



MEDIA RELEASE

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First phase of water purchase pilot closes early because of strong response

A Murray-Darling Basin Commission call to irrigators, water brokers and others in the southern Basin to sell water entitlements has closed only four weeks into an eleven-week pilot project.

Chief Executive Dr Wendy Craik AM said the MDBC had received more than enough expressions of interest to meet the project's aim of buying up to 20 gigalitres (or about 0.2% of the average water diversion from the southern Basin) at market prices.

"We are delighted with the response," Dr Craik said. "However, this is just the first phase of the pilot and much still needs to be done. For example, we now need to arrange the conveyancing or transfer of ownership of the water entitlements."

Any recovered water will be used eventually for The Living Murray Environmental Watering Plan to improve ecological conditions at the so-called "icon sites". It will result in healthier wetlands and help wildlife such as waterbird breeding.

"However, I want to stress that because of the current prolonged drought, little water is likely to be available from these entitlements in 2007/08," Dr Craik said.

The Living Murray program was established in 2002 in response to evidence showing a decline in the health of the River Murray system.

The program's "First Step" focuses on improving the health of the six "icon sites" along the river. It aims to recover up to 500 gigalitres of water for the environment by June 2009 through improving water infrastructure and by buying water entitlements from willing sellers.

"Recovering water by developing and implementing infrastructure projects, which the partner governments are also doing, can produce many lasting benefits but can be expensive and can take a long time to implement," Dr Craik said. "On the other hand, buying water entitlements within existing market safeguards and rules can be done quickly and cost effectively."

She said the pilot project had already taught the MDBC some valuable, practical lessons.

"We have learnt that people appreciate the opportunity to submit non-binding expressions of interest and that they liked receiving feedback rapidly - in this case, within a week. No doubt, we will learn more from the pilot as it proceeds."

Dr. Craik said the Ministerial Council may agree to more such market based measures in The Living Murray program in the next two years, along with infrastructure water savings projects.

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