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MEDIA STATEMENT

Water trading taking off in Tasmania

Water trading among farmers is taking off in Tasmania with rights to more than a gigalitre (1,000 ML) of water changing hands permanently or temporarily in the past few months.

Tasmanian Irrigation says this demonstrates that highly reliable market-driven irrigation development is succeeding in establishing a water market in the State.

Tasmanian Irrigation Chief Executive Chris Oldfield said the trading reflects the fact that high reliability water is expected to become scarcer as water management plans are developed, rolled out and enforced.

A much drier than usual growing season also has played a part.

“Water trading has arrived in Tasmania. It’s going to become a key driver of enterprise development and agricultural productivity,” Mr Oldfield said.

Although it only manages a small proportion of Tasmania’s water resource, Tasmanian Irrigation (TI) has sold close to \$60 million worth of water entitlements in the past three years, through sales to landholders and investors prior to developing new irrigation schemes.

“Now that farmers having secured water entitlements and a share in pipelines to have the water delivered, these farmers are trading the rights between themselves according to need and opportunity,” he said.

“It’s still early days for Tasmania’s water market but some promising numbers are emerging. This financial year, about 250 ML of water entitlements in irrigation districts operated by TI have been permanently sold by farmers to other farmers at prices ranging from \$1,000/ML to \$2,700/ML.

“In addition, almost 900 ML of water entitlements have been traded temporarily at prices ranging from \$41/ML to \$164/ML.”

One particularly interesting development in the water market was a recent temporary trade of pipeline capacity (flow rate).

“A farmer paid about \$6,524 to secure the capacity to move an additional 1 ML/day through the pipeline up until the end of the current irrigation season.”

All up, TI has recorded 26 water trades of various sorts in the past seven months.

Significant interest is expected when Landmark Harcourts will auction 1,840 ML of water from seven TI schemes at the Hotel Grand Chancellor in Launceston on 7 March. Some of these schemes are already operating and others are in development.

It will be the first time that water from TI developed schemes has been auctioned.

“After a hot dry summer there is likely to be strong interest, particularly for some parcels which include the only remaining water entitlements available within a scheme or zone.”

He said that TI appreciated the cash flow issues which farmers face.

“To help people purchase the water they need to secure their business, there will be special payment terms just for this auction.

“Payment will need to be received by 30 September 2013 for entitlements to operational schemes. For schemes under construction, payment will need to be received 28 days after commissioning.

“So if there is parcel of water you are interested in, come along and put in a bid at the reserve price. If no-one else is bidding, it may be yours and you will have until September or later to pay.”

TI operates the following irrigation districts: the Coal River Irrigation District (Stage 1), South East Irrigation District (Stage2), Whitemore Irrigation District, Great Forester Irrigation District, Meander Valley Irrigation District, Caveside Dairy Plains Irrigation District, Rubicon Irrigation District, Quamby Osmaston Irrigation District, Hagley Irrigation District and Sassafras Wesley Vale Irrigation District.

For further information on the auction: <http://www.tasmanianruralproperty.com.au/>

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