



Australian Government
National Water Commission



Impacts of water markets

Water Markets Workshop
3 August 2012

Matthew Walker

Key findings



Australian Government
National Water Commission

Water trading is making a major contribution to NWI

Trade is an important business tool for irrigators

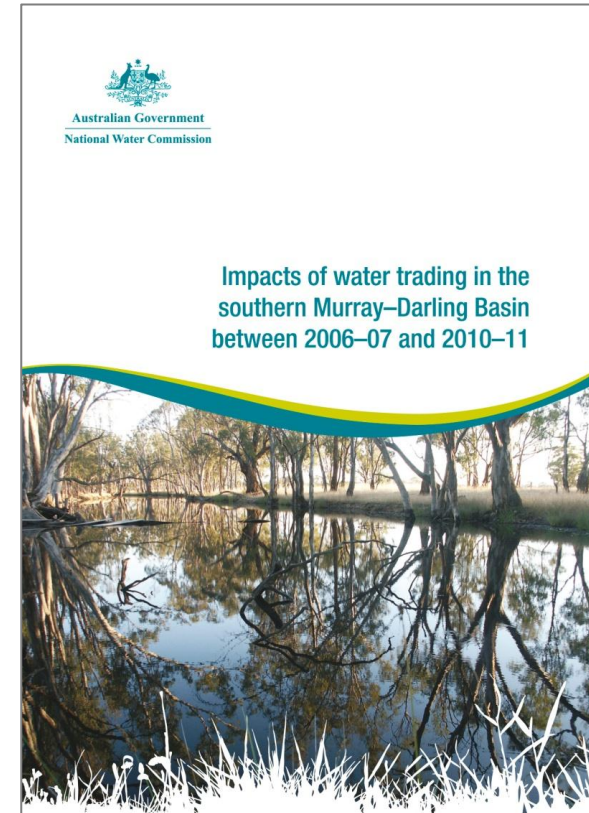
Trade has delivered large economic benefits

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

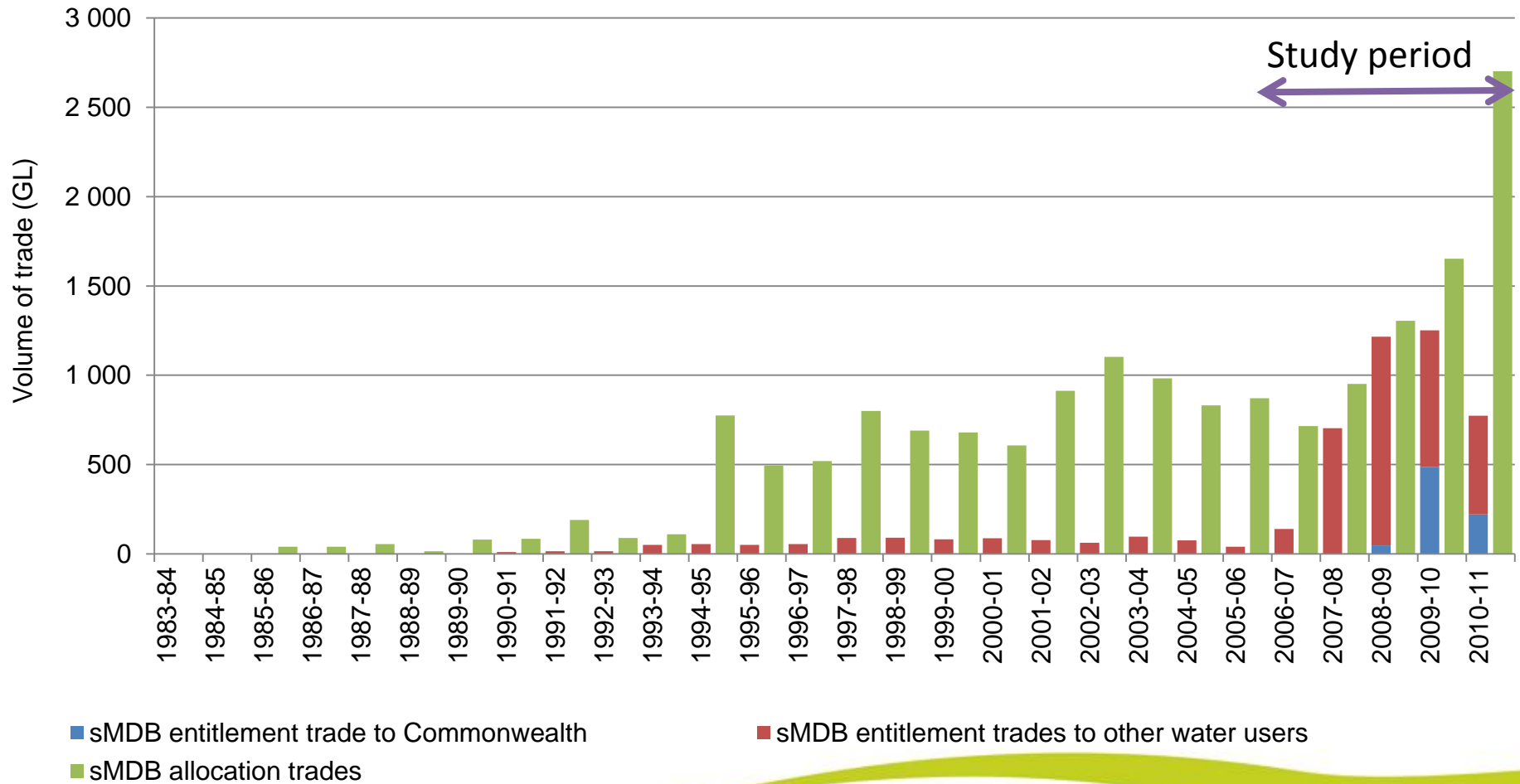
The Commonwealth and other buyback programs have secured large volumes of water, through the market, for the benefit of the environment



