

A I T H E R

MEDIA RELEASE

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New price index shows value of Murray-Darling water rights at all time high

Independent economics and policy advisory firm Aither has launched a world-first index of the value of water rights. Today's official launch of the *Aither Southern Murray-Darling Basin Entitlement Index* coincided with water entitlement prices reaching an all-time high at the start of May 2017.

Aither Director Chris Olszak said "Like the ASX 200, the *Aither Southern Murray-Darling Basin Entitlement Index* provides a simple overall snapshot of how the major water entitlements in the southern-connected market are performing. Updated monthly and freely available, irrigators, investors, banks, and other owners of large water portfolios can use the *Index* to benchmark the capital growth performance of their portfolios across time."

At the start of May 2017, the nominal *Index* was at 137.24 points, overtaking the previous high of 136.90 in April 2016. The historical high is particularly noteworthy given the wet conditions across much of the southern Murray-Darling Basin over the last 12 months.

In explaining the importance of the *Index* to the market, Aither Senior Consultant Daniel Baker said "Australian water market reporting is fragmented, and the costs to participants of collecting information can be high. The *Index* provides water market information in a way that is simple and intuitive, improves market transparency and allows market participants to make more confident decisions."

"As the *Index* shows, the value of entitlements dropped by around 40 per cent from 2010 to 2013, partly because of a couple of very wet seasons. However, the *Index* has more than doubled in value from 2013 to 2017 in response to drier conditions and strong demand in the irrigation sector – including the rapid emergence of the high-value nut industry," Mr Olszak said.

"We've seen entitlements maintain and increase their value this year despite the return to wet conditions and the very low allocation or spot prices for water in the market. This shows that entitlement holders clearly have the long game in mind," Mr Olszak said.

The *Index* tracks the performance (capital value) of a group of major water entitlement types across the southern Murray-Darling Basin. It includes entitlements in New South Wales, Victoria and South Australia, helping to aggregate information across the states. An *Index* value higher than 100 points indicates capital value growth compared to a starting point of July 2008.

The *Index* is published at [Aither's website](#) and is updated at the start of every month. The *Index* is also published in Aither's independent monthly [Southern MDB Water Market Updates](#) commissioned and published by [H2OX](#).

Aither's index is available online at <http://www.aither.com.au/water-markets/aither-southern-mdb-entitlement-index1/>

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About Aither

Aither is a leading independent Australian economics and public policy advisory firm with deep expertise in water management, infrastructure, resources and markets. Aither provides independent water market advisory services to public and private sector clients in the Murray-Darling Basin and beyond. Aither won the 2015 Australian Water Association – Victorian Research Innovation Award, for its work on Australian water markets reporting and is currently participating in the Commonwealth's Business Research and Innovation Initiative challenge aimed at improving the reliability and transparency of water market information.