

Notes

Data sources

Aither relies on data obtained from multiple third-party sources. Consequently, any information presented in this report shall be subject to the accuracy and limitations of data obtained from third-party sources on the date of extraction.

State water register trade data and volume weighted average prices

Water trade data were sourced from:

- New South Wales Register (2024). Available at <https://waterregister.watarnsw.com.au/water-register-frame> [Accessed 3/07/2024].
- South Australian Water Register (2024). Available at <https://access.mywater.sa.gov.au/aca/customization/dew/datamart.html> [Accessed 3/07/2024].
- Victorian Water Register (2024). Available at <https://waterregister.vic.gov.au/> [Accessed 3/07/2024].

Volume weighted average prices generated from state water register data may not reflect market prices for several reasons. In the case of entitlement prices, there is often a delay of some significance between market transactions and water register recording, also some transactions may be recorded with a wet price. A wet price includes the price paid for the entitlement and any allocation that may have been included in the transaction. If wet prices are reported, this will inflate volume weighted average prices in dry years when allocation prices are high.

Data cleaning method

There were limitations associated with water trade information reported in the state-based registers, specifically the timeliness and accuracy of reported prices. To filter out outlier prices and generate robust statistics about market activity, Aither uses a proprietary and tested data cleaning method. Aither uses its data cleaning programs to analyse Aither's southern Murray-Darling Basin water trade database that includes over 500,000 individual allocation and entitlement trade records.

State governments are continually improving the data recorded on state water registers. Recent improvements include provision of date information that is closer to when trades were agreed and the purpose of allocation trades. When possible, Aither uses the best available data to support the accuracy of its analyses.

Aither also notes a new South Australian Water Register was released in May 2024, with the previous register being offline in the prior months in the lead up the release date. This meant no trades were recorded in March 2024, with many of these trades likely being recorded in the following months. Aither's data and commentary reflects this.

Irrigation corporation trade data

A significant volume of water trade occurs within irrigation corporations, for which detailed data – especially in relation to prices of trades – is generally not publicly available in a timely manner. Due to these data availability and transparency issues, Aither has excluded trades within irrigation corporations from all analysis within this report unless specifically noted.

Notes

Carryover estimates

The volume of water carried over from one water year to the next is not published in a centralised manner across state governments. Aither's estimates of 2023-24 and 2024-25 consumptive carryover in Victoria and NSW are based on the following data sources.

- Resource distribution information available in the NSW Department of Planning, Industry and Environment's water allocation statements (mid-August 2023 and 2024) for the NSW Murray and NSW Murrumbidgee. Carryover held by the environment is excluded in both cases, but carryover held on NSW Murrumbidgee conveyance licences is included because this is the way it is presented in the relevant water allocation statements.
- Net carryover on 1 July 2023 and 1 July 2024 in Victoria (Vic 1A Greater Goulburn, Vic 6 Murray, and Vic 7 Murray), was sourced from the 'Water available by owner type' dashboard on the Victorian Water Register. Carryover held by the environment and Victorian water corporations is excluded.

No private carryover was available in South Australia during 2023-24 after the projected minimum opening allocation announced in April 2023 was greater than 50 per cent.

Entitlement on issue data

There is no centralised data source for entitlement on issue. For water markets analysis, it is necessary to estimate the total and environmental entitlement on issue by entitlement, not water system. Aither has used the following data sources for entitlement on issue in the analysis presented in this report.

State	Total EOI	Environmental EOI
New South Wales entitlements	NSW Water Register 2023-24 Separation of zones 10 and 11 provided by NSW Government as reported in Aither, 2023.	NSW Environmental Water Register 2023-24 Separation of zones 10 and 11 provided by NSW Government as reported in Aither, 2023.
Victorian entitlements	Victorian Water Register 2023-24.	Provided by Victorian Government as reported in Aither, 2023.
South Australian entitlements	Provided by the South Australian Government.	Provided by South Australian government as reported in Aither, 2023.

Further information about environmental water holdings by system:

- Commonwealth environmental water holdings: <https://www.environment.gov.au/water/cewo/about/water-holdings>
- Victorian environmental water holdings: <https://www.vewh.vic.gov.au/watering-program/how-much-water-is-available>

Rounding errors

Rounding errors may result in slightly different numbers being presented in this report as can be calculated from raw data and calculations.

Notes

Aither Entitlement Index

Like indices used in commodity and equity markets, the Aither Entitlement Index (AEI) provides a simple snapshot of how the major water entitlements in the southern Murray–Darling Basin are performing. Updated monthly, water market participants can use the AEI to benchmark the capital value performance of water portfolios and investments over time.

The AEI’s scope and method is outlined below.