Growth in trade



Southern MDB 1983-84 to 2010-11



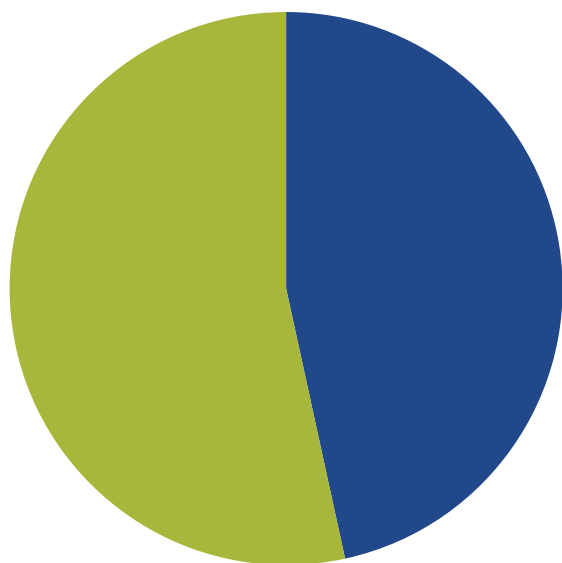
Extent of water trade



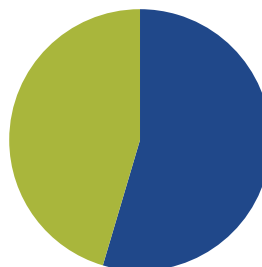
Australian Government
National Water Commission

