

# Operation of the *Water Act 2007*

## Water Regulations 2008

The Water Regulations 2008, made under the *Water Act 2007*, came into effect on 30 June 2008. The regulations require people specified in the regulations to give water information to the Bureau of Meteorology to enable it to publish high quality water information including a National Water Account as required under the Act. The regulations also exclude certain ground waters in South Australia from the management arrangements established by the Act.

# The Annual Report of the Murray Darling Basin Authority

## Overview

The Murray-Darling Basin Authority (MDBA) is a new independent body established by the Australian Government through the *Water Act 2007* (Water Act). The sections of the Water Act relevant to its establishment came into effect on 3 March 2008.

The MDBA is responsible for the integrated management of water resources in the Murray-Darling Basin, including developing and implementing the Basin Plan for the long term sustainability of diversions of surface and ground water. The Basin Plan will also include an Environmental Watering Plan, a Water Quality and Salinity Management Plan, and water trading and transfer rules.

At the meeting of the Council of Australian Governments (COAG) on 26 March 2008, the Commonwealth, the Murray-Darling Basin States and the Australian Capital Territory agreed that the Murray-Darling Basin Commission (MDBC) should be absorbed into the new MDBA. This agreement was formalised at the 3 July 2008 COAG meeting and an Intergovernmental Agreement (IGA) on Murray-Darling Basin Reform was signed. The IGA established the new governance arrangements for the Murray-Darling Basin and included arrangements for critical human needs, comprehensive and consistent trading arrangements across the Basin, and the transition of the MDBC to the MDBA. The latter process is expected to occur in late 2008.

The MDBA commenced operations, and its work on the Basin Plan, on 8 September 2008. On that date Mr Robert Freeman commenced work as the acting Chair and Chief Executive of the Authority. The four part-time positions as Authority members were advertised in July and August 2008 and are expected to be filled in late 2008. The MDBA was not operational in 2007–08, and employed no staff during that period.

## Reporting Requirements

Section 214 of the Water Act requires the MDBA Annual Report to address the following matters:

### 1. Effectiveness of the Basin Plan

As agreed at the COAG meeting on 26 March 2008, the MDBA will provide the first Basin Plan in early 2011.

### 2. Directions given during the year by the Minister

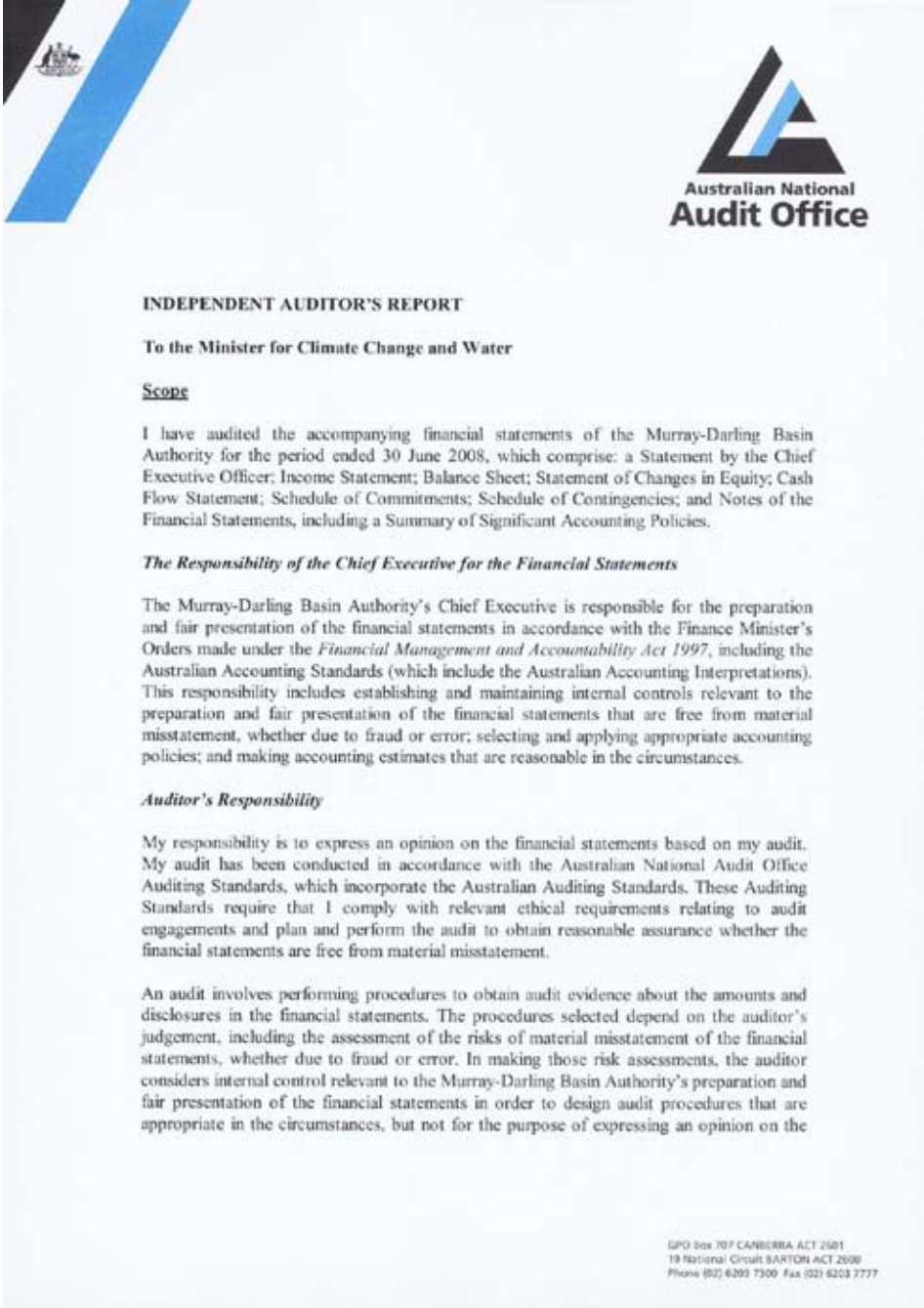
The Minister did not issue any directions to the MDBA in 2007–08.

