**Activity sheet**

## Water trading

In pairs, cut out the following statements about water trading. Discuss their meaning and sort them into advantages and disadvantages of water trading.

1. Water trading improves the ability of farmers to react to changes in circumstances (i.e. less water available during periods of drought).

2. Some irrigation farmers rely on a source of “cheap” water in order to grow their crops. Water trading may make water more expensive.

3. When water trading involves water being returned to a natural water source, such as a river, then the environment benefits. (i.e. as in the Murray-Darling Basin Plan)

4. Water trading encourages irrigation farmers to use water more carefully.

5. Although water trading by entitlement holders is voluntary, the trade affects third parties. Trade into a region can lead to increased competition in production and queuing for delivery of irrigation water. Trade out of a region can lead to increased water delivery charges to remaining users.

6. There is no guarantee that purchased water is used efficiently.

7. Communities in regions importing water can experience increased populations without necessarily having the infrastructure and services to accommodate them.

8. Permanent trading has allowed farmers to secure the future water demands of new plantings on land that was not previously irrigated.

9. There are concerns that big companies will hoard water and become “water barons”.

10. The trade in permanent entitlements has assisted the development of new industries such as the wine industry, which promotes economic activity in the region, bringing increased employment and investment.

11. Water trading helps decision making by farmers, including the decision to leave agriculture.

12. Water trading can have negative effects on local communities. There is strong community opposition to permanent trading of water out of a district.

13. Water trading can give farmers flexibility in decision making about their priorities for water use, as well as a means of risk and cash flow management, particularly in dry times.

14. Communities in regions exporting water can experience reduced populations and less spending.

15. In times of drought water trading can be a source of income for farmers.

16. As demonstrated by the Harvey Water Pipeline Project, water trading has helped fund water efficiency measures.

17. Farmers growing seasonal crops, such as rice, can manage their water risk using temporary water trading.

18. Where water trading involves water being returned to the environment less water is available for irrigation farming.

19. Related service industries, such as agricultural services are affected by the growth and contraction of irrigation industries.

20. Farmers growing permanent crops such as fruit trees generally pay more for permanently traded water.