SUBMISSION

Productivity Commission

National Water Reform 2026 Inquiry

Submitted by:

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On behalf of Border Rivers irrigators

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Contact:

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1. Executive Summary

Border Rivers Food & Fibre welcomes the Productivity Commission's National Water Reform 2026 Inquiry and the opportunity to contribute the perspectives of irrigators operating in the northern Murray–Darling Basin.

Irrigated agriculture in the Border Rivers region underpins significant agricultural production — including cotton, grain, pulses and horticulture — and sustains the regional communities, workforces and supply chains that depend on productive water use. Water is not merely an input to farming in this region; it is the foundation on which economic activity, employment and community viability are built.

Border Rivers irrigators have been subject to more than three decades of continuous, intensive water reform — from the 1994 COAG Water Reform Framework, through the National Water Initiative, the Murray–Darling Basin Plan and its successive amendments, to the current transition toward a new National Water Agreement. It is difficult to identify another industry or sector that has faced such unrelenting reform pressure over such an extended period. Water reform fatigue is real, and while long-term certainty may never be absolute, the time has come to moderate the pace of structural reform, allow existing arrangements to stabilise, and properly assess both the genuine benefits and the human and economic costs of reforms already implemented.

In Border Rivers Food & Fibre's view, Australia now has the core architecture required to manage water sustainably — secure and tradeable entitlements, Sustainable Diversion Limits, established markets, substantial environmental water holdings, and pricing frameworks. The priority for the next three years should be consolidation, stability and effective implementation, not further structural restructuring. The focus must now shift from moving water between uses to optimising the use of water by each user — including environmental water holders — within the shares that have already been negotiated and agreed.

The single most important structural concern for the Commission's attention is the growing tendency of some jurisdictions — particularly New South Wales — to rely on rules-based administrative changes to alter water reliability, access or entitlements, rather than using transparent, market-based mechanisms. One of the most significant achievements of three decades of national water reform has been the recognition of water as a property right and the use of water markets to reallocate water efficiently and fairly between uses. That achievement is now being eroded. Rules-based interventions that bypass the market materially devalue water assets, undermine investor confidence and corrode the integrity of the entitlement framework that the entire reform era was built to create.

We are also concerned that the draft National Water Agreement risks weakening the detailed, enforceable commitments of the 2004 NWI without replacing them with equally robust provisions. We strongly support the Productivity Commission's recommendation to renew the NWI as a detailed, transparent and accountable intergovernmental framework, rather than retreating to high-level principles that provide insufficient policy guidance.

Primary Recommendation

The Productivity Commission should recommend that the default method for reassigning any rights to water — including any change that affects allocations, reliability or entitlement access — be through transparent, market-based mechanisms rather than rules-based administrative interventions. Water markets exist precisely to enable this reallocation efficiently and with fair compensation. Their use should be embedded as the expected approach, not the exception. Any rules-based change that materially affects entitlement value

or allocation reliability should be subject to the same scrutiny and compensation obligations as a direct acquisition.

Our three further priorities for the next three-year period are:

- Strengthen the Risk Assignment Framework with agreed reliability metrics, reporting requirements and cumulative impact assessments so that irrigators are not silently bearing the costs of policy-driven reductions to water access.
- Develop transparent, equitable cost allocation frameworks for water service pricing that clearly distinguish between water user obligations and the public interest costs that government should fund — ending the current practice of irrigators cross-subsidising public benefit activities.
- Support long-term infrastructure investment in northern Basin systems by establishing stable funding frameworks and recognising the regional economic contribution of Border Rivers water-dependent industries in national infrastructure decision-making.

2. About Border Rivers Food & Fibre

Border Rivers Food & Fibre is the peak representative body for irrigators in the Border Rivers region, spanning the New South Wales and Queensland border catchments of the Macintyre, Dumaresq, Severn and Barwon rivers.

The Border Rivers irrigation sector represents a diverse and productive agricultural community. Irrigated enterprises in the region include cotton, winter cereals, pulses, sorghum, oilseeds and horticulture. Many farms operate integrated enterprises combining cropping, grazing and horticulture across both irrigated and dryland areas.

The sector supports significant regional employment, both on-farm and in downstream industries including ginning, grain handling, transport, contracting and professional services. Regional centres including Goondiwindi, Moree, Inverell and Tenterfield depend substantially on the economic activity generated by irrigated agriculture.

Border Rivers irrigators are world-class water managers. Operating in one of the most climatically variable environments in Australia has driven continuous improvement in water use efficiency, scheduling, agronomy and on-farm water management. This operational excellence is the product of decades of investment by individual water users and the collective irrigation community — investment that has been made possible by the security and reliability of water access rights under the National Water Initiative framework.

Our members hold water access entitlements across regulated, unregulated and groundwater systems in both New South Wales and Queensland. This cross-jurisdictional operation gives our members particular insight into the inconsistencies between state water management frameworks and the practical consequences of incomplete or inconsistent NWI implementation.

