



PROGRESSIVE
AGRICULTURE

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Presentation to Fruit
Growers Victoria

17 July 2019

Volume by entitlement type

➤ High reliability

• Murrumbidgee	High Security	363GL
• NSW Murray	High Security	194GL

➤ 'Less high' reliability

• Vic Murray	HRWS	1220GL
• Goulburn 1A	HRWS	950GL
• SA Murray	High Security	548GL

Volume by entitlement type

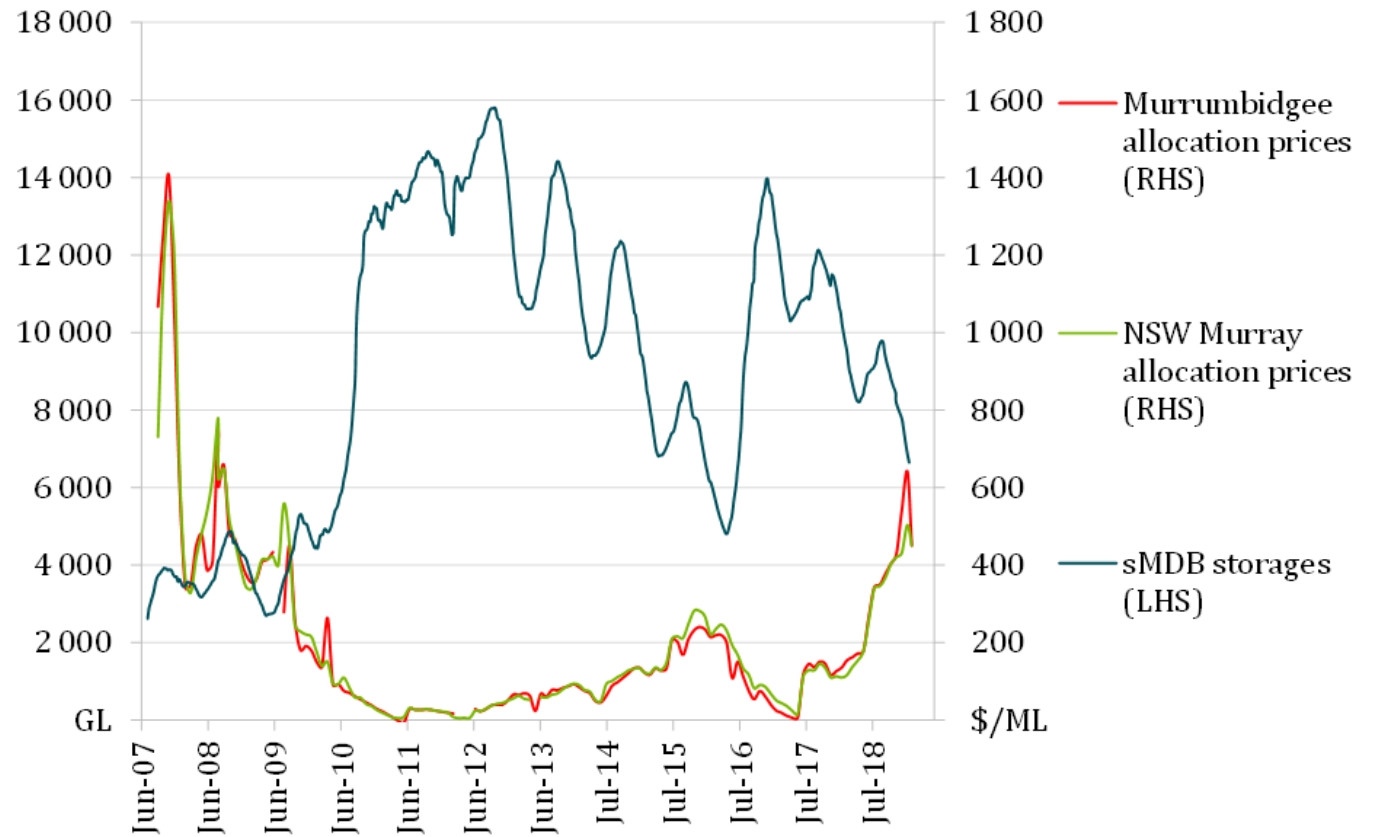
➤ Variable reliability

• Murrumbidgee	General Security	1892GL
• NSW Murray	General Security	1675GL

➤ Low reliability

• Goulburn 1A	LRWS	427GL
• Vic Murray	LRWS	300GL

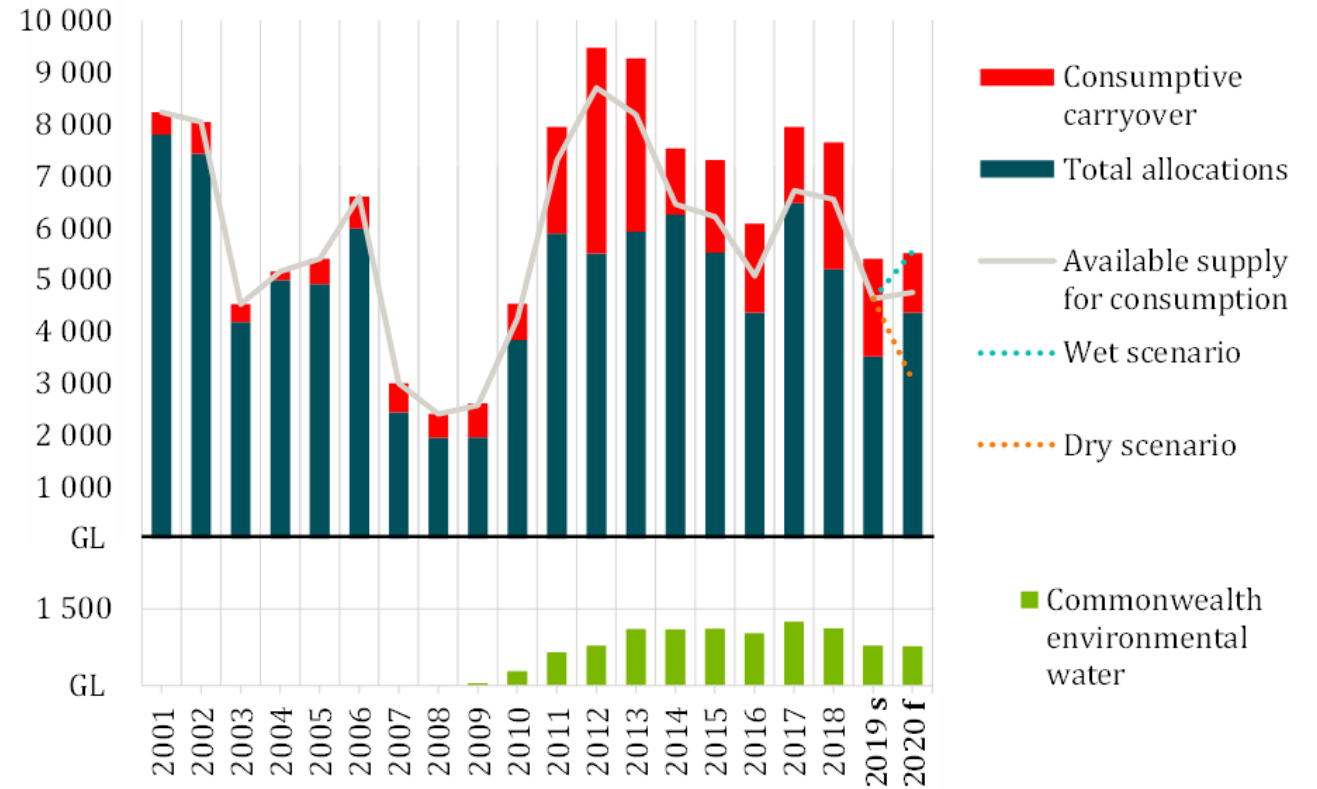
Allocation prices and storage volumes in the southern Murray-Darling Basin



