



# Water Markets: A Central Element of Australia's Water Reform

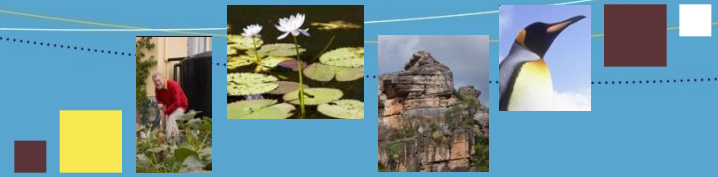
---

**DAVID PARKER, Deputy Secretary Water Group**  
Department of Sustainability, Environment, Water,  
Population and Communities

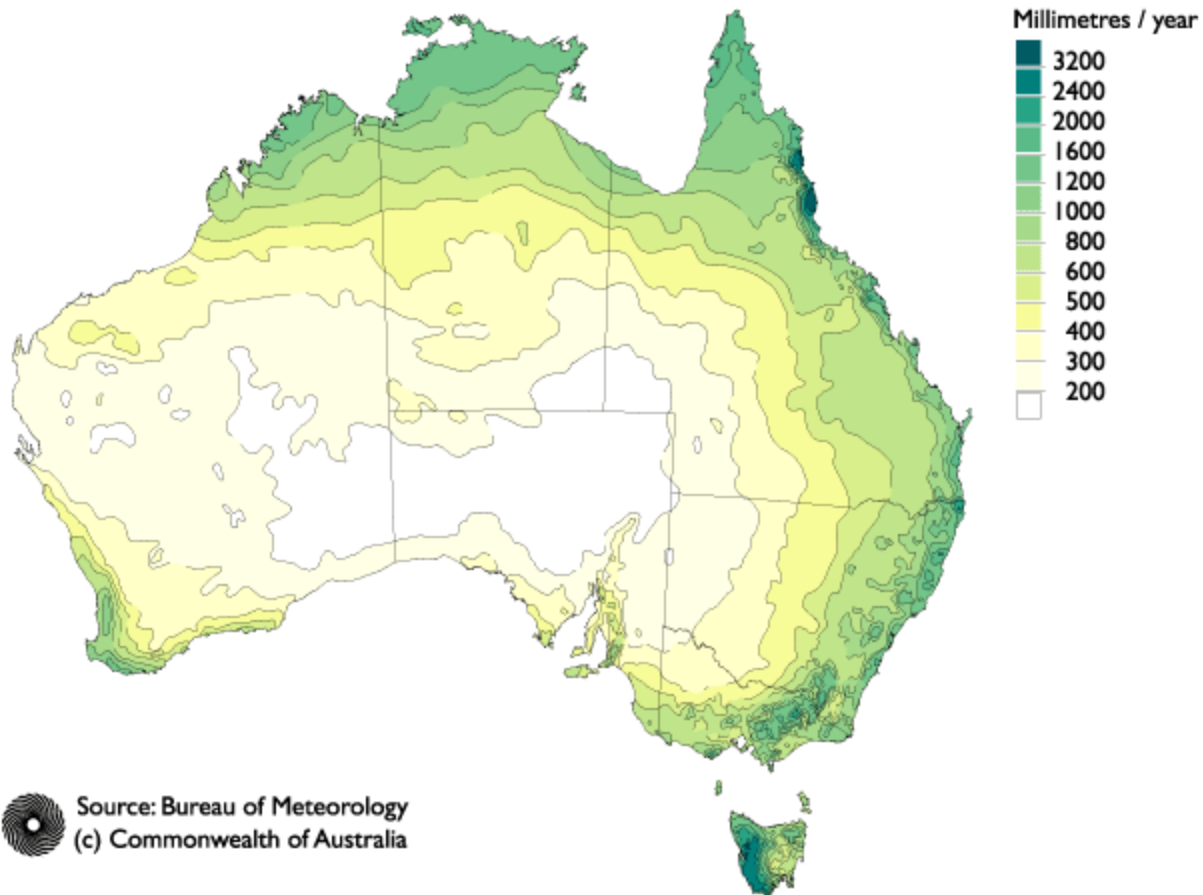


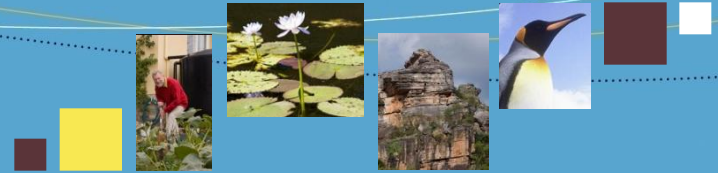
**OECD GLOBAL FORUM ON ENVIRONMENT:  
MAKING WATER REFORM HAPPEN**

