



Australian Government
Department of Agriculture,
Water and the Environment

Off-farm Efficiency Program

Approach for determining the value of water entitlements to assist in assessing value for money for project funding proposals.

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Introduction

This document sets out the approach the Department uses for determining the market value for eligible water access entitlements, which is one component of assessing projects under the Off-farm Efficiency Program.

For more information about the program and how water savings are delivered see {weblink}.

The approach to valuing water entitlements proposed to be recovered under OFEP projects is set out below. This approach supports the Off-farm Efficiency Program by:

- Establishing the market value for each eligible water right that reflects contemporary market prices and recognises changes in market conditions
- Informing the department's assessment of project's value for money of which the recovery of eligible water entitlements makes up one part of the assessment.

This approach is intended to operate until 30 June 2024. Any modifications to this strategy will be announced via the website.

Approach to valuing the water entitlement component of proposed OFEP projects

The department will use the following approach, as relevant, to determine entitlement prices to assist in determining the overall value for relevant money for funding proposals or applications to the Off-farm Efficiency Program:

- The Basin State or Proponent (for the direct grants stream) will identify (as part of its application to the program) the value they have put on the water right they are proposing to offer to the department and how they have derived that value.
 - This should be based wherever possible on water market information on basin state water registers,
 - where there are insufficient or no published market values on the relevant state government water register, other market data sources to derive a market value can be used. Evidence to the appropriateness of this value will need to be provided to support the proposal.
- The department will follow its internal policy for valuing water access entitlements. In most cases, this entails reviewing the relevant state government water register to determine the market value of the water entitlements proposed to be offered for water recovery:
 - NSW: <https://waterregister.watarnsw.com.au/water-register-frame>
 - Victoria: <https://www.waterregister.vic.gov.au/water-trading>
 - SA: <https://www.waterconnect.sa.gov.au/Systems/WTR/Pages/Default.aspx>
 - Queensland does not yet have an interactive portal to register data. Instead, it publishes monthly reports in PDF format available at <https://www.business.qld.gov.au/industries/mining-energy-water/water/water-markets/market-information#water-sales>
- The department may liaise with a project proponent on the value of a water right where it has a different valuation or where an external valuation is required.
- Consistent with the Department's general internal policy for valuing water access entitlements, where there is insufficient or no published price data on the relevant state government water register, or where a trade may be undervalued against the publicly available information (intra-family trades, internal company trades or null price trades

for example) the department may procure external valuation advice from an industry-accredited valuer, or use existing relevant, recent external valuation advice previously obtained.

- In most cases, the department will use the most recent price for a completed trade on a state water entitlement register in the last six months as its basis for estimating the value of the water entitlement. This is referred to as an internal valuation using publicly available market prices as the basis.
- Where a conveyance entitlement is offered, the value of the conveyance entitlement will be estimated with reference to prices for high security entitlement in the same catchment, adjusted by a factor to account for long-term differences in the yield of these entitlement classes.

The department reserves the right to adjust its valuation methodology at any time, by providing advice on its website.

Typical Products that will be valued internally

Water valuations for Murray-Darling Basin Plan’s water recovery purposes deal mostly with regulated rivers in NSW, Qld and to a lesser extent in Vic and SA. The table below includes typical water products to facilitate navigating water sources in states’ water registers.

Table 1: Water products for internal valuations

State	Regulated water source	Water products
NSW	Belubula	GS, HS, Supplementary
	Gwydir	GS, HS, Supplementary
	Lachlan	Conveyance, GS, HS
	Lower Darling	GS, HS, Supplementary
	Macquarie-Castlereagh (Macquarie-Cudgegong)	GS, HS, Supplementary
	Murrumbidgee	Coleambally Irrigation Conveyance, Conveyance, GS, HS, Murrumbidgee Irrigation Conveyance, Supplementary, Supplementary (Lowbidgee)
	Namoi - Lower Namoi/ Upper Namoi	Lower Namoi GS, Lower Namoi HS, Lower Namoi Supplementary, Upper Namoi GS, Upper Namoi HS
	NSW Border Rivers	GS A, GS B, HS, Supplementary
	New South Wales Murray	Conveyance, GS, HS, Supplementary
	Peel	GS, HS
Vic	Broken (2 Broken, 2A Nillahcootie to Casey Weir, 2B Casey’s Weir to Goulburn, 6B Lower Broken Ck)	HR, LR
	Campaspe (4A Campaspe Eppalock to Waranga Western Channel (WWC), 4C Lower Campaspe)	HR, LR
	Goulburn (1A Greater Goulburn, 3 Lower Goulburn, 1B Boort)	HR, LR
	Loddon (5A Coliban Channel to C/Tull to Lower Weir Pool (LWP), 5B Bullarook)	HR, LR

	Vic Murray (6 Vic Murray to Dartmouth to Barmah, 7 Vic Murray – Barmah to SA)	HR, LR
	Ovens and King (9A Ovens, 9B King)	HR, Spill
SA	SA Murray	Class 1 (stock, domestic, and stock and domestic) Class 2 (urban water, country towns) Class 3 (irrigation, recreation & environment) Class 5 (industrial and industrial dairy) Class 9 (wetlands)
Qld	Condamine and Balonne	Chinchilla Weir WSS HP and MP Maranoa River WSS MP St George WSS HP, MP Upper Condamine WSS HP Class A, HP Class B, MP, Risk A priority, Risk B priority
	Qld Border Rivers	Border Rivers WSS HP, MP Macintyre Brook WSS HP, MP
	Warrego-Paroo-Bulloo-Nebine	Cunnamulla WSS MP

Notes: GS = general security; HP = high priority; HR = high reliability; HS = high security; LR = low reliability; MP = medium priority; Spill = spill reliability; WSS = water supply scheme.