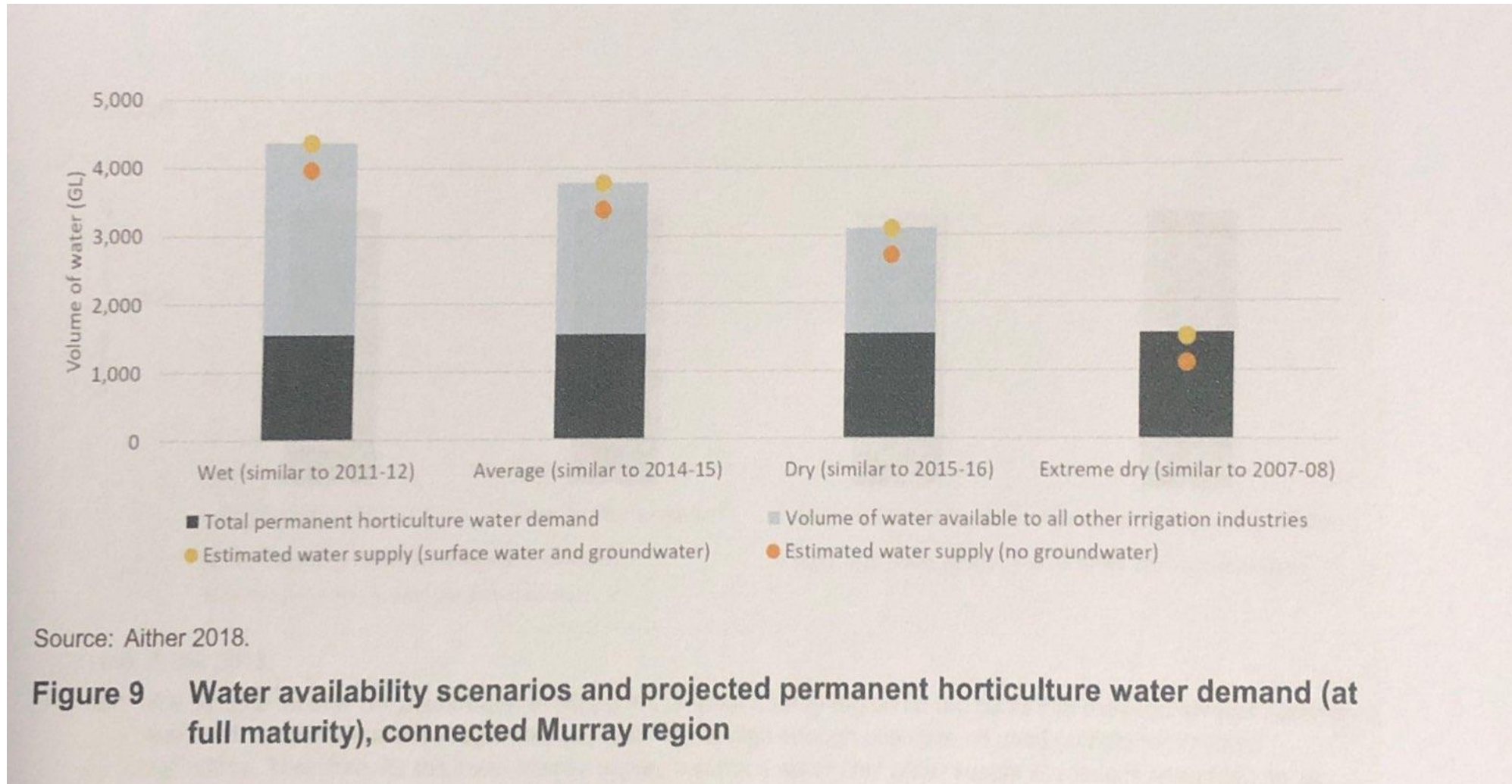
ABARES water allocation price scenarios for 2019–20

Region	Average (\$/ML)	Wet (\$/ML)	Dry (\$/ML)
NSW Murrumbidgee	324.6	189.7	488.9
VIC Goulburn-Broken	288.5	189.7	472.5
NSW Murray Above	288.5	189.7	472.5
VIC Murray Below	288.5	189.7	472.5