25-26 OCTOBER 2011

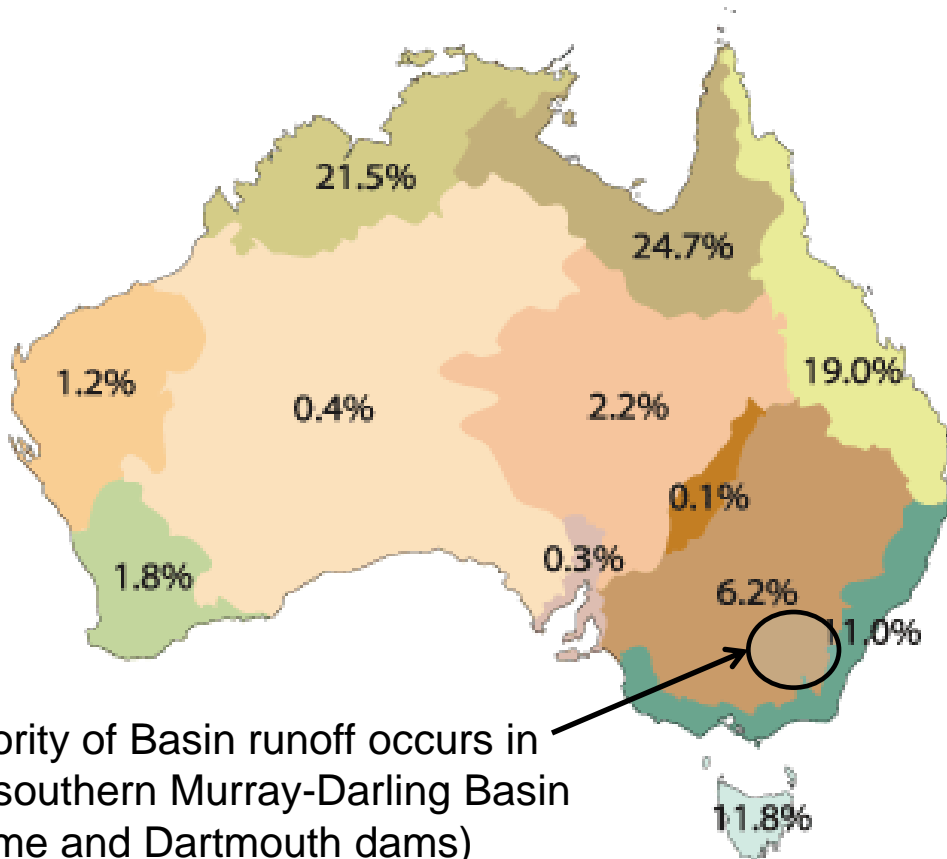


# Average annual rainfall based on 30-year climatology



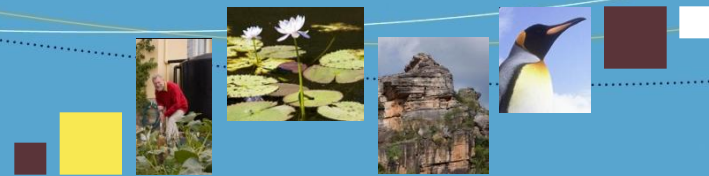


# Distribution of Australia's run-off

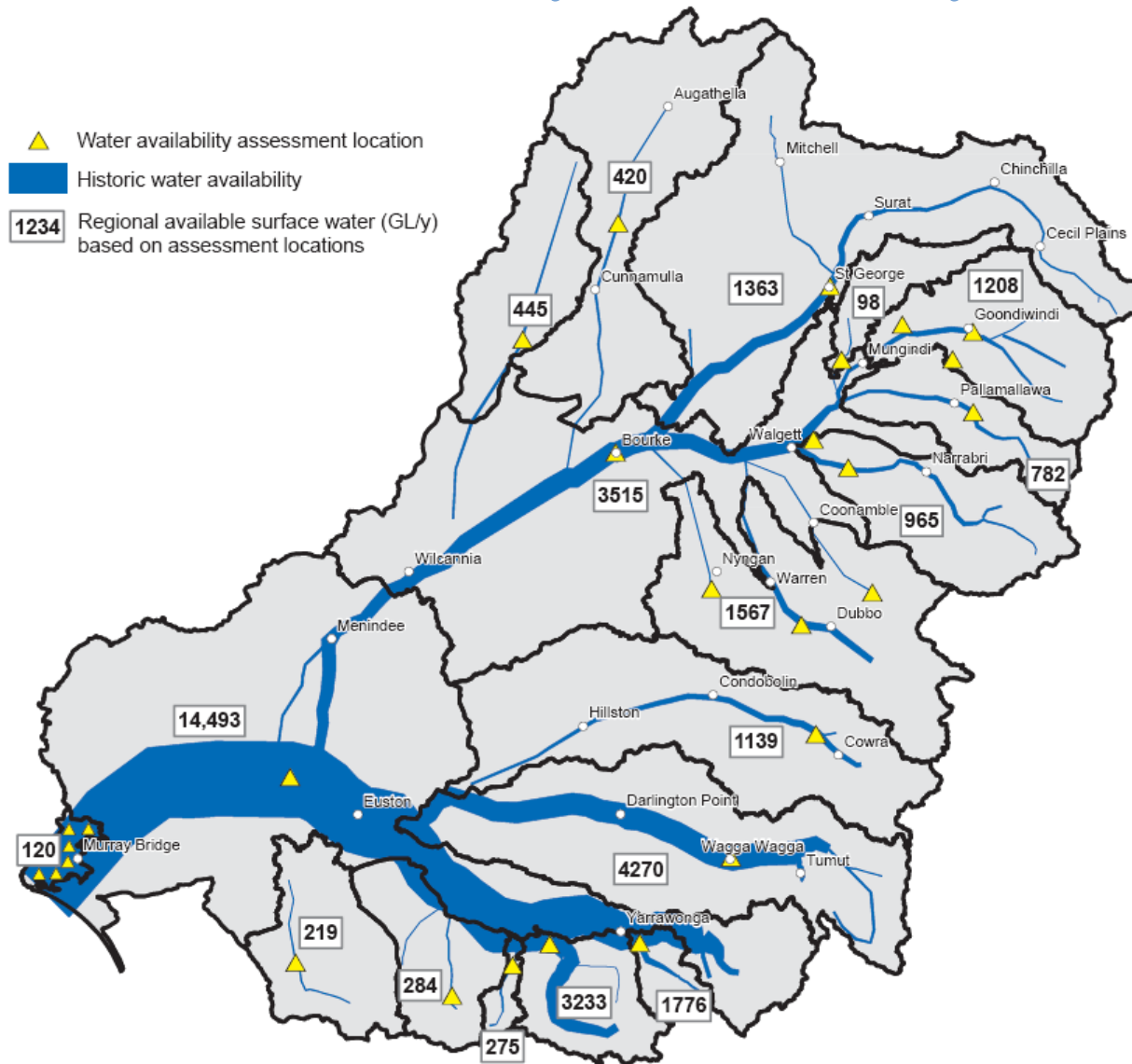


Majority of Basin runoff occurs in the southern Murray-Darling Basin (Hume and Dartmouth dams)