3. Financial statements required by section 49 of the *Financial Management and Accountability Act 1997*

Financial statements of the MDBA for the period 3 March 2008 to 30 June 2008 follow this report.

4. An Audit report on those statements under section 57 of the *Financial Management and Accountability Act 1997*

The following independent auditor's report was provided by the Australian National Audit Office.



effectiveness of the Murray-Darling Basin Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Murray-Darling Basin Authority's Chief Executive, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### ***Independence***

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

#### **Auditor's Opinion**

In my opinion, the financial statements of the Murray-Darling Basin Authority:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Murray-Darling Basin Authority's financial position as at 30 June 2008 and its financial performance and cash flows for the period then ended.

Australian National Audit Office



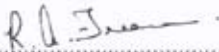
Rebecca Reilly  
Executive Director  
Delegate of the Auditor-General

Canberra

2 October 2008

**Murray Darling Basin Authority  
Statement by Chief Executive Officer**

In our opinion, the attached financial statements for the period 3 March 2008 to 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed  .....

Chief Executive Officer

2. October 2008

**INCOME STATEMENT for  
THE MURRAY DARLING BASIN AUTHORITY**  
*for the period ended 30 June 2008*

|  | Notes | 2008<br>\$       |
|--|-------|------------------|
| <b>INCOME</b>  |       |                  |
| <b>Revenue</b>   |       |                  |
| Other Revenue from Government                            | 3A    | <u>2,566,000</u> |
| <b>Total Revenue</b>                                     |       | <u>2,566,000</u> |
| <b>Gains</b>   |       |                  |
| Other Gains  | 3B    | <u>5,000</u>     |
| <b>Total Gains</b>                                       |       | <u>5,000</u>     |
| <b>Total Income</b>                                      |       | <u>2,571,000</u> |
| <b>EXPENSES</b>  |       |                  |
| Other Expenses   | 4     | <u>5,000</u>     |
| <b>Total Expenses</b>                                    |       | <u>5,000</u>     |
| <b>Surplus</b>   |       | <u>2,566,000</u> |
| <b>Surplus attributable to the Australian Government</b> |       | <u>2,566,000</u> |

The above statement should be read in conjunction with the accompanying notes.

