

Pre-Allocation Update

SOUTHERN CONNECTED SYSTEM

Waterfind will provide a detailed Water Forecast document tomorrow with all 2016/17 allocations released as of July 1 as well as forecast information for the water year ahead

Key Events

Key market events since the previous allocation announcement (16 May)

Contact your broker to discuss how this could impact your water requirements

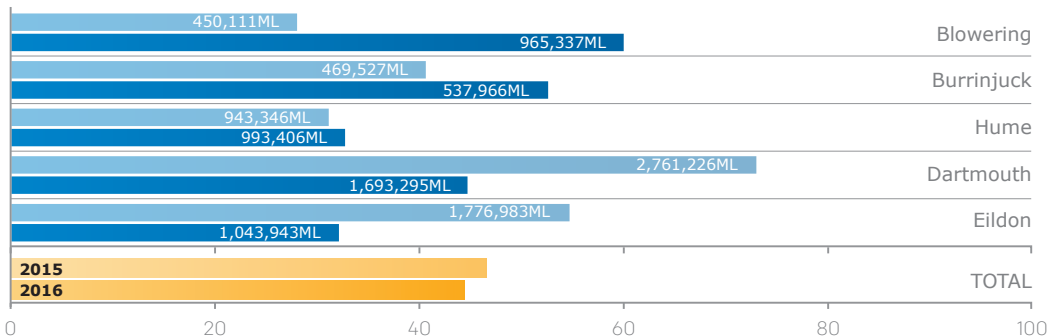
*All forecast information sourced from the most recent releases by NSW DPI Water and VIC Resource Manager. The last forecast update released by both these resources was on 16 May, 2016.

SA OPENING ALLOCATIONS

DEWNR released opening allocations for the 2016/17 water year with **SA Irrigators (Class 3) to receive an allocation of 36%**, no increase on the May 16 minimum figure. Noticeably, while Irrigators received 36% and both Stock & Domestic (Class 1) and Industry (Class 5) 100%, other classes have started with a reduced allocation. Principally, Country Towns (Class 2) and Metro Adelaide (Class 6) are at 68% and 25% respectively.

MURRAY INFLOWS & RAINFALL

During May 2016, the total River Murray System inflow was approx. 325GL, which is 25% down on the May long-term average of 443GL. Additionally, the inflow to Menindee Lakes (from the Darling System) during May was approx. 0 GL, which is well below the May long-term average of 201GL. However, the DPI said June rain over the Darling catchment would send a significant amount of water into the Menindee system, between 80 and 130GL by week of July 17. MDB storage volumes are at 35% compared to 46% this time last year.



The latest Bureau of Meteorology weather outlook for [July to September 2016](#) indicates above average rainfall is likely across the Murray-Darling Basin with temperatures below average.

LA NINA UPDATE

Possibly contributing to the likelihood of this higher than average rainfall, La Niña is calculated at a 50% probability and at a 'watch' status for the remainder of 2016. La Niña is typically associated with higher than usual winter and spring rainfall over northern, central and eastern Australia, and cooler than normal daytime temperatures south of the tropics.

| NEW SOUTH WALES By 1 July 2016 | | VICTORIA | | |
|---------------------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| | | By July 1 | By Aug 15 | By 17 Oct |
| 9 in 10 Probability of getting | | If the Dry Scenario persists (as of most recent forecast May 16): | | |
| Murrumbidgee HS | 95% | Goulburn HR | 1% | 37% |
| Murrumbidgee GS | 8% | Campaspe HR | 0% | 1% |
| NSW Murray HS* | 75-90% | Murray HR | 0% | 31% |
| NSW Murray GS# | 0% | Loddon HR | 0% | 6% |
| 3 in 4 Probability of getting | | If conditions improve, we move to Average Scenario: | | |
| Murrumbidgee HS | 95% | Goulburn HR | 13% | 73% |
| Murrumbidgee GS^ | 11% | Campaspe HR | 0% | 100% |
| SOUTH AUSTRALIA Confirmed 30 June 2016 | | Murray HR | 0% | 52% |
| SA Class 1 | 100% | Loddon HR | 0% | 73% |
| SA Class 3 (Irrigation) | 36% | * Based on the extremely dry inflow scenario (99%) through to the end of June, there is insufficient water available to provide a full high security allocation on 1 July. In that unlikely event, high security allocation is estimated to start at around 80% of entitlement, as it did last year, and any shortfall will be addressed from the first resource improvements in 2016-17. ^ Tracking slightly drier than this inflow level so far in 2015-16. | | |
| SA Class 4 | 36% | | | |
| SA Class 5 | 100% | | | |

Assumes extreme dry (99%) inflow conditions to 30 June 2016 and an average GS carryover of 25-27% (420-460GL).