



Buying irrigation water (entitlements) for the environment – lessons from the market in a transboundary program



Lindsay White and Mike Makin, 3 September 2008

Overview

1. Context
2. The pilot (Pilot Environmental Water Purchase Project)
3. Key lessons

Context – international significance

- 260 transboundary rivers across globe +
- Some currently overallocated
- Approaches to ‘recover’ water for environment
 - Regulatory
 - Infrastructure
 - Market
- Market approaches topical internationally
 - Riversymposium 10 ‘*Environmental water transactions: lessons learned and future prospects*’

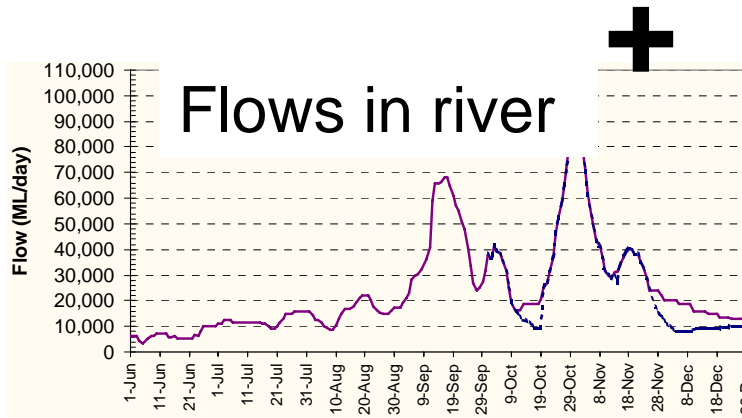
Context - The Living Murray Initiative



Environmental outcomes



=



+

Engagement



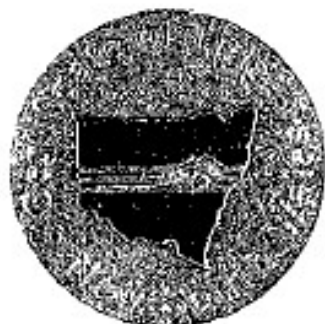
+

~\$1 billion

Context - transboundary



Context - entitlements



NEW SOUTH WALES

CERTIFICATE OF TITLE

WATER MANAGEMENT ACT, 2000



WAL TITLE

| | |
|------------------------------------|---------------|
| REFERENCE TO FOLIO OF THE REGISTER | |
| IDENTIFIER | WAL |
| EDITION | DATE OF ISSUE |
| 1 | |
| CERTIFICATE AUTHENTICATION CODE | |

This certificate is issued under s87B of the Water Management Act, 2000.

Many entitlements issued, particularly in wet decades

The pilot - background

- Purchasing entitlements in up to 3 states
- Water market: growing, changing
- Progress with water recovery
 - Regulatory – used in past
 - Infrastructure – had been initial focus
 - Market – initial attempts
- Objectives: learning, and water (up to 20 GL)
 - 4% of The Living Murray target
 - 0.2% of entitlement in southern Basin
 - < 10% of annual 4% limit

Expression of Interest Form

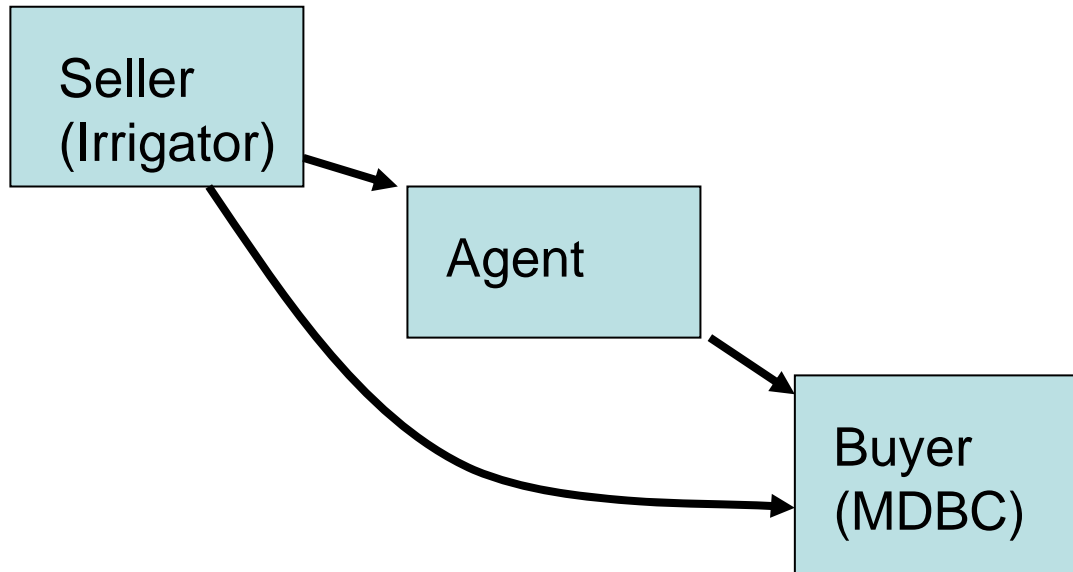
The Murray Darling Basin Commission (**MDBC**) is purchasing water for the environment under The Living Murray program. In this project, the MDBC is interested in purchasing only Water Entitlements of the kind listed at item 3 of this form. Potential sellers are to complete and submit this Expression of Interest Form. Project terms associated with the Expression of Interest are attached.

