

An economic survey of irrigation farms in the Murray-Darling Basin: Industry overview and region profiles 2007-08

From ABARE research report [09.21](#)

- In 2006-07, ABARE commenced a survey of irrigation farms in the Murray-Darling Basin. The objective of the survey was to collect a range of financial and physical data from irrigation farms in selected regions and industries within the Basin. This report is the latest in a series of reports presenting results from the survey.
- The report provides policy-makers, irrigation communities and resource managers with an integrated physical, financial and socioeconomic dataset that can be used for monitoring, evaluating and reporting changes in the irrigation sector.
- Overall, the survey results show wide variability in financial performance across irrigation farms in all regions and industries in 2006-07 and 2007-08. On average, irrigated horticulture farms in the Murray-Darling Basin realised an average rate of return to capital and management of 2 per cent in 2007-08, compared with 1.2 per cent for broadacre farms with irrigation and 1.5 per cent for irrigated dairy farms (table).

Farm performance, Murray-Darling Basin irrigation farms, by industry, 2007-08

average per farm

	farm cash income	farm business profit	rate of return
	\$	\$	%
Broadacre	97 729	-19 948	1.2
Dairy	91 379	-8 178	1.5
Horticulture	68 196	7 313	2.0

- There was considerable diversity between irrigation farms across the Basin in terms of area operated, the degree to which farms rely on irrigation and the extent of on-farm investment in irrigation infrastructure. On average, horticulture producers operated the smallest irrigation farms, while the largest farms were operated by broadacre producers. The area set up for irrigation as a proportion of area operated was generally highest on dairy farms.
- Overall, the 2007-08 irrigation season was among the driest on record for the Murray-Darling Basin. Seasonal conditions varied across the Basin, with dry conditions persisting in the southern part of the Basin (including South Australia, Victoria and southern New South Wales) and the central and northern parts of the Basin receiving average to above average rainfall. In some regions, particularly in the southern Basin, the volume of water held in major storages remained at record lows. Consequently, irrigation water allocations were generally lower in 2007-08 than in 2006-07, with some licence holders receiving record low amounts.
- In 2007-08, an estimated 4 per cent of irrigation farms in the Murray-Darling Basin were involved in trade in permanent water entitlements. Around 37 per cent of farms traded temporary water in 2007-08, higher than the estimate of 23 per cent in 2006-07.
- Around three-quarters of irrigators across the Murray-Darling Basin indicated they were not planning any changes to their permanent water entitlements over the next three years. A further 12 per cent of farms were planning to sell some or all of their permanent entitlements over the next three years.
- An estimated 9 per cent of irrigators indicated they were planning to increase the area irrigated over the next three years, while 13 per cent indicated they were planning to reduce the area irrigated. Around 56 per cent of farms indicated they were planning no changes in the next three years.