- **Scope:** The AEI tracks the performance (capital value) of a group of major water entitlements across the southern Murray–Darling Basin. The AEI includes the following entitlements: NSW Murray HS; NSW Murray GS; NSW Murrumbidgee HS; NSW Murrumbidgee GS; VIC 1A Greater Goulburn HRWS; VIC 1A Greater Goulburn LRWS; VIC 6 Murray (Dart to Barmah) HRWS; VIC 6 Murray (Dart to Barmah) LRWS; VIC 7 Murray (Barmah to SA) HRWS; VIC 7 Murray (Barmah to SA) LRWS; SA Murray (Class 3) HS.
- **Timing:** The AEI is calculated monthly and is indexed to 100 in July 2008. The index commenced from this date as this is when sufficiently reliable data became available.
- **Prices:** Historical monthly entitlement prices are calculated as volume weighted average prices (VWAPs) from state water register data. Since June 2016, Aither has generated the AEI using monthly entitlement valuations that we undertake in-house.
- **Index method:** The computation of the AEI uses a Tornqvist-Theil Price Index method. The AEI is not an accumulation index.



The Aither Entitlement Index is now available by subscription.

The simplest way for water portfolio managers to benchmark performance and attract new investors.

As a subscriber to the Aither Entitlement Index, you’ll receive the monthly updates straight to your inbox as a downloadable Excel workbook on the second business day of every month.

Every month, we track the performance of high security, general security, high reliability, and low reliability water entitlements in the southern Murray–Darling Basin. Each monthly update includes the full historical record of the index (dating back to 2008).

For more information, please contact our Water Markets Advisory team.

Notes

Table notes

Table 1: Aither has applied a cleaning methodology based on the principle of using the best available data from each state whenever possible to calculate volume weighted average prices. In general, the method removes \$0 trades and outlier prices.

Table 2: All reported trades are included in all calculations. Total net trade calculations will not necessarily equal zero because some connected systems are not included in this analysis. Victorian data includes an adjustment for pooled accounts and reflects information available on the public Victorian Water Register.

Table 3: Separating commercial transfers from non-commercial transfers is important to achieve an accurate picture of the market. In Table 3, Aither has used a simple method to identify 'commercial allocation trades' – those with a reported price greater than \$0 per ML are included in all calculations. Transfers reported at \$0 per ML are removed (a proxy for non-commercial transfers). Total net trade calculations will not necessarily equal zero because some connected systems are not included in this analysis. Victorian data includes an adjustment for pooled accounts and reflects information available on the public Victorian

Water Register. Aither notes that the NSW and Victorian governments are now reporting 'purpose of trade' data for allocation trades on their water registers. See Section 3.6 for an analysis of these data.

Table 4: Outlier entitlement trades have been excluded from price calculations. Volume weighted average prices generated from state water register trade data may differ from market values. All reported trades are included in calculations of number and volumes of trade regardless of reported price. Trade within irrigation corporations is not included in calculations in this table because they are not reported on the New South Wales Water Register.

Table 5: Estimates of the total entitlement on issue and total environmental holdings were compiled from a range of sources, including the NSW and Victorian water registers, and the respective state governments. The estimated value of entitlements is based on the volume of entitlement on issue (total or environment) multiplied by the annual volume weighted average price for a given entitlement. Annual volume weighted average prices were generated using data reported on the state water registers.

Table 6: All reported trades are included in calculations of number and volumes of trade. Estimated turnover value calculations are based on total volumes transferred or traded multiplied by the annual volume weighted average price for a given entitlement. Annual volume weighted average prices were generated using data

reported on the state water registers. Turnover calculations exclude water allocated to entitlements held by environmental water holders (see note to Table 5). The gross average returns reported above are generated using a simple method to inspect market trends, not the performance of a particular investment. Estimated returns are calculated by multiplying the annual volume weighted average allocation price by the end-of-season allocation for the entitlement, and then dividing by the annual volume weighted average entitlement price for the respective water year. Returns are presented in gross terms; they do not account for any fees or charges associated with holding entitlements or trading allocations. In zones which received 0% water allocation for the 2023-24 water year, no returns are recorded because it was not possible to trade water allocations not received (carryover water would be an exception, but this has been excluded for simplicity). Return calculations do not include capital appreciation. Trade within irrigation corporations is not included in calculations in Table 6.

Table 7: Peak irrigation season outlooks have been compiled from the state government water allocation outlooks available as of mid-July 2024. State governments report outlooks for different periods. Outlook months used to estimate the volume of water allocated by peak irrigation season are November for NSW entitlements and December for Victorian entitlements. Vic Goulburn HRWS and SA Murray HS received full allocations as of 15 July 2023, so the full allocation is shown for all scenarios. In the case of NSW

Murrumbidgee HS and NSW Murray HS, the assumed allocation is consistent with the NSW Murrumbidgee GS and NSW Murray GS outlooks respectively released on 15 July 2024.