**BALANCE SHEET for  
THE MURRAY DARLING BASIN AUTHORITY**  
*as at 30 June 2008*

|                                | Notes | 2008<br>\$              |
|--------------------------------|-------|-------------------------|
| <b>ASSETS</b>                  |       |                         |
| <b>Financial Assets</b>        |       |                         |
| Trade and other receivables    | 5     | <u>2,566,000</u>        |
| <b>Total financial assets</b>  |       | <u>2,566,000</u>        |
| <b>Net Assets</b>              |       | <u><u>2,566,000</u></u> |
| <b>EQUITY</b>                  |       |                         |
| Retained earnings              |       | <u>2,566,000</u>        |
| <b>Total Equity</b>            |       | <u><u>2,566,000</u></u> |
| <b>Current Assets</b>          |       | <b>2,566,000</b>        |
| <b>Non-Current Assets</b>      |       | -                       |
| <b>Current Liabilities</b>     |       | -                       |
| <b>Non-Current Liabilities</b> |       | -                       |

The above statement should be read in conjunction with the accompanying notes.

**STATEMENT of CHANGES in EQUITY for  
THE MURRAY DARLING BASIN AUTHORITY**  
*for the period ended 30 June 2008*

**Opening balance**

Balance carried forward from previous period

**Adjusted opening balance**

**Income and expense**

Surplus for the period

**Total income and expenses**

**Closing balance at 30 June**

| <b>Retained Earnings</b> | <b>Total Equity</b> |
|--------------------------|---------------------|
| <b>2008</b>              | <b>2008</b>         |
| <b>\$</b>                | <b>\$</b>           |
| -                        | -                   |
| -                        | -                   |
| <b>2,566,000</b>         | <b>2,566,000</b>    |
| <b>2,566,000</b>         | <b>2,566,000</b>    |
| <b>2,566,000</b>         | <b>2,566,000</b>    |

The above statement should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT for  
THE MURRAY DARLING BASIN AUTHORITY**  
*for the period ended 30 June 2008*

|  | Notes | 2008<br>\$      |
|--|-------|-----------------|
| <b>OPERATING ACTIVITIES</b>                                  |       |                 |
| <b>Cash received</b>   |       |                 |
| Appropriations   |       | -               |
| Net GST received   |       | -               |
| Court awarded costs  |       | -               |
| Other cash received  |       | -               |
| <b>Total cash received</b>                                   |       | <u>-</u>        |
| <b>Cash used</b>   |       |                 |
| Employees  |       | -               |
| Suppliers  |       | -               |
| Other  |       | -               |
| <b>Total cash used</b>                                       |       | <u>-</u>        |
| <b>Net cash flows from or (used by) operating activities</b> |       | <u><u>-</u></u> |
| <b>Net increase or (decrease) in cash held</b>               |       | -               |
| Cash at the beginning of the reporting period                |       | -               |
| <b>Cash at the end of the reporting period</b>               |       | <u><u>-</u></u> |

The above statement should be read in conjunction with the accompanying notes.

The MDBA has no cashflow during the period of this Financial Statement.

**SCHEDULE OF COMMITMENTS for  
THE MURRAY DARLING BASIN AUTHORITY**  
*as at 30 June 2008*

|   | <b>2008</b> |
|---|-------------|
|   | <b>\$</b>   |
| <b>BY TYPE</b>                                      |             |
| <b>Commitments receivable</b>                       |             |
| GST recoverable on commitments                      | -           |
| <b>Total commitments receivable</b>                 | -           |
| <b>Other commitments</b>                            |             |
| Commitments for professional services / consultants | -           |
| <b>Total other commitments</b>                      | -           |
| <b>Net commitments by type</b>                      | -           |
| <b>BY MATURITY</b>                                  |             |
| <b>Commitments receivable</b>                       |             |
| <b>Other commitments receivable</b>                 |             |
| One year or less                                    | -           |
| From one to five years                              | -           |
| <b>Total other commitments receivable</b>           | -           |
| <b>Commitments payable</b>                          |             |
| <b>Other commitments</b>                            |             |
| One year or less                                    | -           |
| From one to five years                              | -           |
| <b>Total other commitments</b>                      | -           |
| <b>Net Commitments by Maturity</b>                  | -           |

NB: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes

The MDBA has no commitments during the period of this Financial Statement.

**SCHEDULE OF CONTINGENCIES for  
THE MURRAY DARLING BASIN AUTHORITY**  
*as at 30 June 2008*

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The MDBA has no contingent assets or liabilities as at 30 June 2008.  
Similarly the MDBA is unaware of any unquantifiable or remote contingencies.  
There were no contingent assets or liabilities at 30 June 2007.