NSW – Water Management Act 2000

Mark X

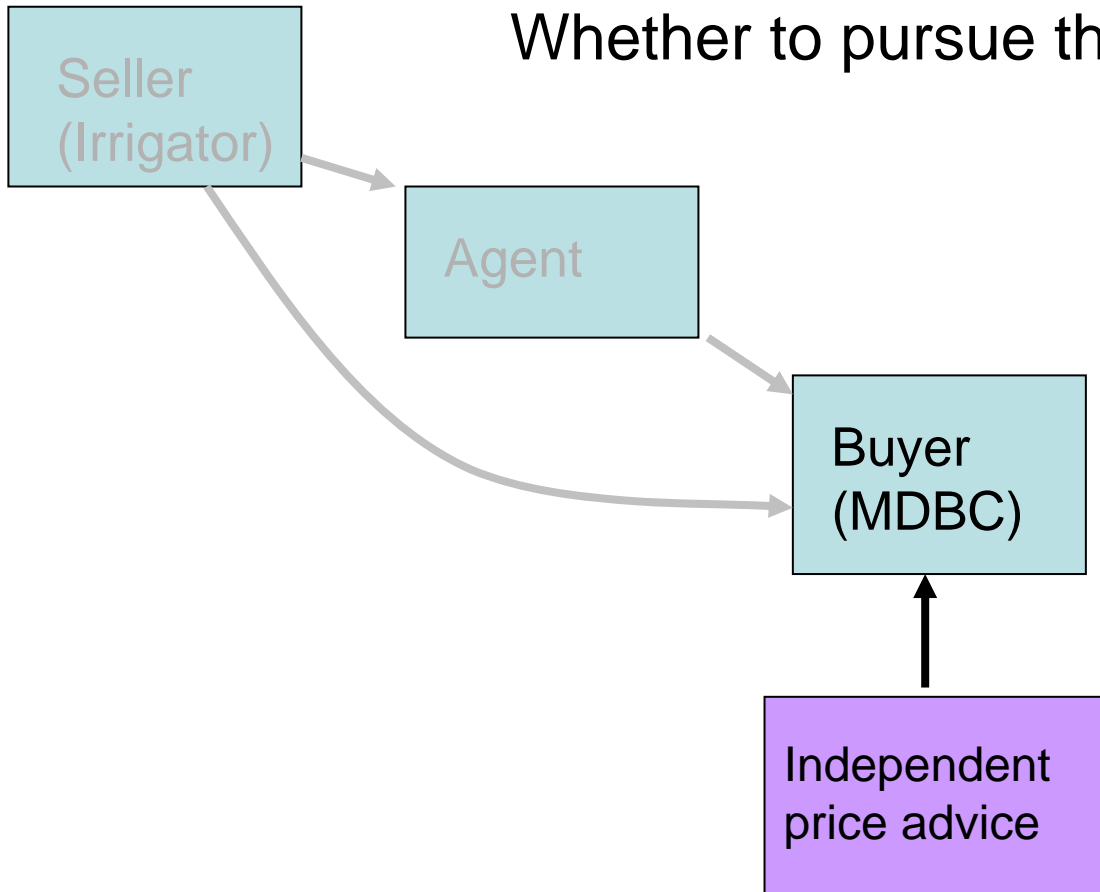
| | | |
|---------------------------------|-------------------------|--|
| High Security Access Licence | Murrumbidgee Regulated | |
| | Murray Valley Regulated | |
| | Lower Darling | |
| General Security Access Licence | Murrumbidgee Regulated | |
| | Murray Valley Regulated | |
| | Lower Darling | |

