



Fact Sheet: Assessment Criteria for Australian Government Water Purchases

Under *Restoring the Balance in the Murray-Darling Basin*, potential purchases will have to meet the following threshold criteria:

1. Ability of the entitlement to service a high value environmental asset(s) which needs more water

The goal of the Government's water purchase program is to acquire water entitlements to provide additional water to meet environmental needs. The Government will purchase entitlements that can be used to protect and restore high value environmental assets. The highest priority will be given to wetlands on the List of Wetlands of International Importance kept under the Ramsar Convention and other water-dependent ecologically-based matters of national environmental significance under the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth). Wetlands included in the Directory of Important Wetlands in Australia will also be a priority. In addition to the priority of the environmental asset, the extent to which its watering needs are being met will also be considered. Resources will be directed to assets whose watering needs are not being met and are at risk of a substantial or irreversible loss of condition.

2. Capacity of the Commonwealth Environmental Water Holder to use the water entitlement to the benefit of the target asset(s)

The Department will consider the immediate and long-term factors that affect the capacity of the Commonwealth Environmental Water Holder to use water entitlements being offered for sale to protect and restore the environment including:

- the management arrangements and infrastructure required to deliver and use the water entitlement for environmental benefit;
- whether the entitlement is able to provide water when it is needed;
- possible water losses through seepage, evaporation and extraction by other licensed water users; and
- the relevant state legislation and water sharing plan that govern the use of the water entitlement and provide security over the property right.

If, following consideration of the threshold criteria, the Department evaluates the entitlement being offered to be appropriate for sale, it will then be assessed for its value for money.

This means that the cost of acquiring and managing the entitlement will be considered.

The cost of acquiring and managing the entitlement includes:

- Offer price – this will be considered with specific reference to prevailing market prices and the annual average volume of water that the Commonwealth expects to receive from the entitlement.

- Transaction costs – the costs of obtaining approval for the trade and transferring ownership to the Commonwealth.
- Management costs – includes future storage and delivery costs, as well as the cost of delivering and maintaining partnership arrangements for the management of the water.
- Any trade restrictions that would affect the transfer of the entitlement.