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

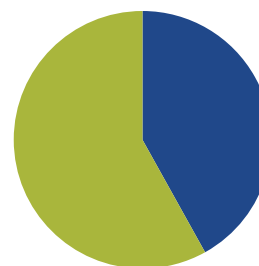
Southern MDB



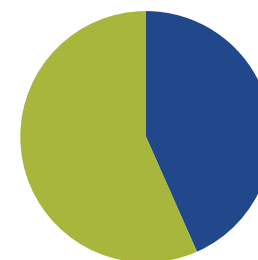
Horticulture



Broadacre



Dairy



■ Yes ■ No

Impacts on individuals



Australian Government
National Water Commission

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**



Australian Government
National Water Commission

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

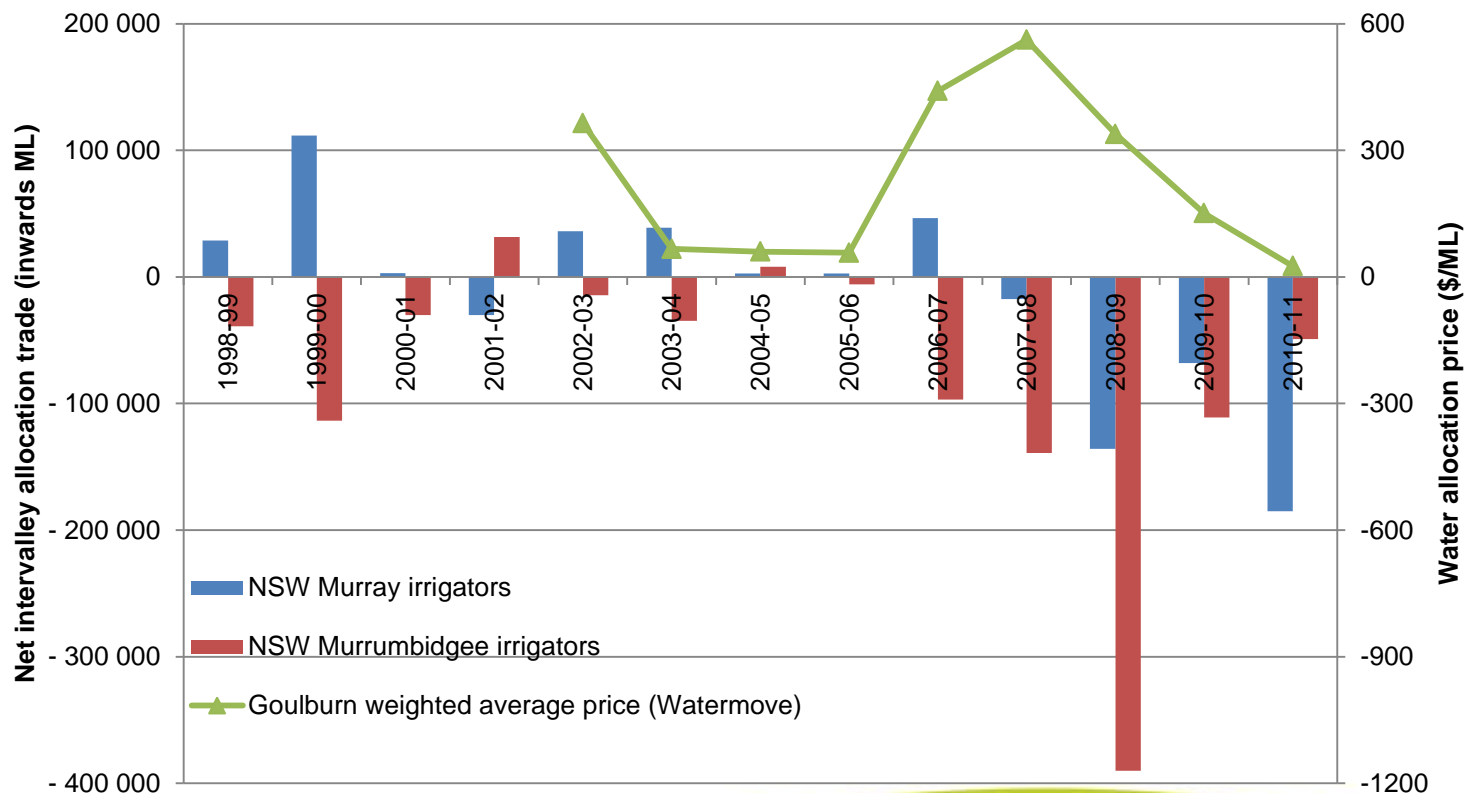


Lake Powell
Almonds
**Robinvale,
Victoria**

Impacts on Industries & Communities



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



Impacts on
the economy



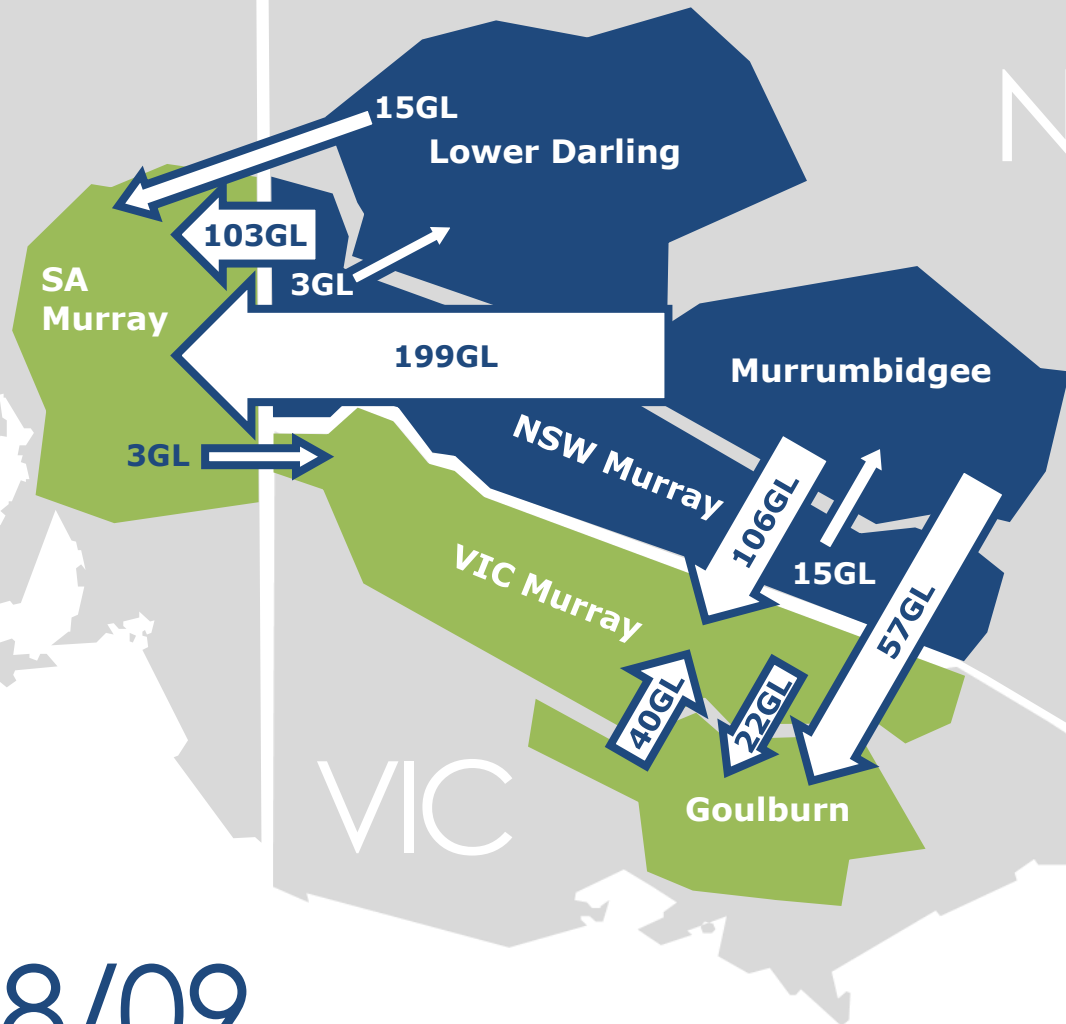
Australian Government
National Water Commission