Notes

Figure notes

Figure 4: Major headwater storages include Burrinjuck (Murrumbidgee), Blowering (Murrumbidgee), Dartmouth (Murray), Hume (Murray) and Lake Eildon (Goulburn). Data were sourced from the Bureau of Meteorology. The Bureau of Meteorology sources its storage data from various third-party organisations (such as WaterNSW, Goulburn Murray Water). Data cleaning is undertaken by various organisations, and as such, the data are subject to the accuracy and limitations of the data obtained from these sources.

Figure 7: Weather stations and time periods used are as follows: Griffith: Griffith Airport AWS, 75041 (Sep 1958 – present); Berri: Berri, 24025 (Oct 1960 – present); Deniliquin: Deniliquin Airport AWS, 74258 (June 1997 – present); Shepparton: Shepparton Airport, 81125 (June 1996 – present); Mildura: Mildura Airport, 76031 (Aug 1946 – present); Leeton: Yanco Agricultural Institute, 74037 (Jan 1957 – present).

Figure 9: Allocations to all entitlement categories are shown, including allocations to environmental water holdings and Victorian water corporation holdings. When possible, estimates of water available include water allocated to entitlements plus carryover less spill. Between 2007–08 and

2012–13, only allocations to entitlements are included. Between 2013–14 and 2014–15, Victorian carryover and Victorian spill are also included. From 2015–16 onwards, NSW carryover is included. Estimates of water availability excludes distributions from environmental water holders, Victorian water corporations and irrigation corporations. Major entitlements included: NSW Murray HS; NSW Murray GS; NSW Murrumbidgee HS; NSW Murrumbidgee GS; VIC 1A Greater Goulburn HRWS; VIC 1A Greater Goulburn LRWS; VIC 6 Murray (Dart to Barmah) HRWS; VIC 6 Murray (Dart to Barmah) LRWS; VIC 7 Murray (Barmah to SA) HRWS; VIC 7 Murray (Barmah to SA) LRWS; SA Murray (Class 3) HS.

Figures 10 & 11: Murray above Choke includes zone 6 and 10. Murray below Choke includes zone 7, 11 and 12. Combined Goulburn includes zones 1A, 1B and 3. Aither has applied a cleaning methodology based on the principle of using the best available data from each state whenever possible before calculating volume weighted average prices. In general, the method removes \$0 trades and outlier prices. For volume calculations, all trades and transfers are included, including trades reported at \$0. Only 'within' and 'into' allocation trades have been included in volume and price calculations. 'Out of' allocation trades have been excluded on the basis that it would double count trades between zones. Trade within irrigation corporations is not included in these charts

Figure 12: Aither has applied a cleaning methodology based on the principle of using the best available data from each state whenever possible before calculating volume weighted average prices. In general, the method removes \$0 trades and outlier prices. For volume calculations, all trades and transfers are included, including trades reported at \$0. Only 'within' and 'into' allocation trades have been included in volume and price calculations. 'Out of' allocation trades have been excluded on the basis that it would double count trades between zones. Trade within irrigation corporations is not included in these charts.

Figure 13: Aither has applied a cleaning methodology based on the principle of using the best available data from each state whenever possible before calculating volume weighted average prices. In general, the method removes \$0 trades and outlier prices. The trade opportunity represents the volume of water that is permitted to be traded downstream at the end of the day. See references for sources.

Figure 14: No data cleaning methods were applied. All trades or transfers recorded on the NSW and Victorian water registers are included. Data includes trades and transfers into and within NSW Murray (above Barmah), NSW Murray (below Barmah), NSW Murrumbidgee, Vic 1A Greater Goulburn, Vic 6 Murray (Dart to Barmah) and Vic 7 Murray (Barmah to SA). Data excludes irrigation corporation trades and transfers. Although NSW uses 12 purpose of trade categories, 8 of the categories align

with the 8 categories used by Victoria. For SA, out of 5 purpose of trade categories, 4 of the categories align with the 4 categories used by Victoria.

Figure 16 & 17: Aither has applied a cleaning methodology based on the principle of using the best available data from each state whenever possible before calculating volume weighted average prices. In general, the method removes \$0 trades and outlier prices. For volume calculations, all trades and transfers are included, including trades reported at \$0. Trade within irrigation corporations is not included in these charts.

Figure 18 & 19: Aither has applied data cleaning methods to remove outlier and \$0 trades.

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