3. Thirty-Five Years of Reform — The Case for Stability

To understand the context in which this submission is made, it is necessary to appreciate the cumulative weight of water reform that Border Rivers irrigators and their communities have absorbed

over the past three and a half decades. The following timeline illustrates the sustained and unrelenting nature of that reform. No other industry sector in Australia has been subjected to equivalent continuous restructuring over an equivalent period.

Early 1990s — Foundations for National Reform

1992 — Murray–Darling Basin Agreement: Established a cooperative, Basin-wide framework between the Commonwealth and Basin states, creating the Murray–Darling Basin Ministerial Council and Commission to coordinate cross-jurisdictional water management.

1992 — National Strategy for Ecologically Sustainable Development: COAG adopted national principles embedding environmental sustainability into natural resource and water management frameworks.

Mid-1990s — Market-Based Reform

1994 — COAG Water Reform Framework: Landmark national reform introducing: separation of water access entitlements from land title; water pricing based on full cost recovery; provision of water allocations for the environment; and water trading to improve economic efficiency.

1995 — National Competition Policy & Murray–Darling Basin Cap: States' reform progress linked to National Competition Payments. Basin Ministers agreed to cap surface water diversions at 1994 levels — the first firm extraction limit imposed for environmental protection.

Early 2000s — Consolidation and National Coordination

Early 2000s — First-Generation Water Sharing Plans: States introduced comprehensive statutory water sharing plans defining extraction limits, environmental flow rules and allocation priorities across river systems including the Border Rivers.

2004 — National Water Initiative: COAG agreed to a comprehensive national framework to secure legally defined water entitlements, expand water trading, improve water accounting, and address over-allocation in stressed systems — a fundamental step-change in water governance.

2005 — National Water Commission Established: Independent body created to assess NWI progress and provide national leadership on water reform.

Late 2000s — Federal Intervention and Basin-Scale Reform

2007 — Water Act 2007 (Cth): Driven by the Millennium Drought, expanded Commonwealth constitutional powers over Basin water management and established the Murray–Darling Basin Authority, providing the legal foundation for a single Basin-wide plan based on sustainable diversion limits.

2010s — The Basin Plan Era

2012 — Murray–Darling Basin Plan Adopted: Set legally enforceable Sustainable Diversion Limits on surface and groundwater. Committed to recovering 2,750 GL for the environment, with a potential additional 450 GL subject to conditions. Required Basin states to prepare accredited Water Resource Plans — a multi-year process of planning and regulatory transformation.

2014–2019 — Implementation Phase: Introduction of water trading rules, environmental watering strategies, long-term state environmental watering plans, and initial water recovery programs. The Border Rivers was subject to continuous water sharing plan review and revision throughout this period.

2018 — NSW Non-Urban Water Metering Reform: New South Wales commenced a staged, multi-year metering reform program requiring all non-urban water users to install AS4747-compliant meters — a significant capital and compliance burden for Border Rivers irrigators.

2019 — NRAR Established: New South Wales created the Natural Resources Access Regulator as a dedicated water compliance agency, introducing a new layer of enforcement and reporting obligations.

2020s — Review, Adjustment and Continued Reform

2020 — First Basin Plan Evaluation: Five-year statutory evaluation assessed effectiveness and identified ongoing implementation challenges. Led directly to further policy review and legislative change.

2021 — IPART Rural Bulk Water Pricing Determination: Resulted in substantial price increases across Border Rivers valleys — high-security annual bills rose by 10.9% in the Border Rivers. Price increases across northern NSW valleys averaged 29–31% for entitlement and usage charges respectively.

2023 — Water Amendment (Restoring Our Rivers) Act: Amended the Water Act and Basin Plan to extend timeframes to 2027, increase buyback funding and re-prioritise voluntary water purchases — reversing earlier commitments to prioritise non-buyback options and adding further uncertainty for irrigators.

2024 — 10-Year Statutory Basin Plan Review Commenced: MDBA commenced the first full statutory review of the Basin Plan. Simultaneous reviews of environmental watering, water quality targets and salinity underway.

2024–2026 — National Water Agreement Transition: Commonwealth and states began developing a new National Water Agreement to replace the 2004 NWI — a further structural reform process adding to the already substantial burden of policy change and consultation demand.

2026 — This Inquiry: The Productivity Commission's National Water Reform 2026 inquiry — the third statutory assessment since the NWI was agreed — is being conducted concurrent with the Basin Plan review, the NWA transition, and ongoing metering reform implementation.

The cumulative weight of this reform timeline is substantial. At virtually no point in the past 35 years has the Border Rivers irrigation sector been able to operate in a stable policy environment for more than a few years before the next wave of structural change. Each reform has required significant time, money and management attention from irrigated enterprises — resources that would otherwise be directed toward productive investment, sustainability improvement and community contribution.

Border Rivers Food & Fibre does not submit this history to argue against sensible policy improvement. Many elements of this reform journey have produced genuine and valuable outcomes — better-defined property rights, more efficient markets, improved environmental water management, stronger compliance frameworks. These achievements deserve recognition.

