



Australian Government



Water markets and trade

Water in the Murray-Darling Basin can be bought and sold, either permanently or temporarily.

This water is traded on markets – within catchments, between catchments (where possible) or along river systems.

This form of trading allows water users to buy and sell water in response to their individual needs.

Water trading has become a vital business tool for many irrigators.

The majority of water traded in the Murray-Darling Basin is surface water, however some groundwater also changes hands.

Water markets encourage more efficient water use throughout the Murray-Darling Basin as a range of water entitlements and allocations can be bought and sold on these markets.

For both sellers and buyers, water trade can increase productivity, allow choice and flexibility in business decision-making and reduce risk.

The New South Wales, Queensland, South Australian and Victorian governments are primarily responsible for managing water markets, and each state has its own process and rules for allocating water.

Irrigation infrastructure operators create and maintain trading rules within their networks.

Key facts

Water trading helps Murray-Darling Basin farmers to make more productive use of water and contributes to sustainable water management.



Irrigated agriculture in the Basin consumes **about 60%** of Australia's available water.



Water markets create incentives for water to be moved to **higher-value uses**.



During the year, water is distributed (or 'allocated') against entitlements in response to factors such as **rainfall and storage levels**.



When water is allocated to an entitlement holder, they are able to **use it as needed** – this is their business decision to make.

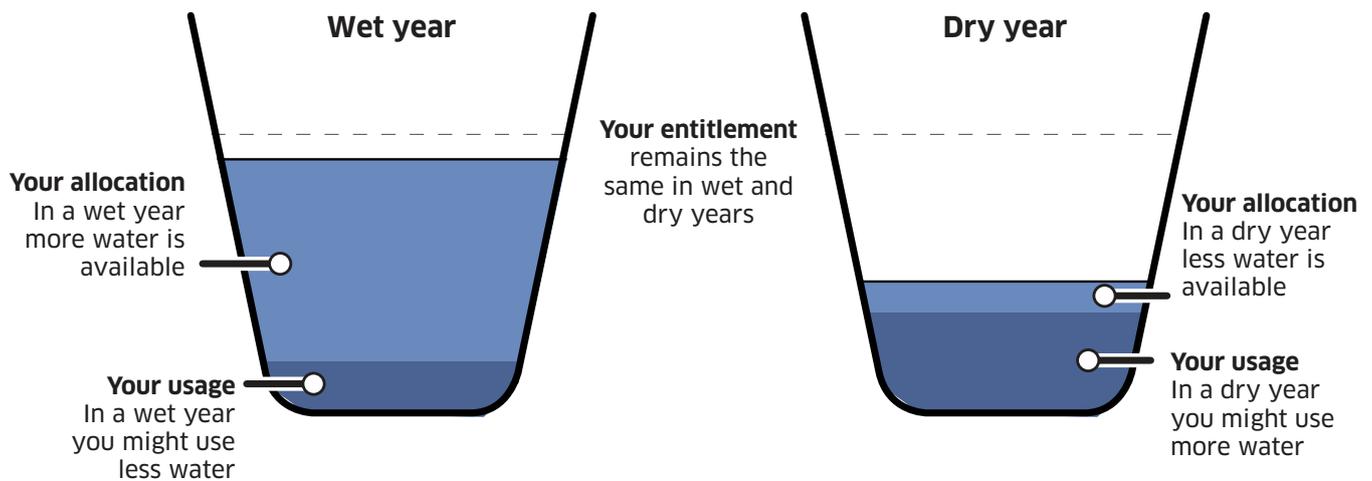


There are more than **150 classes of water entitlement** in the Basin.



Water trading in the Basin is worth about **\$2 billion** annually.

Water entitlements, allocations and usage



Water entitlements are rights to an ongoing share of water within a system.

The **financial value** of a water entitlement is determined by the water market (which operates like any other free market) and is subject to change.

Water allocations are the amount of water distributed to users (water entitlement holders) in a given year.

Allocations against those entitlements change according to rainfall, inflows into storages and how much water is already stored. Allocations can increase throughout the year in response to changes in the system.

This method provides people with **knowledge** about when they will receive water and how much, while allowing Basin state governments to manage water availability through varying climatic conditions.

Water trade

Water trade allows water holders to decide whether they need to buy or sell water at a particular time.

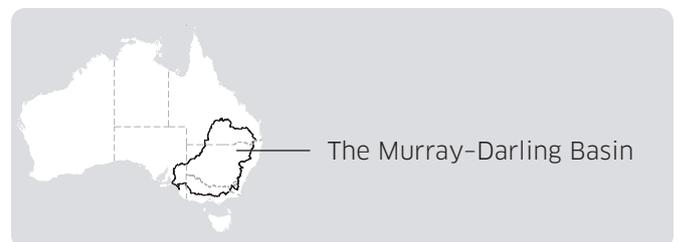
There are two types of water trade:

- **Permanent trade** is the trade of water entitlements (known as 'entitlement trade'). For example, if an entitlement holder sold their water entitlement.
- **Temporary trade** is the trade of water allocations (known as 'allocation trade'). For example, an entitlement holder can sell their allocation in any season, based on their own business model.

Anyone holding water rights may **trade these freely**, except where restricted by physical constraints (such as geography or lack of connections to the system) or water supply considerations.

The **price of water** reflects supply and demand factors. It differs across regions and type of rights, and with time.

The Murray-Darling Basin Authority facilitates **fair, consistent** and **transparent** water trade across the Murray-Darling system. It provides **information** on water trading and works with Basin state governments to ensure the state rules **comply** with the Murray-Darling Basin Plan's trading rules.



Connect with us.

The MDBA has offices in Adelaide, Albury-Wodonga, Canberra, Goondiwindi, Griffith, Mildura, Murray-Bridge, Toowoomba, and regional engagement officers around the Basin.

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