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«talkingwater»

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customer newsletter

from the desk



Some positive news for the water market

Whilst we are still in the grips of drought with local irrigators under severe pressure, recently there has been some positive news in respect of water availability in the coming irrigation season.

Slight improvement in inflows

The Murray Darling Basin Commission report for the week ending 23 July 2008 stated that many of the catchment areas experienced widespread rain in July which provided a boost to Murray inflows, increasing these by approximately 100GL.

Whilst inflows for July are still well below the long term average they were significantly better than June.

Lower Darling water trading rules relaxed

On the 25th July 2008 the NSW Government announced a relaxation of water trading rules for irrigators situated in the Lower Darling.

Previously these irrigators were not permitted to trade any excess water outside of the Lower Darling area. This meant that Lower Darling irrigators could only trade between themselves which prevented such temporary water from reaching areas most in need such as Sunraysia and the Riverland.

The new relaxation basically means that for this year irrigators can now temporarily trade water out of the Lower Darling area into other valleys. Depending on allocations, many irrigators in this area may have excess temporary water which will mean a greater supply of water for the temporary market which will place a slight downward pressure on water prices this year.

ACCC Position Paper on Water Market Rules

In July the ACCC released its initial position paper on water market rules. This position paper is primarily concerned with NSW and SA where in many cases Irrigation Infrastructure Operators hold

bulk licenses on behalf of irrigators. Under the Water Act 2007 the ACCC has the role of advising the minister on water market rules to ensure that the policies or administrative requirements of irrigation infrastructure operators do not represent a barrier to trade.

The ACCC is proposing a period of transformation to allow irrigators to permanently transform an entitlement held on their behalf by an operator into an independently held water access license registered on a state water registry. The ACCC suggest this will increase the value of the irrigators water asset and allow more flexibility and freedom should they wish to permanently or temporary trade.

Temporary Water Market Open

Whilst all states are open for temporary trading given the nil or small allocations to date there has been very few trades conducted. Most buyers are waiting until after the NSW allocation announcement on the 15th August.

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