“Creating value”

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Sharing the cake
Robustness

• **Robust** (adj.) Said of a system that has demonstrated an ability to *recover gracefully* from the whole range of exceptional inputs and situations in a given environment.
  • One step below *bulletproof*.
  • Carries the additional connotation of *elegance* in addition to just careful attention to detail.
  • Compare *smart*, oppose *brittle*.

• Robust systems
  • Endure without the need to change their foundations.
  • They last for centuries.
  • Inspire confidence.
  • Produce efficient and politically acceptable outcomes in an ever changing world.

• Institutional Theory
  – Tinbergen Principle
  – Coase Theorem
  – Mundell’s Assignment Principle
Improving Water Rights – MDB, Australia

Total returns - Median allocation and entitlement prices compared to capital growth, and the S&P ASX Accumulation Index Returns

After Bjornlund & Rossini 2007
What’s the problem and opportunity?

- Prior appropriation water rights have
  - A volumetric entitlement
  - A date when it was issued
  - A beneficial-use obligation
- Commissioners deciding who is in priority & who gets zero
Water Blueprint

1. Statutory water-resource plans
2. Small expertise-based boards
3. An unbundled water right system
   - Fungible Shares
   - Fungible Allocations
   - Separate Use Approvals
4. Centralized share register
5. Bank-like water accounting systems
6. Exit ramp after 5 years
Acknowledgements

• Diamond Valley and Humboldt Basin water users and managers
• Nicholas Institute for Environmental Policy Solutions
• Four Foundations
  – Bechtel
  – Pisces
  – Rockefeller
  – Walton
• Colleagues
  – Peter Culp, Squire Patton Boggs (US) LLP
  – Disque Deane, Jr, Water Asset Management, LLC
  – Prof. Martin Doyle, Duke University
  – Chrissy Esau, Media Works
  – Tim Profeta, Duke University
  – Sam Routson, Winnemucca Farms Inc
  – Prof. David Sunding, University of California, Berkeley
• Reviewers