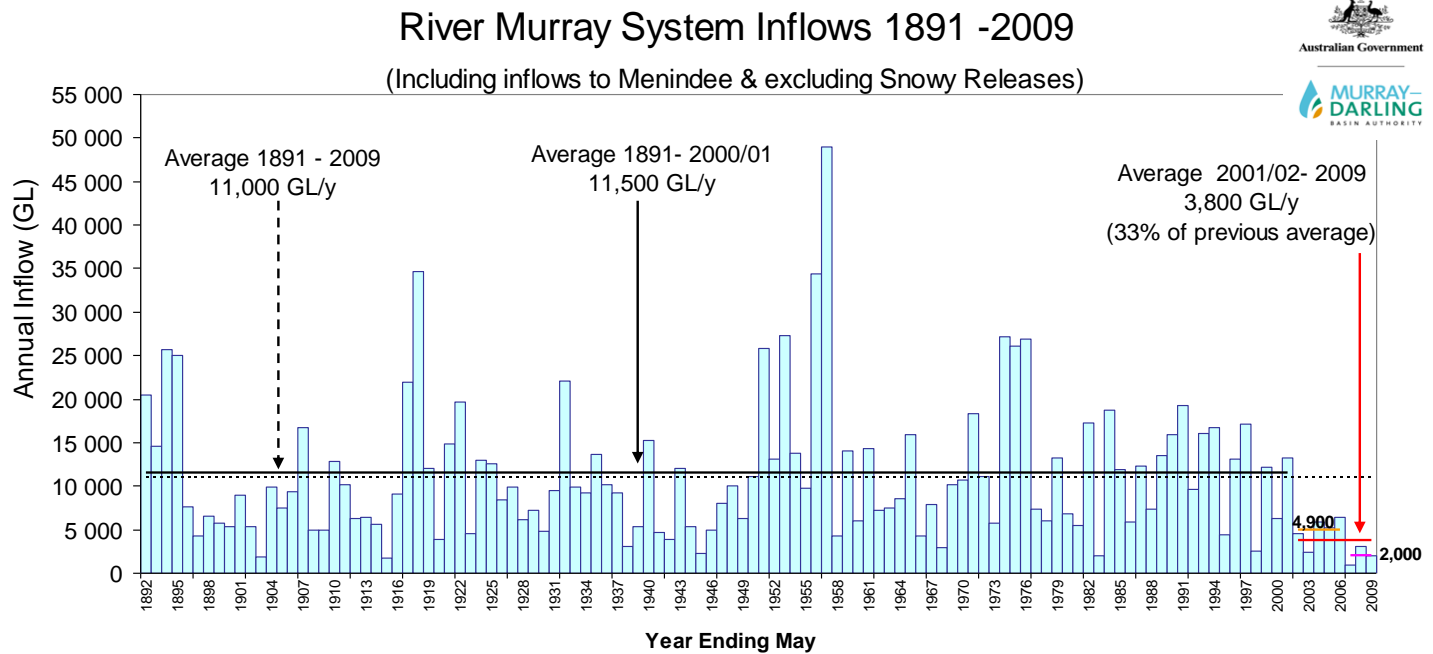


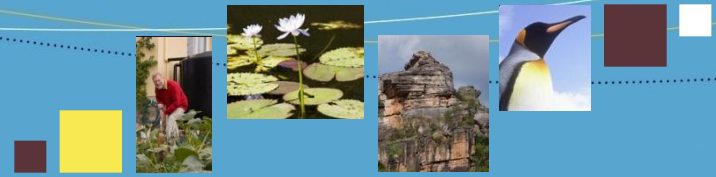
# Historic water availability in the Murray-Darling Basin