The pilot – EoI submission

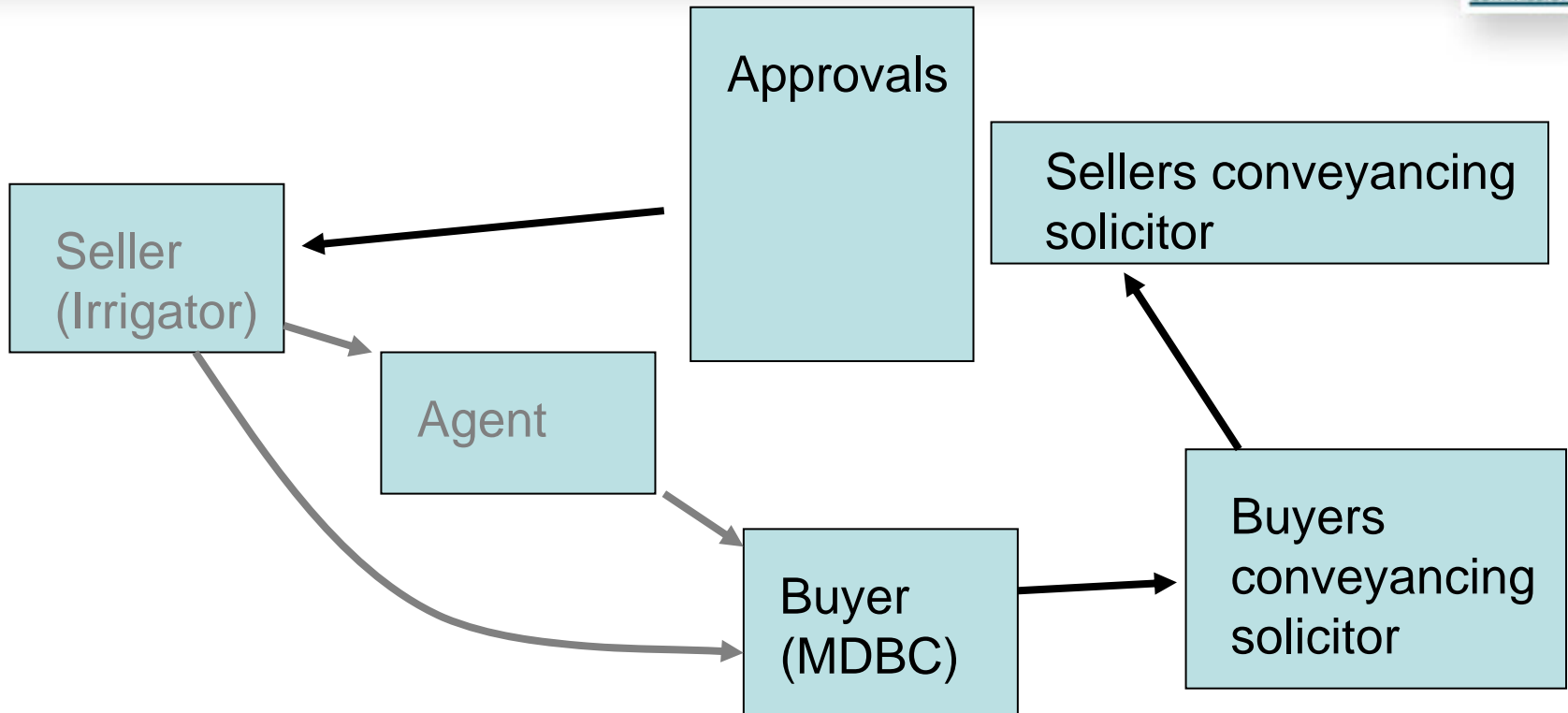


The pilot – decision

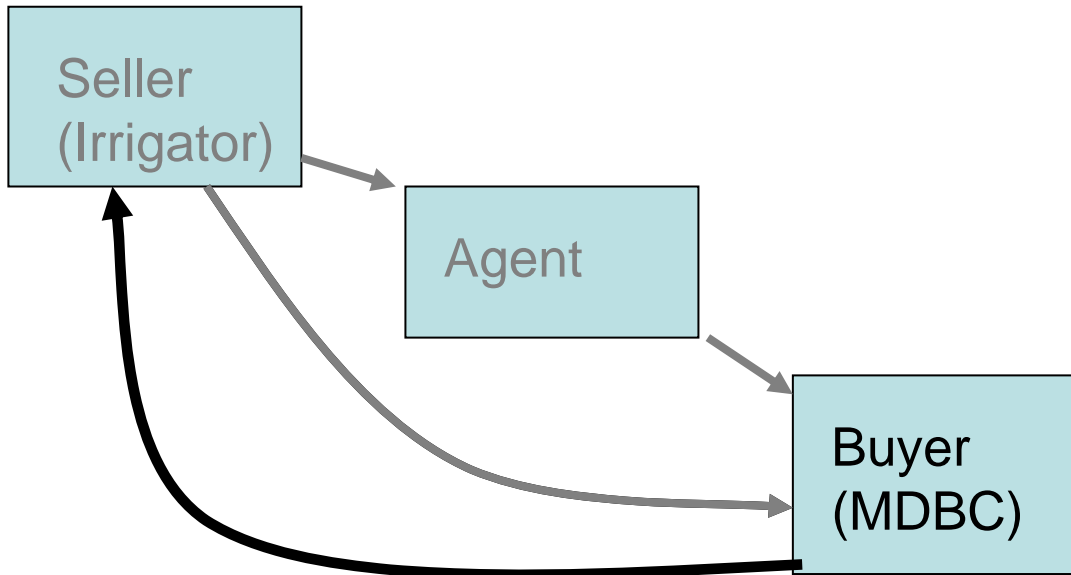
Whether to pursue the Eol for purchase



The pilot – pursue EoI



The pilot – not pursue EoI



The pilot - design

- Simple Expression of Interest form
- Non-binding EoI
- Weekly cycle
- Independent inputs
- Arms length
- Prompt response
- Resubmission possible

- Solid process

The pilot - communications



MEDIA RELEASE

Date: 9 July 2007

Pilot project to buy water for The Living Murray

The Murray-Darling Basin Commission (MDBC) is seeking to buy water entitlements from irrigators, water brokers and other people in the southern Murray-Darling Basin.

Chief Executive Dr Wendy Craik AM said the purchases will be part of a pilot project to recover water for the environment from willing sellers under the Living Murray program.

The Murray-Darling Basin Ministerial Council approved the project at its last meeting in Adelaide on 25 May. The MDBC will buy the water on behalf of Murray-Darling Basin partner governments.

Established groups

Website

Road trips

Advertisements

the living murray

sustaining communities and preserving unique values



Initial purchase of
environmental water
for The Living Murray

The water will be managed under the Living Murray Environmental Watering Plan, which is updated annually. (This plan is available from www.thelivingmurray.mdbc.gov.au).

2. How much water will be purchased by this project?

The pilot - results

- 11 weeks allowed, closed within 4 weeks
- \approx 150 Eols submitted
- \approx 300 hundred phone calls
- Pursued 20 GL
- Purchased 10-20 GL at market price
- $<10\%$ of 4% annual limit
- Many lessons

Key lessons

- *Context specific - situational*
- Complexity of water market
- Non-binding Expression of Interest
- Communications important
- Government buyer
- Sellers
- *Relevant for the future*



Summary

1. Context
2. The pilot
3. Key lessons



Acknowledgements

Many including:

- Carol Reeve, Les Roberts, Wendy Craik, Chris Biesaga, Sandra Volk, Tim McKinnon, Famiza Yunus (MDBC)
- Derek Rutherford (NSW DECC)
- Ian Perkins, Richard Bootle, and Tim Smith (Lawlab)
- Drew Collins (BDA Group)



www.mdbc.gov.au