**MURRAY DARLING BASIN AUTHORITY****Index to the Notes of the Financial Statements**

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## **Note 1: Summary of Significant Accounting Policies**

### **1.1 Objectives of the Murray-Darling Basin Authority**

The Murray-Darling Basin Authority (MDBA) is an independent body within the environment, water, heritage and the arts portfolio. It was established by the Water Act 2007 and is responsible for the outcome:

- Managing water resources in the Murray-Darling.

The Authority will develop and implement the Basin Plan which will include a sustainable cap on surface and groundwater diversions across the Basin, an Environmental Watering Plan, a Water Quality and Salinity Management Plan and water trading and transfer rules.

### **1.2 Basis of Preparation of the Financial Report**

The Financial Statements and notes are required by clause 1(b) of Schedule 1 to the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report. This is the first report and is for the period 3 March 2008 to 30 June 2008.

The MDBA was not operational for the period to 30 June 2008 and employed no staff during that period.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) or reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Report is presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### **1.3 Significant Accounting Judgements and Estimates**

There were no accounting assumptions and estimates made in the preparation of the financial statements.

### **1.4 Statement of Compliance**

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The MDBA is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

## **1.5 Revenue**

### *Revenue from Government*

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

## **1.6 Gains**

### *Resources Received Free of Charge*

Services received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

## **1.7 Contingent Liabilities and Contingent Assets**

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

## **1.8 Taxation**

The Agency is exempt from all forms of taxation except fringe benefits tax and goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

## **1.9 Comparatives**

As this is the first year for the preparation of financial statements, there are no comparative figures.

**Note 2: Events after the Balance Sheet Date**

There were no events after balance date requiring disclosure in the financial statements or notes to the financial statements.

**Note 3: Income**

|                |      |
|----------------|------|
|                | 2008 |
|                | \$   |
| <i>Revenue</i> |      |

**Note 3A: Revenue from Government**

|                                      |                  |
|--------------------------------------|------------------|
| Other Revenue from Government:       |                  |
| Departmental outputs                 | 2,566,000        |
| <b>Total revenue from Government</b> | <b>2,566,000</b> |

**Note 3B: Other gains**

|  |              |
|--|--------------|
| Resources received free of charge - government | 5,000        |
| <b>Total other gains</b>                       | <b>5,000</b> |

**Note 4: Expenses**

|  |      |
|--|------|
|  | 2008 |
|  | \$   |

**Note 4: Other Expenses**

|                             |              |
|-----------------------------|--------------|
| Audit Fees                  | 5,000        |
| <b>Total Other Expenses</b> | <b>5,000</b> |

**Note 5: Financial Assets**

|  |      |
|--|------|
|  | 2008 |
|  | \$   |

**Note 5: Trade and Other Receivables**

|  |                  |
|--|------------------|
| Trade and Other Receivables              | 2,566,000        |
| <b>Total Trade and Other Receivables</b> | <b>2,566,000</b> |

**Note 6: Financial Instruments**

2008  
\$

**Note 6A: Categories of financial instruments**

**Financial Assets**

**Trade and other receivables**

Trade and other receivables

2,566,000

**Carrying amount of financial assets**

2,566,000

**Note 6B: Fair value of financial instruments**

|                              | Carrying<br>amount<br>2008<br>\$ | Fair<br>value<br>2008<br>\$ |
|------------------------------|----------------------------------|-----------------------------|
| <b>FINANCIAL ASSETS</b>      |                                  |                             |
| Trade and other receivables  | 2,566,000                        | 2,566,000                   |
| <b>Total</b>                 | <b>2,566,000</b>                 | <b>2,566,000</b>            |
| <b>FINANCIAL LIABILITIES</b> |                                  |                             |
| Trade creditors              | -                                | -                           |
| Accrued Expenses             | -                                | -                           |
| <b>Total</b>                 | <b>-</b>                         | <b>-</b>                    |

**Note 6: Financial Instruments (continued)**

**Note 6C: Credit risk**

The MDBA is exposed to minimal credit risk as financial assets consist of receivable from another Commonwealth entity. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of the trade receivables balance (2008: \$2,566,000). The MDBA has assessed the risk of default on payment and no allowance required.

