Key findings

Water trading is making a major contribution to NWI

Trade is an important business tool for irrigators

Trade has delivered large economic benefits

Despite improvements, trade restrictions are still costly

Outward trade has not had a discernible impact on broader regional socio-economic outcomes

Trade was found to have no negative environmental impacts

The Commonwealth and other buyback programs have secured large volumes of water, through the market, for the benefit of the environment
Growth in trade

Southern MDB 1983-84 to 2010-11

Volume of trade (GL)

Study period

- sMDB entitlement trade to Commonwealth
- sMDB entitlement trades to other water users
- sMDB allocation trades
Extent of water trade

Proportion of irrigators who traded (temporary) water allocations in the last 3 years:

- Southern MDB
- Horticulture
- Broadacre
- Dairy

Yes  No
Impacts on individuals

**Flexibility**: in production and use decisions

**Benefits forgone**: due to trade restrictions

**Income**: through allocation sales

**Capital management**: trade can facilitate debt management
Impacts on individuals

Water trading is at the centre of farm operations at Lake Powell Almonds

Lake Powell Almonds
Robinvale, Victoria
Impacts on Industries & Communities

Inward water allocation sales and water allocation prices, NSW Murray and Murrumbidgee, 1998-99 to 2010–11

- Net intervalley allocation trade (inwards ML)
  - NSW Murray irrigators
  - NSW Murrumbidgee irrigators
  - Goulburn weighted average price (Watermove)
Impacts on the economy

Significant interzone water allocation trading
2008/09

NB. Arrows show large exports & imports, not all trades
2009/10

NB. Arrows show large exports & imports, not all trades
2010/11

NB. Arrows show large exports & imports, not all trades
Impacts on the economy

Water trading helped maintain production during the drought

Alleviated the economic cost of drought for regional gross domestic production in the southern MDB from $11.3bn to $7bn (2006-07 to 2010-11)
Markets have enabled purchase of water for environmental flows
  - Commonwealth purchased 672GL by 2010-11

Water trading found to have had no negative impacts on environment
Future Challenges

• Continued focus on efficient markets

• Remove remaining barriers to trade

• Improved information for market confidence
NWC Impacts of trade report


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