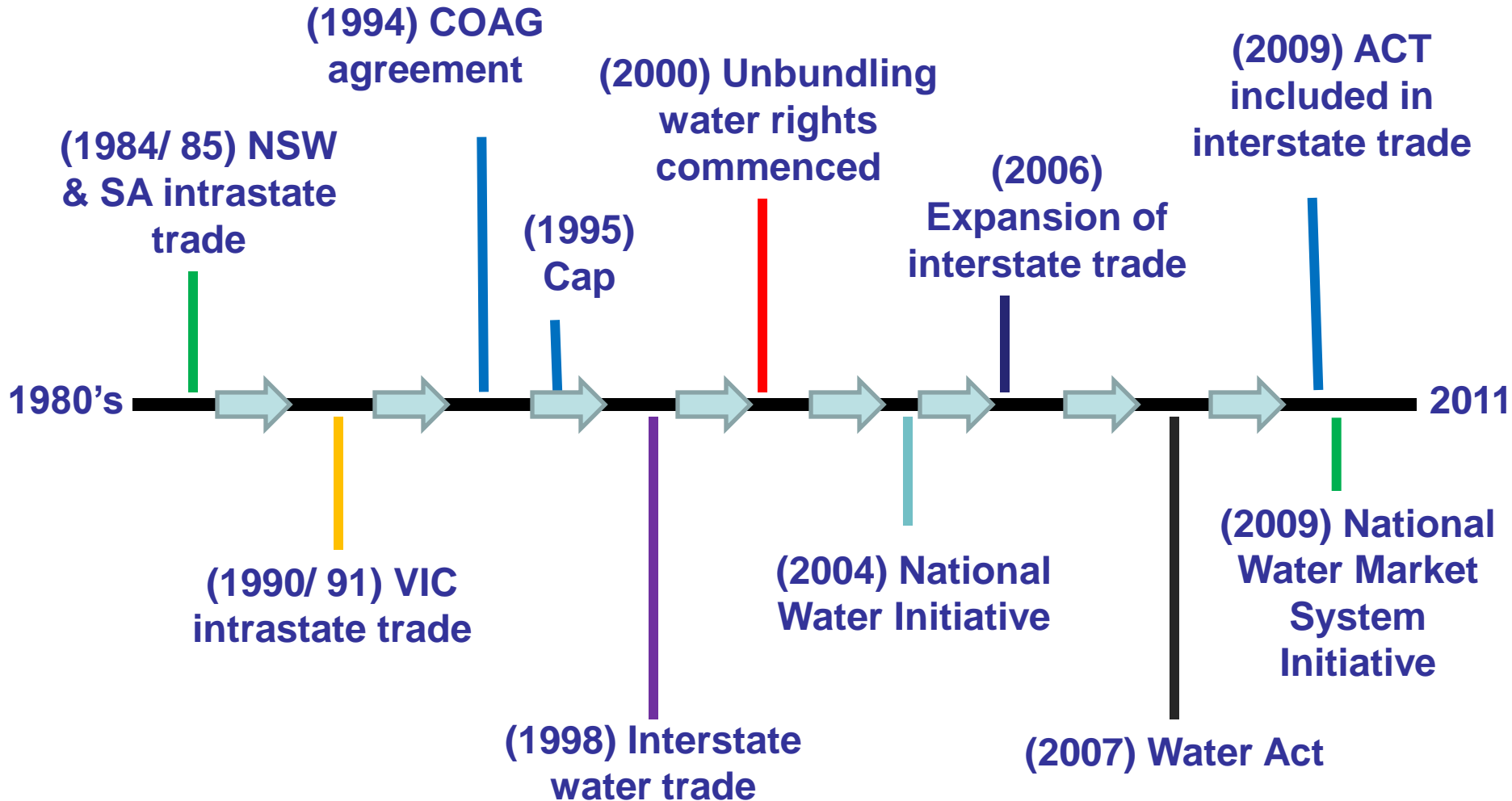


# Inflow variability





# Summary of key trade influencing policy decisions

