

Media Release

8 March 2010

Water Prices Drop 19% for sales to the Commonwealth

The Federal Government have released details of the prices paid for water in the most recent round of water purchases in February 2010. Prices paid in the 2009/10 season have been lower in all water markets, ranging from a 13% reduction in Victorian Murray below choke water up to a 34% reduction in prices paid for New South Wales Murray above choke water.

The table below summarises the prices paid in each water market.

	Water entitlement class	09/10 Tender Price	08/09Tender Price	% change
Vic				
Goulburn	High Reliability	\$2,054	\$2,391	-14%
Murray Below Choke	High Reliability	\$2,072	\$2,377	-13%
Murray Above Choke	High Reliability	\$1,795	\$2,188	-18%
NSW				
Murrumbidgee	General Security	\$930	\$1,118	-17%
Murray Below Choke	General Security	\$967	\$1,276	-24%
Murray Above Choke	General Security	\$870	\$1,320	-34%
SA				
Murray River	High Reliability (Class 3A)	\$2,047	\$2,384	-14%
Unweighted Average		\$1,534	\$1,865	-19%

Cheif Executive of National Water Brokers "Waterfind" Mr Tom Rooney said that "the recent permanent pricing drop represents the most significant price decrease recorded in the Murray and Murrumbidgee Water Markets since the inception and creation of Water Market mechanisms". Mr Rooney said that over the Last 10 years water holders in these markets have enjoyed record capital growth with their water asset values often growing at rates far above their associated property assets, with some water entitlements in valleys in the past recording up to 60% capital growth in a single year.

The decline of water pricing has mainly attributed to a downgrade by the Federal Government of water entitlement asset values in these valleys and the Commonwealth now being the most significant acquirer of water entitlements in the Southern Murray Connected system.

Continued depressed commodity prices and low allocations has also led to many sellers being more aggressive with their offers through the Commonwealth tender program which now has smaller budget for purchasing water in the 2009-10 irrigation season compared to the quantity committed to spend during the 2008-09 irrigation season.

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Media Contact:

Tom Rooney CEO Waterfind
 Office hours: 1800 890 285
 Out of office hours: 0407-974-100