

An economic survey of irrigation farms in the Murray–Darling Basin: Industry overview and region profiles, 2008–09

From ABARES research report [11.2](#)

- The Murray–Darling Basin is an important agricultural region in Australia and a particularly important irrigation region. In 2008–09, the major uses for irrigation water were for cotton, cereals, pasture and horticulture (particularly grapevines).
- This report presents results from the third ABARES survey of irrigation farms in the Murray–Darling Basin. These surveys target irrigated broadacre, dairy and horticulture farms in 10 regions throughout the Basin. Results are for the 2008–09 financial year, as well as for the two previous survey years.
- These irrigation survey results provide an integrated dataset used to both monitor farms’ inter-temporal performance and research various issues affecting irrigation industries, including water trading, pressures for structural adjustment, and changes in farm productivity.

Seasonal conditions

- In 2008–09, ongoing dry conditions persisted in the southern part of the Basin (including South Australia, Victoria and southern New South Wales), while the central and northern parts of the Basin received average to above average rainfall.
- Overall, the 2006–07, 2007–08 and 2008–09 irrigation seasons were among the driest on record for the Basin as a whole. In some regions, particularly in the southern Basin, the volume of water held in major storages remained at record low levels.
- Irrigators experienced mixed changes in commodity prices between 2007–08 and 2008–09. Prices for wine grapes, milk and some grains generally declined, while prices for cotton, canola, lamb and horticultural crops such as pears and oranges either were relatively stable or increased to varying extents.

Farm performance

- On average, irrigated broadacre and horticulture farms in the Murray–Darling Basin recorded a positive rate of return to capital and management in 2008–09, while irrigated dairy farms recorded a negative return (see table).
- Average rates of return were similar for irrigated broadacre farms between 2007–08 and 2008–09 but declined slightly for horticulture farms. Irrigated dairy farms recorded a relatively large fall in financial performance, with rate of return falling from 1.5 per cent to –1.6 per cent.

1 Farm performance, Murray–Darling Basin irrigation farms, by industry, 2007–08 and 2008–09 average per farm

	farm cash income (\$)		farm business profit (\$)		rate of return (%)	
	2007–08	2008–09 ^p	2007–08	2008–09 ^p	2007–08	2008–09 ^p
Broadacre	92 729	86 283	–19 948	–13 670	1.2	1.3
Dairy	91 379	9 275	–8 178	–72 127	1.5	–1.6
Horticulture	68 196	58 168	7 313	1 247	2.0	1.5

^pPreliminary estimate.

Irrigation area

- On average, irrigated horticulture farms were the smallest in terms of area operated, while irrigated broadacre farms were the largest.
- Across all three industries (horticulture, broadacre and dairy), the average area irrigated per farm declined as a proportion of total area set up for irrigation between 2007–08 and 2008–09. This decline was largest for dairy farms.

Water trading and technology

- In 2008–09, around 27 per cent of farms throughout the Basin either bought or sold temporary water. This was slightly lower than the 30 per cent of farms that traded temporary water in the previous year.
- The most common reasons given for not buying temporary water were that extra water was not needed or that farmers were not interested in purchasing water.
- The most common reasons for not selling temporary water were restrictions on trading water, that farmers had no water to sell or that farmers preferred to carry their water over to the next season.
- A majority of irrigation farmers (more than 80 per cent) relied on their own observations and knowledge to determine both soil moisture levels and when to schedule irrigation times.

Farmer intentions

- At least three-quarters of irrigators across the Murray–Darling Basin indicated that they were not planning any changes to their permanent water entitlements over the next three years. Around 11 per cent planned to sell some of their water entitlements while less than 10 per cent intended to sell all their entitlements over the next three years.
- Uncertain water allocations were the major constraint on farmers expanding their irrigation areas, particularly for dairy farmers. Around 80 per cent of irrigated dairy farms nominated this reason.
- At least 50 per cent of irrigators were not planning to make any major changes to their businesses or lifestyles over the next three years.