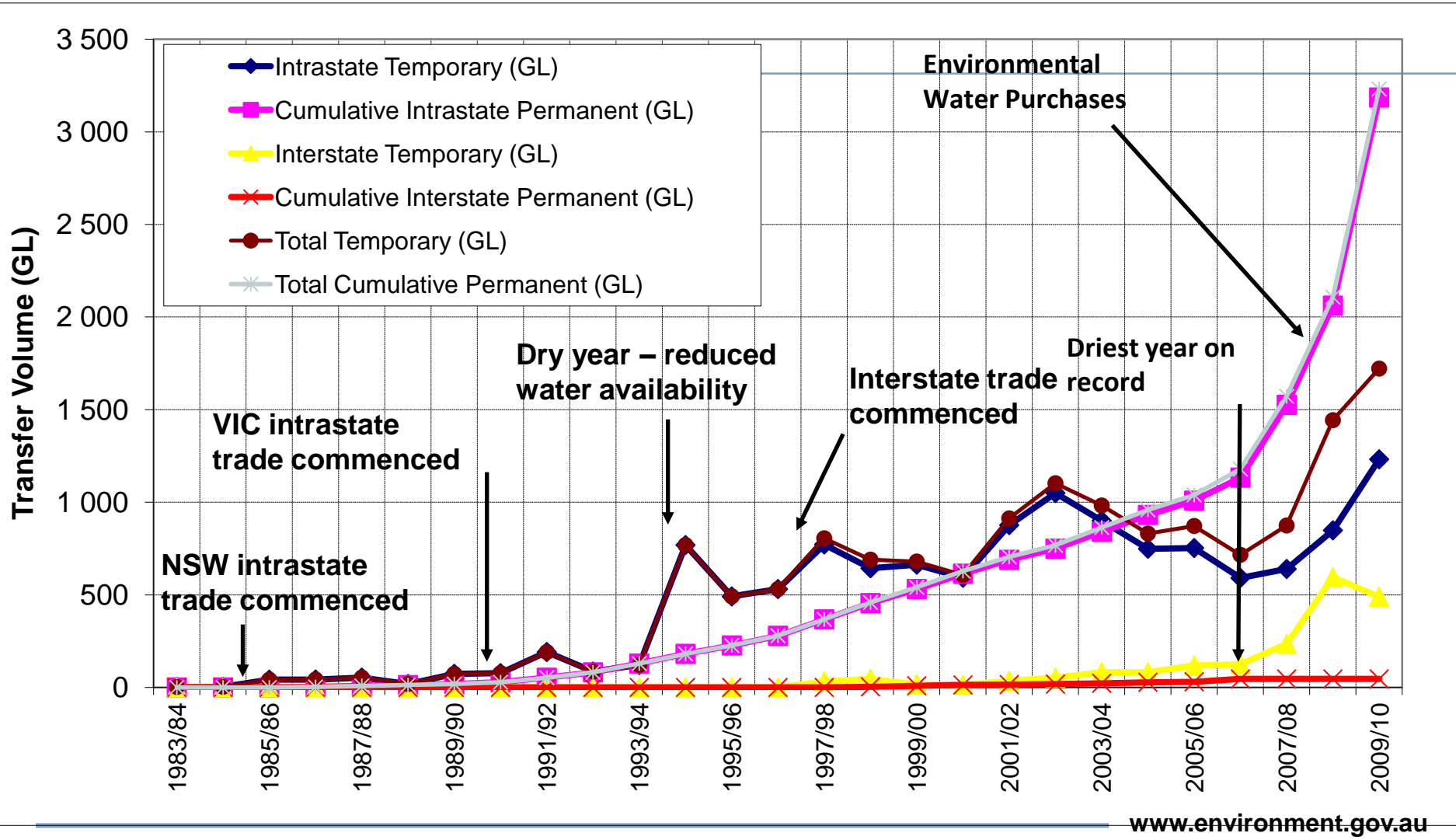


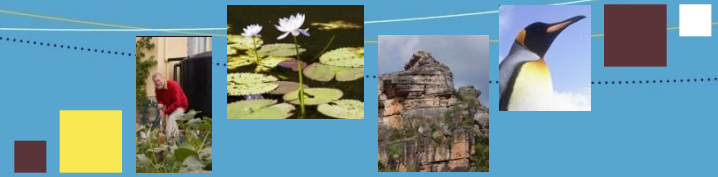


What have we learnt so far?

