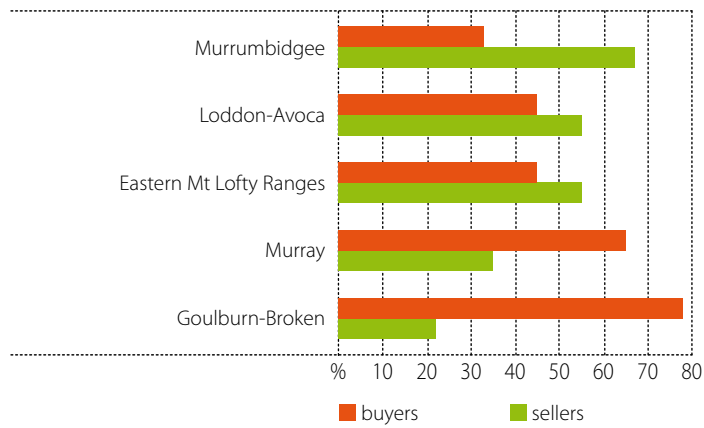


Irrigation in the Murray-Darling Basin: Farms trading temporary water in 2006-07

From ABARE research report [09.8](#)

- Prolonged drought throughout much of the Murray-Darling Basin, particularly across the southern portion, has severely reduced inflows to major water storages, resulting in irrigators receiving water allocations significantly lower than licensed entitlements. Water trading is one of the ways irrigators have responded to increased water scarcity.
- Results from ABARE's survey of irrigation farms in the Murray-Darling Basin suggest water trading was effective in reallocating water among users in 2006-07. The ability to trade water appears to have assisted some irrigators in avoiding substantial financial losses in 2006-07, either by obtaining income from water sales or by purchasing water to maintain production.
- An estimated 31 per cent of dairy farms, 20 per cent of broadacre farms and 23 per cent of horticulture farms participated in temporary water trading in 2006-07. By region, the proportion of farms participating in trading was between 40 and 50 per cent in the Murrumbidgee, Murray, Goulburn-Broken and Loddon-Avoca regions. In the Eastern Mount Lofty Ranges region, an estimated 17 per cent of farms participated in temporary water trading in 2006-07. There was a relatively small number of farms participating in water trading in each of the remaining regions of the Murray-Darling Basin.
- The main buyers and sellers varied by industry. Overall, dairy farmers were prominent buyers of temporary water in 2006-07, as they sought to offset relatively low seasonal allocations. Conversely, horticulture farms, with generally more reliable irrigation water entitlements, tended to be prominent sellers in most regions. In 2007-08 in the southern Basin, perennial horticulture farmers were the most common buyers, with irrigated broadacre farms the most common sellers.
- The average cost of temporary water purchases for net buyers ranged from around \$44 000 a farm in the Goulburn-Broken region (9 per cent of total cash costs) to about \$72 000 a farm in the Eastern Mount Lofty Ranges region (6 per cent of total cash costs). Temporary water purchases as a proportion of total cash costs was highest in the Loddon-Avoca region (14 per cent).
- In all regions, revenue from water sales provided a substantial boost to farm incomes for many net sellers. The average receipts from temporary water sales for net sellers ranged from \$22 400 a farm in the Murray region (8 per cent of total cash receipts) to \$90 800 a farm in the Loddon-Avoca region (19 per cent of total cash receipts).

Proportion of water trading farms that bought or sold water, by region, 2006-07



Source: ABARE survey of irrigation farms in the Murray-Darling Basin.

Report: Oliver, M, Dyack, B and Ashton, D 2009, *Irrigation in the Murray-Darling Basin: Farms trading temporary water in 2006-07*, ABARE research report 09.8, Canberra, May.