

10 DEC 10

SENATE COMMITTEE

TO LETTERS TO THE ~~EDITOR~~ MBDA. (1 of 2)

WATER COMPENSATION

Submission No:	226
Date Received:	15/12/10
Secretary:	Plan to SC

The current MDBA Draft Plan to reduce irrigators water entitlements by up to 37% or 4000 Gigalitres has several fatal flaws; with the most fatal being the lack of a fair buyback mechanism.

Recently the Commonwealth government purchased surface water ~~on the open market~~ and paid \$1,400/Megalitre when the going market rate was \$800/MGL. The price distortion corrupted the market so severely that the Commonwealth government banned itself from purchasing water on the market or from setting its own price.

So the only buyback option is compulsory acquisition. The Draft Plan is supported by the Commonwealth Water Act 2008 which is subject to the Commonwealth Constitution.

SECTION 51 (xxxii) OF

The Commonwealth Constitution requires that compulsory acquisitions are made on "Just Terms" (i.e. fair to the loser).

To calculate compensation based on "just terms" we can assume that an average irrigator in the MDB will net \$500 per MBL/annum and multiply this by 10 years which is the time required to establish an irrigation farm. So $\$500 \times 10 = \$5000/\text{MBL}$. Therefore the Commonwealth government needs to compensate irrigators about \$5,000 per megalitre for water seized under this absurd Plan.

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