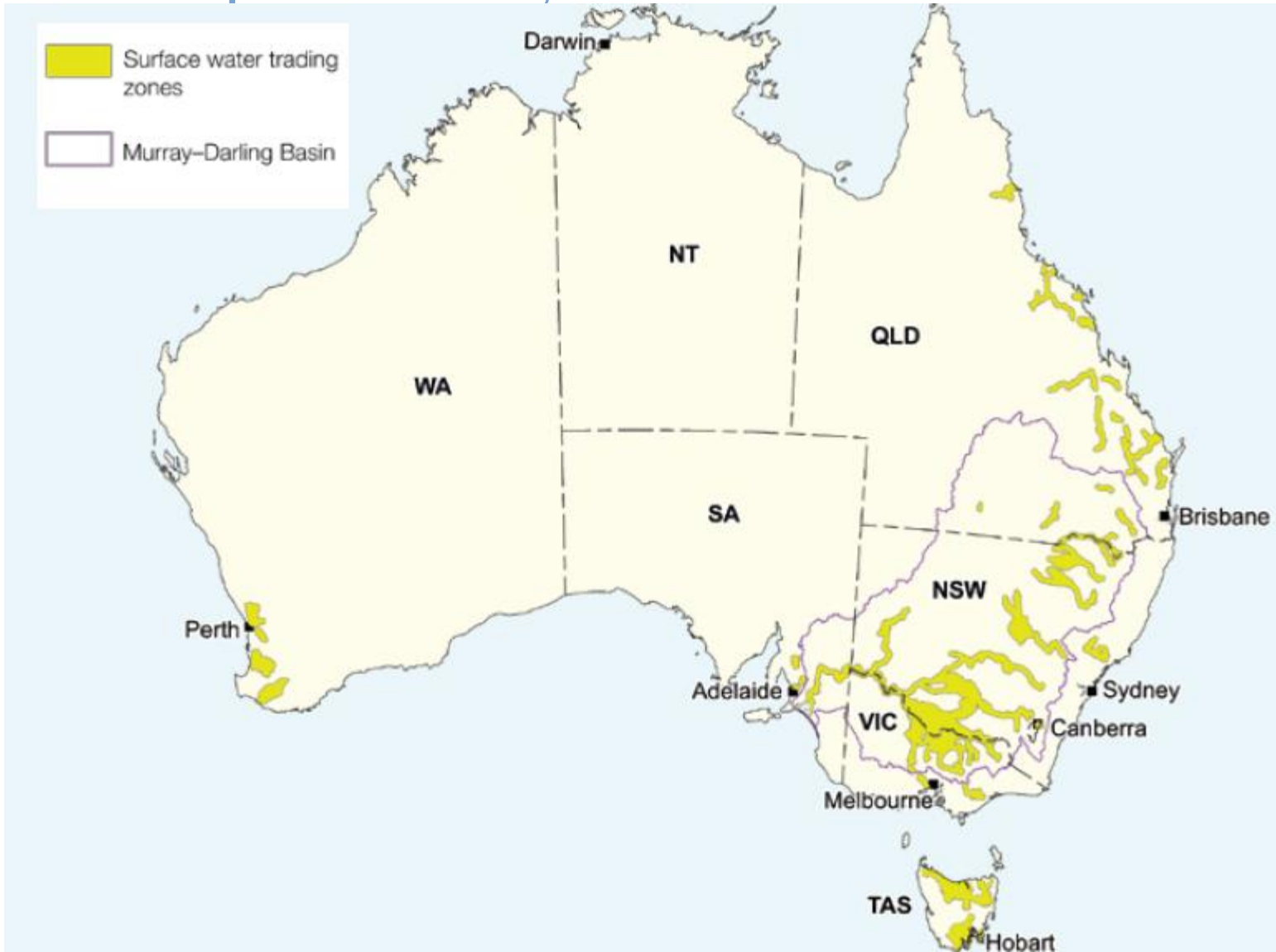


## Trade volumes across the Murray-Darling Basin 1983/84-2009/10





# Principle water systems – trade occurrence



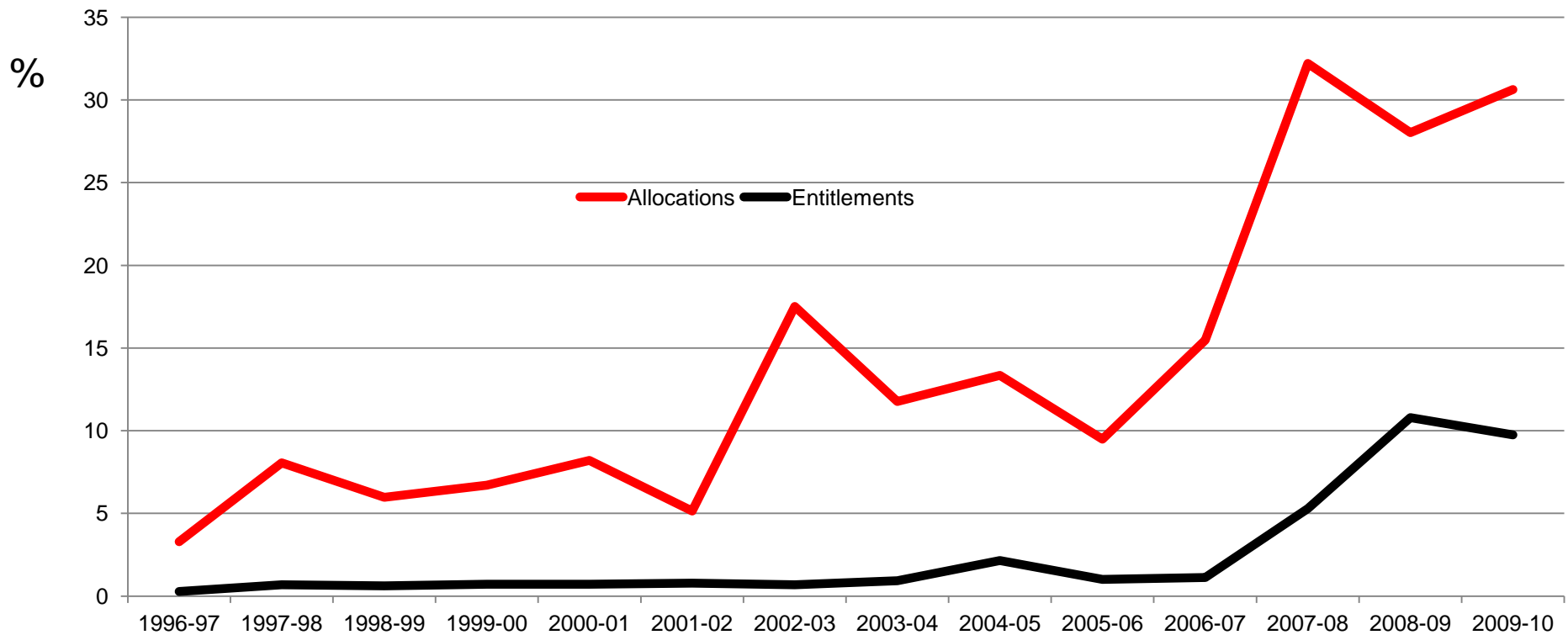




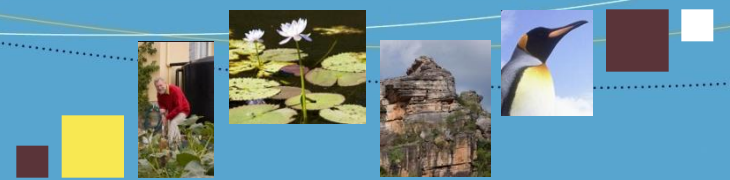
What have we learnt so far?