Total available water allocation supply in the sMDB



Horticulture demand – concentrated in the Lower Murray



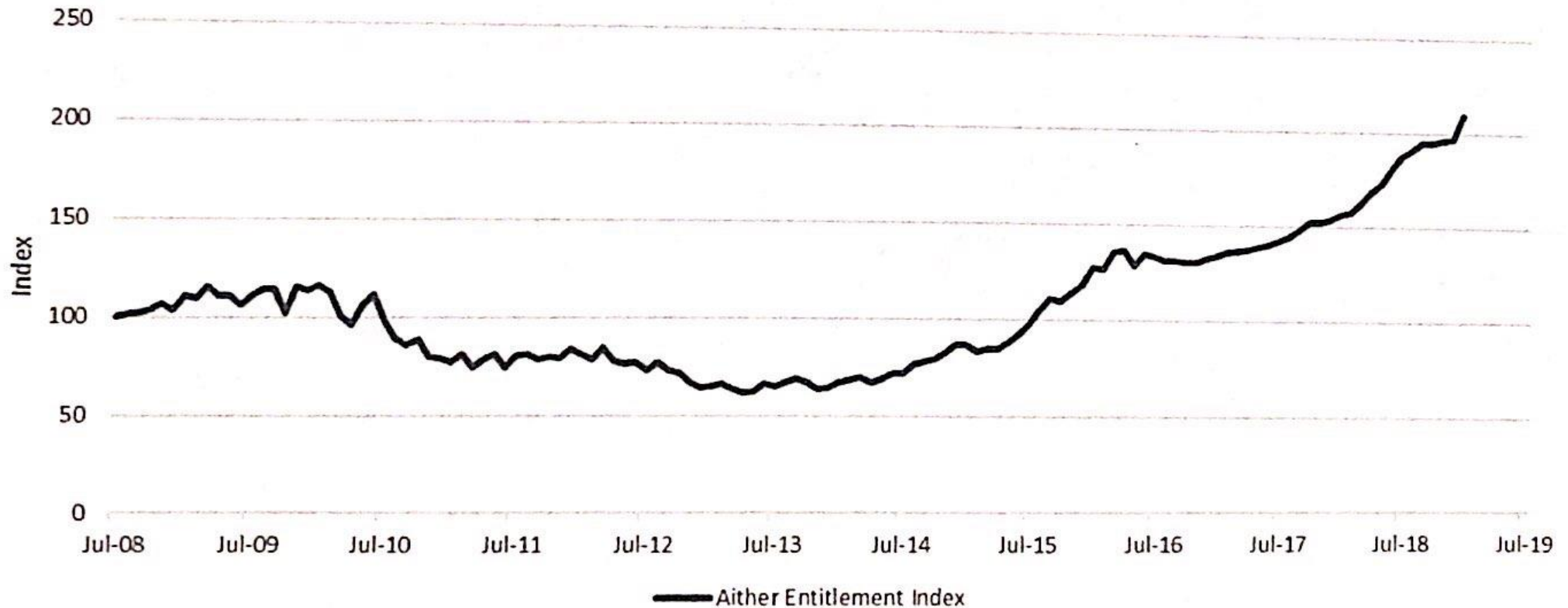
Consequences

- More fixed demand in the system, mostly below the choke
- More demand for carryover water
- Pressure on system constraints and trade restrictions
- Uncertain regulatory responses
- Government buyback will have large price effects



Entitlement price history

- 76% increase in real terms over the past decade



1/
Own, carry or
annual
purchase?

- HRWS or NSW HS provides insurance against dry weather for fixed demand.
- Historical average temporary price is less than current cost of ownership.
- Big role for carryover facilities to create water security.

2/ Addressing local effects of water trade

- Gannawarra Water Guardians project
- Regional-based entitlement leasing scheme
- Benefits of leasing locally v. short term trading windfalls
- What role for buyers/processors in assuring stability of water price and production?

3/ Regulating efficient water distribution

- Increasing system losses via shifting demand patterns and environmental needs -> foregone production
- Choke and Goulburn IVT rules to change?
- Current arrangements ineffective for giving price signals for delivery efficiency