



PROGRESSIVE
AGRICULTURE

Andrew Bomm

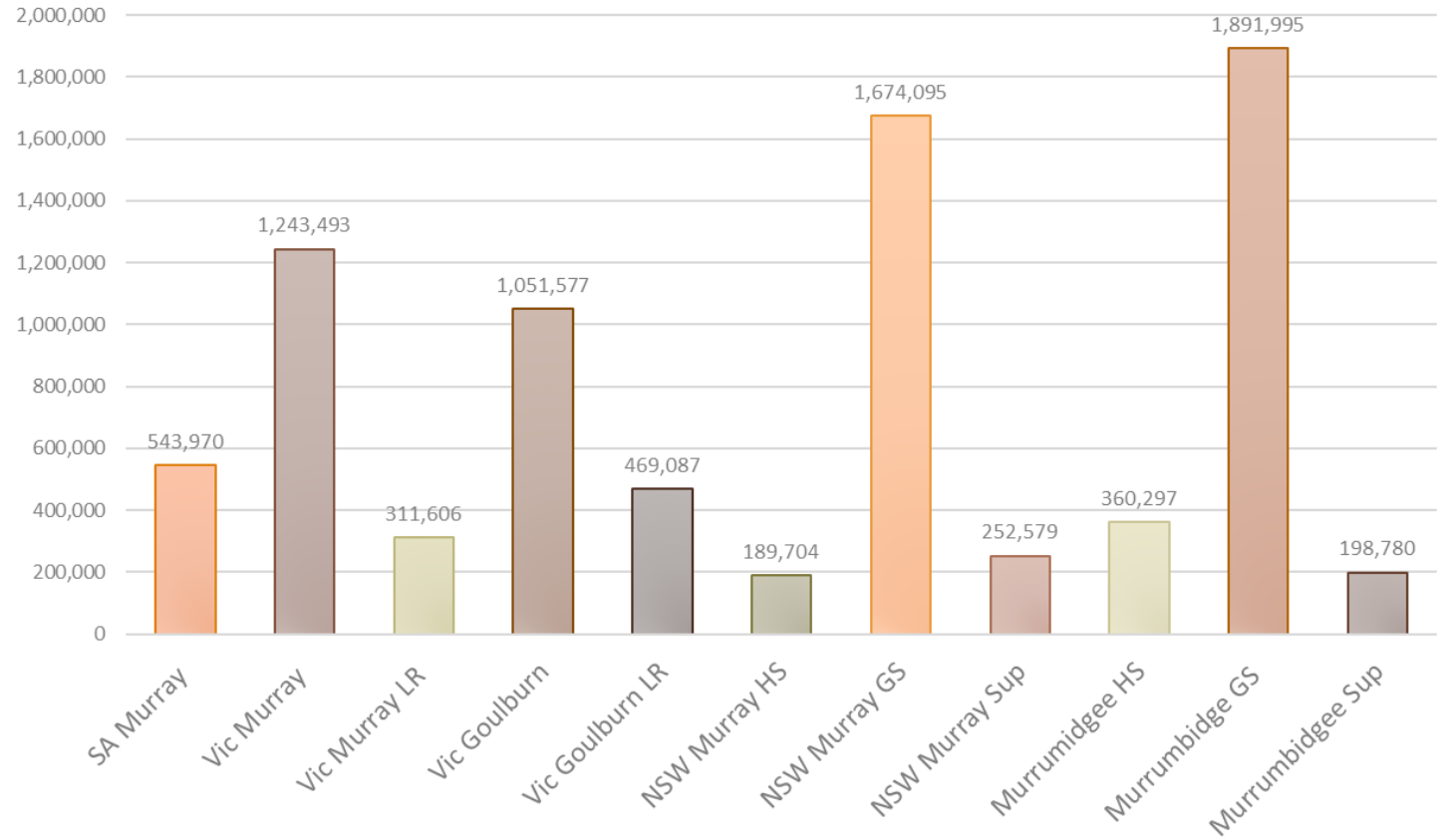
Presentation to Australian
Processing Tomato
Research Council