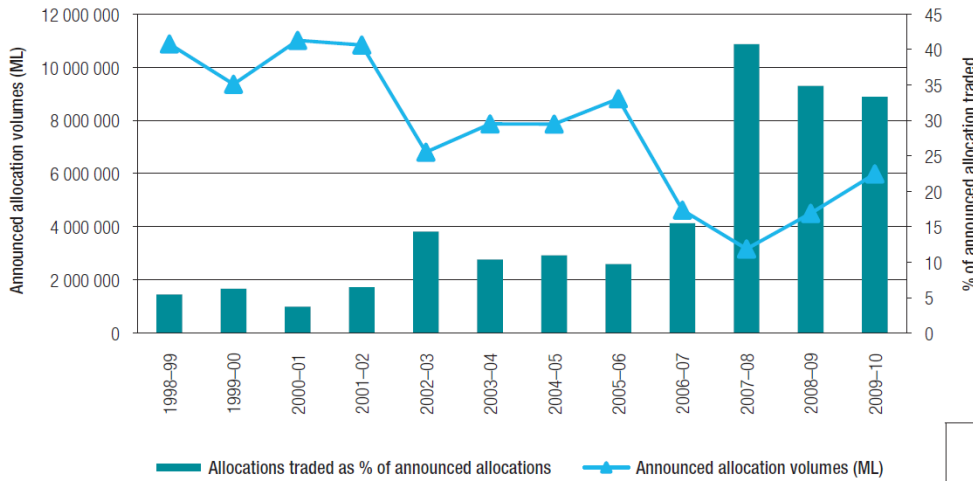
# Proportion of entitlements and allocations traded Southern Murray-Darling Basin



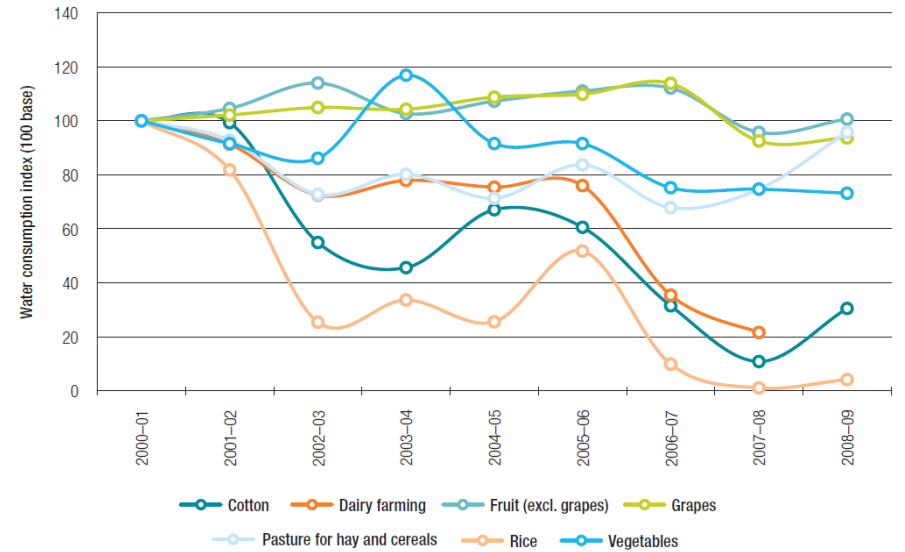
For allocation trade the chart depicts the proportion of water traded that was available for use. For entitlement trade the chart depicts the proportion of water permanently traded against the total water rights on issue.



### Water allocation levels and proportion traded, southern Murray-Darling Basin, 1998-99 to 2009-10

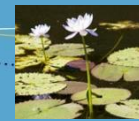


### Index of water consumption in the Murray-Darling Basin, by agricultural commodity, 2000-01 to 2008-09



Sources: NWC (2008, 2009b, 2010e).

Sources: ABS (2010a) and Marsden Jacob Associates.



## Summary and observations

- Water markets work well to allocate water to high value use and are also effective at returning water to environmental use
- Water is an economic good
- Maintaining your reform “Licence to Operate” requires success and “Balance”
- Markets are not only an economic phenomena – they have social dimensions



## Contacts

---

- **Website:** [www.environment.gov.au](http://www.environment.gov.au)
- **Postal address** GPO Box 78  
Canberra ACT 2601  
Australia
- **Phone number** +61 2 6274 1111