The following table illustrates the MDBA's gross exposure to credit risk, excluding any collateral or credit enhancements.

|                                    | 2008<br>\$       |
|------------------------------------|------------------|
| <b>Financial assets</b>            |                  |
| <b>Trade and Other Receivables</b> |                  |
| Trade and Other Receivables        | 2,566,000        |
| <b>Total</b>                       | <b>2,566,000</b> |

The MDBA manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the MDBA has policies and procedures that guide employees debt recovery techniques that are to be applied. The MDBA holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired.

|   | Not Past Due<br>Nor<br>Impaired<br>2008<br>\$ | Past due or<br>impaired<br>2008<br>\$ |
|---|---|---------------------------------------|
| <b>Cash equivalents and Other receivables</b> |   |                                       |
| Trade and Other Receivables                   | 2,566,000                                     | -                                     |
| <b>Total</b>                                  | <b>2,566,000</b>                              | <b>-</b>                              |

**Note 6D: Liquidity risk**

The MDBA's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the MDBA will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the MDBA (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities for 2008:

|                          | On demand<br>2008 | within 1<br>year<br>2008 | 1 to 5<br>years<br>2008 | > 5<br>years<br>2008 |
|--------------------------|-------------------|--------------------------|-------------------------|----------------------|
| <b>Other Liabilities</b> |                   |                          |                         |                      |
| Trade creditors          | -                 | -                        | -                       | -                    |
| <b>Total</b>             | -                 | -                        | -                       | -                    |

The MDBA is appropriated funding from the Australian Government. The MDBA manages its budgeted funds to

**Note 6E: Market risk**

The MDBA holds basic financial instruments that do not expose the MDBA to certain market risks. The MDBA is not exposed to 'Currency risk' or 'Other price risk' or 'Interest rate risk'.

**Note 7: Reporting of Outcomes**

**Note 7 - Net Cost of Outcome Delivery**

|  | Outcome 1          |
|--|--------------------|
|  | 2008               |
|  | \$                 |
| <b>Expenses</b>  |                    |
| Departmental   | -                  |
| <b>Total expenses</b>  | -                  |
| <b>Costs recovered from provision of goods and services to the non Government sector</b> |                    |
| Departmental   | -                  |
| <b>Total costs recovered</b>   | -                  |
| <b>Other external revenues</b>   |                    |
| Departmental   | 2,566,000          |
| <b>Total other external revenues</b>   | 2,566,000          |
| <b>Net Contribution of Outcome</b>   | <b>(2,566,000)</b> |

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

**Note 8: Cash flow reconciliation**

|  | 2008        |
|--|-------------|
|  | \$          |
| <b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b> |             |
| <b>Report cash and cash equivalents as per:</b>  |             |
| Balance Sheet  | -           |
| <b>Reconciliation of operating result to net cash from operating activities:</b>               |             |
| Operating result   | 2,566,000   |
| Amortisation   | -           |
| (Increase) / decrease in net receivables   | (2,566,000) |
| (Increase) / decrease in accrued revenues  | -           |
| (Increase) / decrease in prepayments   | -           |
| Increase / (decrease) in employee provisions   | -           |
| Increase / (decrease) in supplier payables   | -           |
| <b>Net cash from or (used by) operating activities</b>   | <b>-</b>    |

**Note 9: Remuneration of Auditors**

|  | 2008         |
|--|--------------|
|  | \$           |
| <b>Remuneration of Auditors</b>  |              |
| Financial statement audit services are provided free of charge to the Department. The fair value of audit services provided was: | 5,000        |
|  | <u>5,000</u> |
| No other services were provided by the Auditor General.  |              |

**Note 10: Specific Payment Disclosures**

**Act of Grace, Waivers, Ex-Gratia and Defective Administration Scheme Expenses**

There were no Act of Grace, Ex-Gratia or Defective Administration Scheme payments or expenses incurred or any Waivers made during the reporting period.

# The Annual Report of the Commonwealth Environmental Water Holder

This annual report is prepared in accordance with section 114 of the *Water Act 2007*. It covers the operations of the Commonwealth Environmental Water Holder from 3 March 2008 (the date the *Water Act 2007* came into effect) until 30 June 2008.

This report addresses the reporting requirements of section 114 of the *Water Act 2007*, which are:

- achievements against the objectives of the environmental watering plan
- the management of the Environmental Water Holdings Special Account
- all directions that the Secretary of the Department, or the Minister, gave to the Commonwealth Environmental Water Holder during the year.

