivers needs to be done within recognising existing water sharing plans – this mean we need water shepherding

Principles for Water Shepherding:

Seek to use environmental water in an efficient manner

Environmental water should be protected and managed under existing Water Sharing Plans

Water recovered for the environment should not be diverted for consumption by down stream users

The rights of other users will be respected