Significant
interzone
water allocation trading

SA

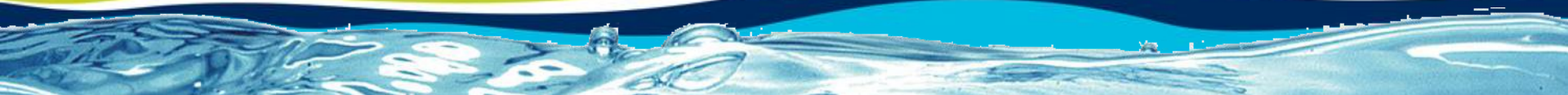
NSW



2008/09

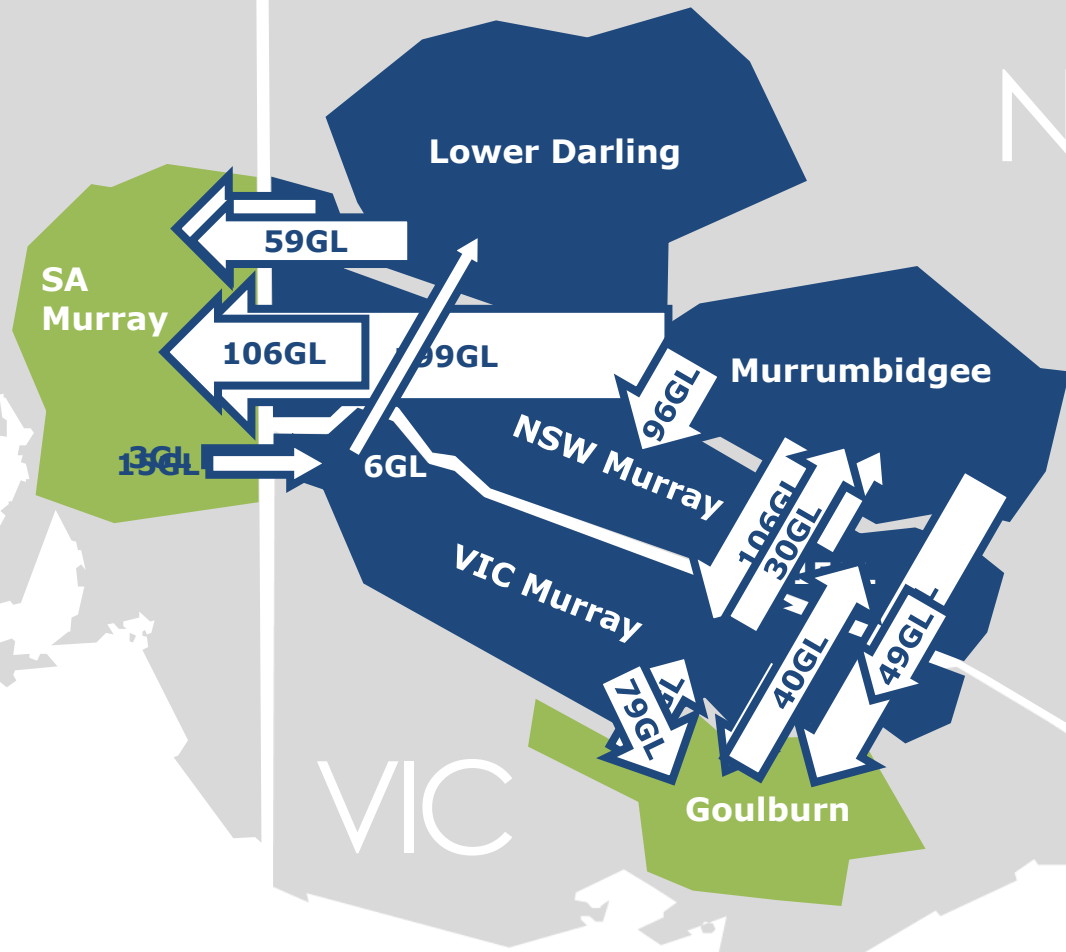
- Net exporter
- Net importer