13 June 2019

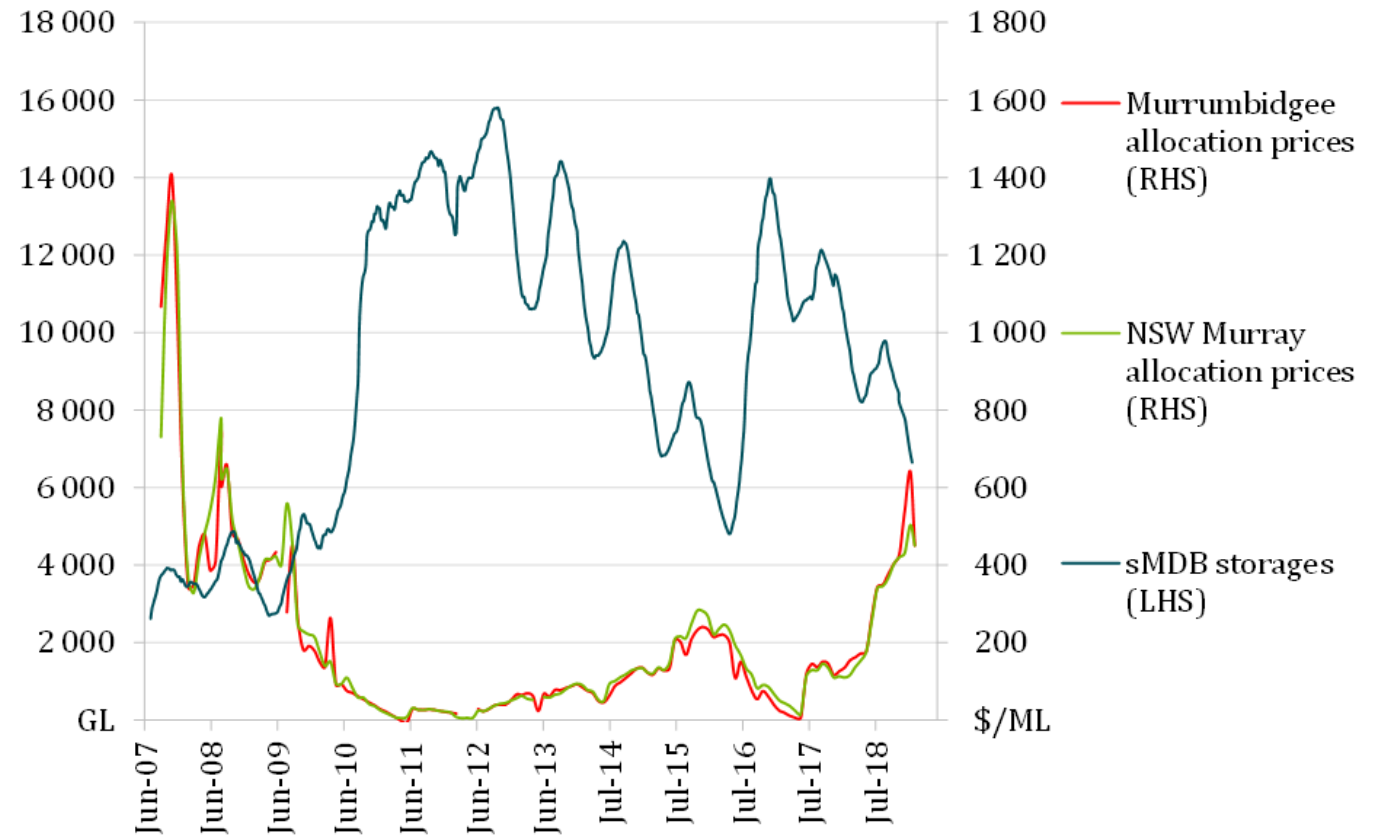


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Volume by entitlement type



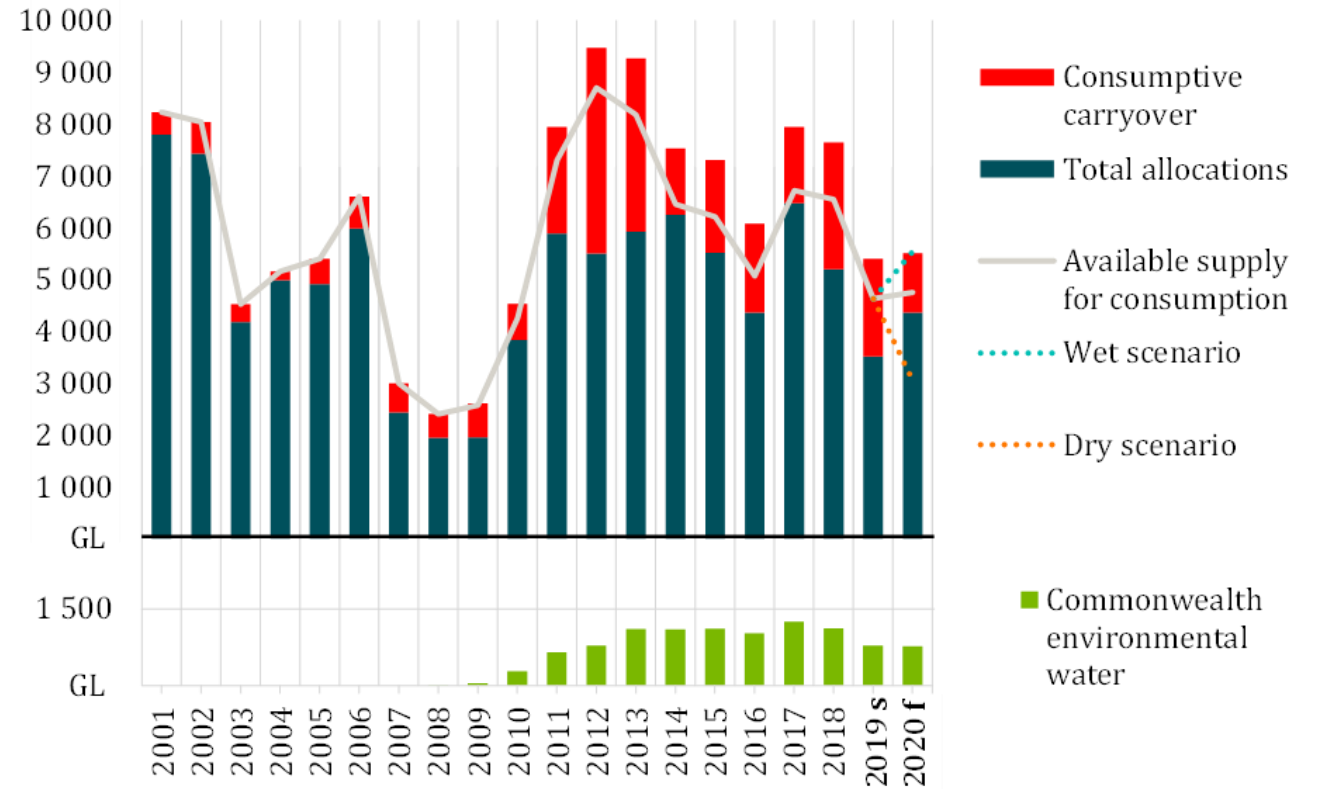
Allocation prices and storage volumes in the southern Murray-Darling Basin



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





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Horticulture demand by region