## Purpose of the Commonwealth Environmental Water Holder

The *Water Act 2007* establishes the Commonwealth Environmental Water Holder to manage the Commonwealth's environmental water holdings, to protect or restore the environmental assets in the Murray-Darling Basin and any other areas where environmental water is held.

### Activities of the Commonwealth Environmental Water Holder

The Secretary of the Department of the Environment, Water, Heritage and the Arts appointed Mr Ian Robinson as the Commonwealth Environmental Water Holder on 16 April 2008. Mr Robinson also holds the position of First Assistant Secretary, Water Governance Division, in the department.

The period to 30 June 2008 was an establishment period for the Commonwealth Environmental Water Holder, with the focus on developing operational arrangements to give effect to the functions under the *Water Act 2007*.

At 30 June 2008, the Commonwealth's environmental water holdings amounted to 217 megalitres of water entitlements in the Murray-Darling Basin. These entitlements were acquired by the Commonwealth as part of its contribution to the water recovery program of The Living Murray Initiative, a partnership of the Commonwealth and state governments managed through the Murray-Darling Basin Commission. Under the intergovernmental agreements underpinning The Living Murray, these entitlements are to be used by The Living Murray Initiative to protect and restore ecological values. During 2007–08 there was no allocation of water to the entitlements because of the dry conditions in south-east Australia.

### Achievements against the objectives of the environmental watering plan

In accordance with section 28 of the *Water Act 2007*, the Murray-Darling Basin Authority is required to establish an environmental watering plan as part of the Basin Plan. The objectives of the environmental watering plan are to:

- protect and restore the wetlands and other environmental assets of the Murray-Darling Basin

- protect biodiversity dependant on the Basin water resources and achieve other environmental outcomes for the Murray-Darling Basin.

The Murray-Darling Basin Authority is expected to complete the environmental watering plan by 2011. Until the environmental watering plan is established, the Commonwealth Environmental Water Holder will conduct activities in accordance with the function specified in the transitional arrangements in the *Water Act 2007*, namely to protect or restore the environmental assets of the Murray-Darling Basin.

The Commonwealth Environmental Water Holder did not conduct any environmental watering activities during 2007–08 because no water allocations accrued to the Commonwealth’s environmental water holdings this financial year.

### Management of the Special Account

The Environmental Water Holdings Special Account is established under section 111 of the *Water Act 2007*. The purpose of the account is to facilitate the payment of costs, expenses and other obligations incurred by the Commonwealth Environmental Water Holder in managing the environmental water holdings and in administering the Special Account. The account may also receive monies relating to the Commonwealth Environmental Water Holder’s functions under the Act.

Funding of \$2,022,800 was credited to the account in 2007–08. No payments were made from the Special Account this financial year. Further information on the Special Account is included in the department’s 2007–08 financial statements.

### Directions given to the Commonwealth Environmental Water Holder

There were no directions given to the Commonwealth Environmental Water Holder either by the Secretary or the Minister during 2007–08. No operating rules, pursuant to section 109 of the *Water Act 2007*, were made or were in force during this period.

### Future outlook of the Commonwealth Environmental Water Holder

The *Restoring the Balance in the Basin* program, which forms part of the Australian Government’s *Water for the Future* policy, conducted the first round of water entitlement purchasing in 2007–08. As at 30 June 2008, the program was pursuing the purchase of some 35 gigalitres of water entitlements in seven catchments across the Murray-Darling Basin. Water entitlements purchased under *Water for the Future* will form part of the Commonwealth’s environmental water holdings when ownership is transferred to the Commonwealth.

In 2008–09, the *Restoring the Balance in the Basin* program will conduct further buybacks of water in the Murray-Darling Basin. Other programs within the department are expected to commence investing in infrastructure improvements. Where a share of water savings is acquired by the government under these programs, those entitlements will also form part of the environmental water holdings.

During 2008–09, the Commonwealth Environmental Water Holder intends to enter into arrangements with state government organisations and other environmental water managers, for the delivery of the Commonwealth’s water to priority environmental assets. We will work cooperatively with these organisations and the environmental asset owners to maximise the benefit to the environment from the available water. The amount of water available for use will depend on outcomes of the purchase program and seasonal conditions. Due to the protracted drought over recent years, it is likely that water allocations will be low during 2008–09.