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



SA

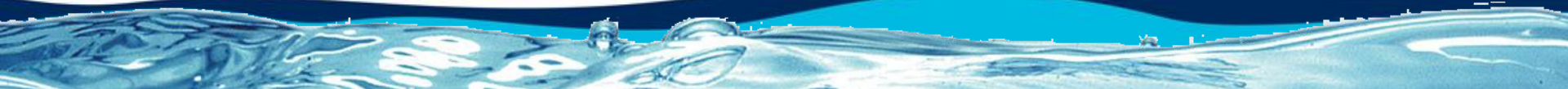
NSW



2009/10

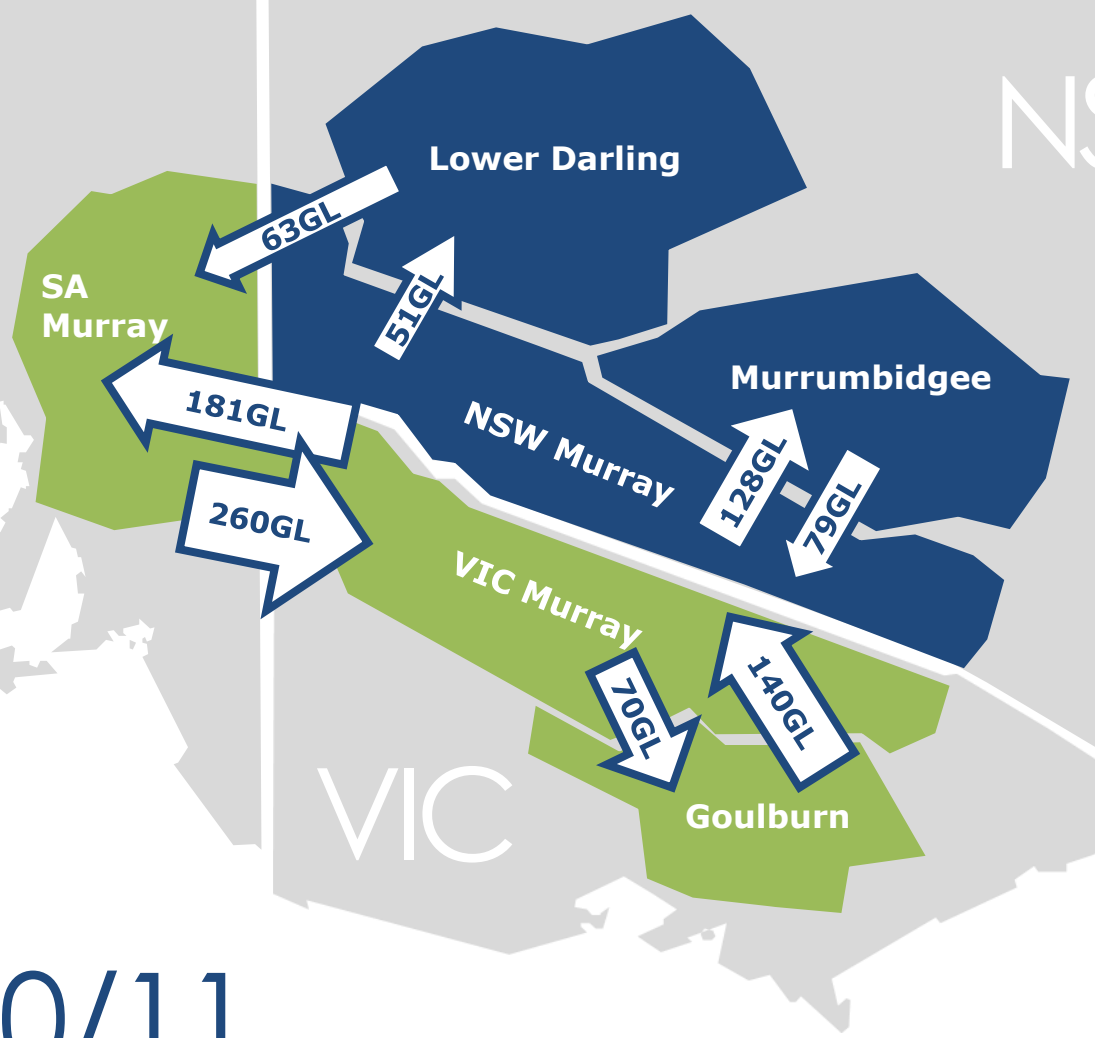
NB. Arrows show large exports & imports, not all trades