<i>Industries</i>	<i>NSW Bidgee</i>	<i>NSW Murray Lwer Darling</i>	<i>Vic Mallee</i>	<i>Vic GMID</i>	<i>Vic North East</i>	<i>SA</i>	<i>Total</i>
<i>2000/2001 all horticulture</i>	125,022	33,035	254,933	85,112	3,504	240,240	741,847
<i>2012/13 all horticulture</i>	155,208	94,789	417,920	108,233	4,540	292,786	1,073,475
<i>2015/16 all horticulture</i>	158,807	88,851	464,865	119,080	7,518	332,638	1,171,760
<i>Average annual increase 2000/01 to 2015/16</i>	2,252	3,721	13,995	2,265	268	6,160	28,661
<i>Expected future all horticulture 2025 (10 years same increase)</i>	181,330	126,062	604,820	141,725	10,194	394,236	1,458,368

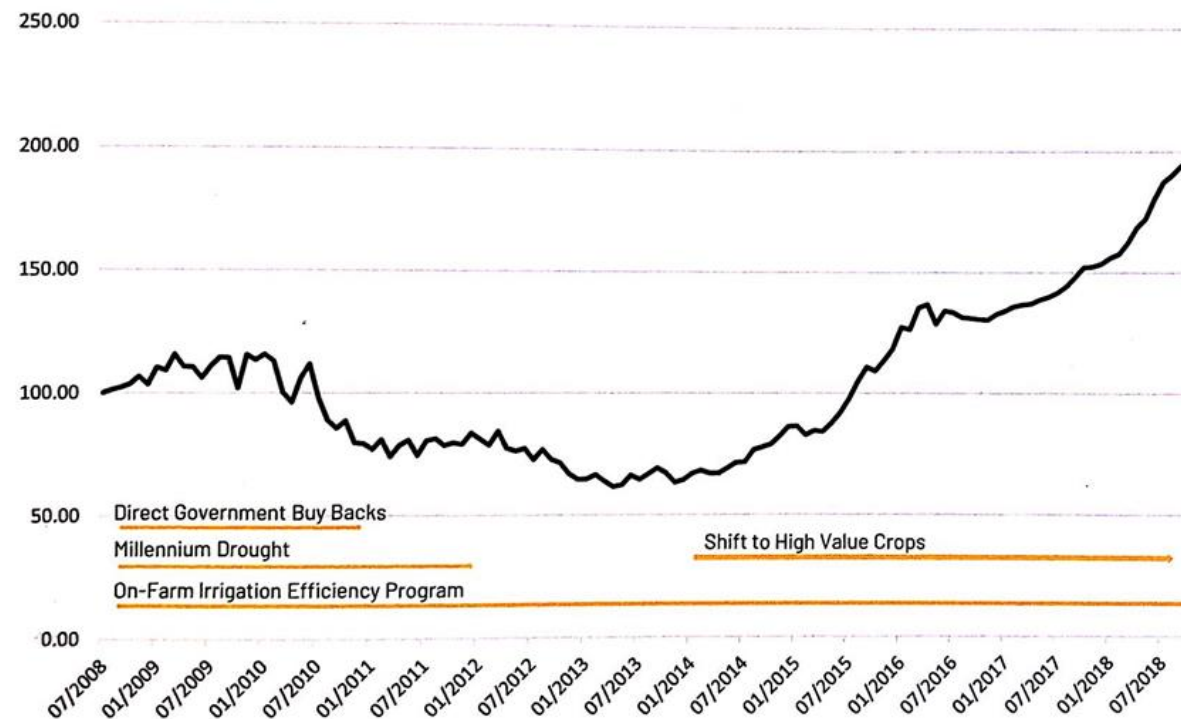


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Entitlement price history

76% increase in
real terms over
the past decade

ENTITLEMENT PRICING – AITHER ENTITLEMENT INDEX



Source: Aither Pty Ltd

1/ Own or punt water?

- Increasing requirement for secure water supply to meet fixed demand
- HRWS or NSW HS provides insurance against dry weather
- Historical average temporary price is less than current cost of ownership
- What role carryover facilities in creating alternative high reliability water products?

2/ Addressing localised 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 are ineffective for giving price signals for delivery efficiency