- Net exporter
- Net importer





SA

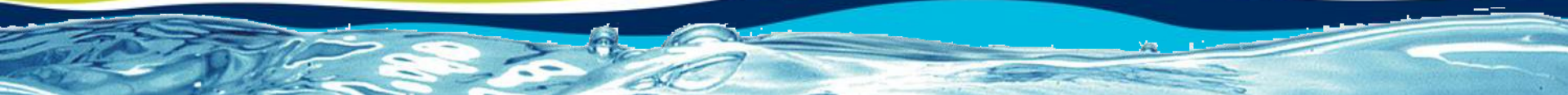
NSW



2010/11

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

-  Net exporter
-  Net importer



Impacts on **the economy**



Australian Government
National Water Commission

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)

Impacts on **the environment**



Australian Government
National Water Commission

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



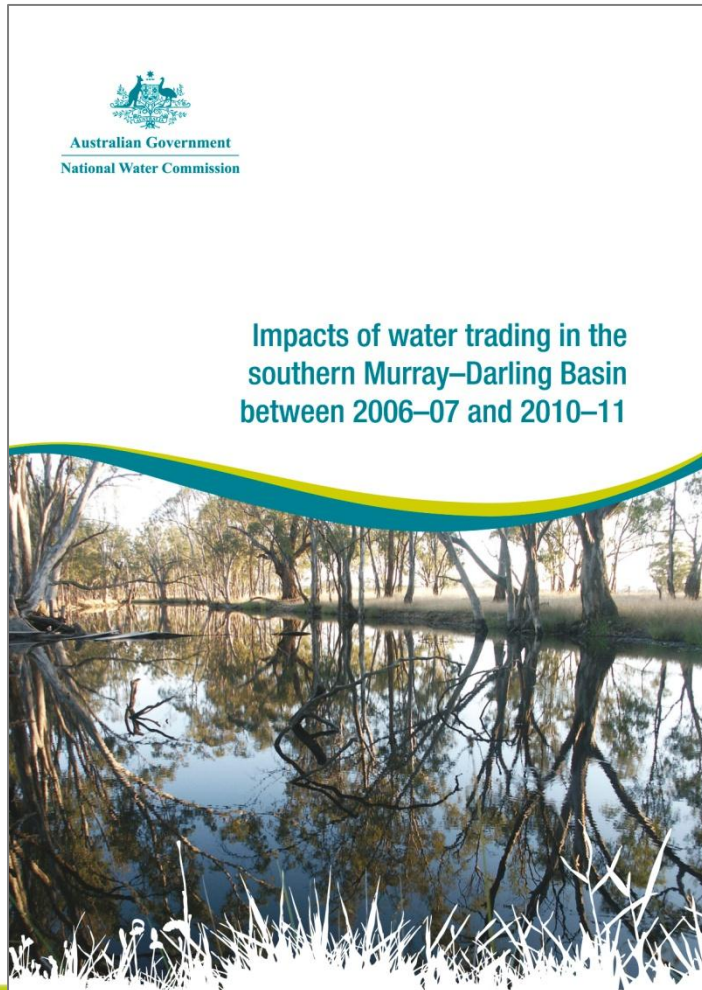
Australian Government
National Water Commission

- Continued focus on efficient markets
- Remove remaining barriers to trade
- Improved information for market confidence

NWC Impacts of trade report



Australian Government
National Water Commission



Copies are available
online at
www.nwc.gov.au

or can be ordered at:

[www.nwc.gov.au/
publications/bookshop](http://www.nwc.gov.au/publications/bookshop)