We submit this history to make a clear and evidence-based case: the time for major structural reform has passed. The architecture is in place. The immediate priority must be stability, consolidation and effective implementation — not another wave of structural change.

4. The Border Rivers Context — Hydrology, Variability and Structural Characteristics

Effective national water policy must be grounded in an understanding of the diverse physical and economic characteristics of Australia's water systems. The Border Rivers system differs fundamentally from southern regulated river systems and from urban water supply contexts. Policy frameworks

designed without reference to these differences risk producing unintended and counterproductive outcomes.

4.1 Hydrological Variability

The Border Rivers catchment is characterised by high inter-annual variability in rainfall and streamflow. Unlike southern Basin systems where major storages provide substantial carry-over capacity, northern systems are characterised by episodic, high-volume flow events. Flood peaks may contribute the majority of annual inflow in a single event, while extended dry periods produce minimal runoff.

This variability has profound implications for water management. Water allocation systems must be designed to enable opportunistic harvesting during episodic events while managing environmental flows, downstream connectivity and channel capacity constraints. The automatic response mechanisms built into allocation frameworks — where irrigators receive only a share of water remaining after critical human needs, basic landholder rights and environmental provisions have been met — mean that irrigators already bear the primary risk of climate variability in real time.

Over recent decades, average inflows across the northern Basin have declined, reflecting long-term drying trends consistent with climate change projections. General security allocations across northern NSW valleys have shown a persistent downward trend, driven by both climatic factors and cumulative policy-driven changes to water sharing arrangements. This dual exposure — to climate variability and to policy-induced reliability reductions — is a defining challenge for Border Rivers irrigators.

4.2 Geographic Scale and Infrastructure Costs

The Border Rivers irrigation system covers a large geographic area with relatively low population density. Water delivery, monitoring and management infrastructure must be maintained across long distances with limited economies of scale. This creates structural cost pressures that differ markedly from urban water utilities or high-density irrigation districts.

These characteristics mean that per-customer infrastructure costs in the Border Rivers are inherently higher than in denser water supply systems. National pricing and regulatory frameworks must recognise these structural differences if they are to produce sustainable and equitable outcomes for regional water users.

4.3 Cross-Jurisdictional Operation

Border Rivers irrigators operate within a cross-jurisdictional framework involving both New South Wales and Queensland water management systems. This creates additional complexity in water planning, licensing, trading and compliance. Inconsistencies between jurisdictional frameworks impose real costs on irrigators and limit the effectiveness of water markets. Greater national consistency — without sacrificing the jurisdictional flexibility needed to manage a highly variable system — remains an important policy priority.

4.4 Water Markets in the Northern Basin

Water trading in the northern Basin operates very differently from the large, sophisticated and highly liquid southern Basin market. The northern market is characterised by smaller overall volumes, fewer trades, greater reliance on individual contacts and relationships rather than digital trading platforms, and more limited market depth. This reality must shape how compliance and regulatory requirements are calibrated for the northern context.

There is no justification for applying the same rules, compliance burdens and reporting requirements to the northern Border Rivers market that are designed for the southern Basin. Regulatory

proportionality — calibrating compliance requirements to the actual size, complexity and activity of the market in question — is a principle the Commission should endorse explicitly.

5. Progress Since the 2024 NWI Assessment (Part A)

5.1 Areas of Progress

Border Rivers irrigators acknowledge that substantial progress has been made in implementing National Water Initiative commitments across both New South Wales and Queensland since the 2024 assessment.

In New South Wales, four of the eight previously unaccredited Murray-Darling Basin water resource plans were accredited by the Murray-Darling Basin Authority in 2024. The Lachlan Surface Water Resource Plan and the NSW Murray and Lower Darling Surface Water Resource Plan were accredited in May 2024, and the Barwon-Darling Watercourse and Macquarie-Castlereagh Surface Water Resource Plans were accredited in June 2024. This represents meaningful progress toward NWI compliance, and we acknowledge the effort required to bring these plans to accreditation standard.

The continued rollout of the Non-Urban Water Metering Reform — while not without implementation challenges addressed below — represents a significant investment in the integrity of water resource accounting. The establishment of the Natural Resources Access Regulator as a dedicated compliance agency has strengthened confidence in the enforcement framework.

In Queensland, expansion of independent economic regulation for urban water providers and continued investment in water security infrastructure have supported progress toward NWI objectives. Ongoing work on the First Nations Water Strategy, though not yet finalised, represents a commitment to elevating Indigenous water interests within the planning framework.

Progress in water markets has delivered meaningful efficiency gains. The availability of temporary and permanent trade has enabled irrigators to respond to variable conditions, reallocate water to higher-value uses and manage financial risk during drought periods. Improved data transparency — including public access to trade and allocation data — has supported market confidence.

5.2 Areas of Limited or Reversed Progress

Despite these achievements, progress has been limited or reversed in several areas of critical importance to Border Rivers irrigators.

Outstanding Water Resource Plans

Four Murray-Darling Basin water resource plans in New South Wales remain unaccredited by the MDBA, some with consultation histories that are now approaching seven years old. The Namoi Alluvium Water Resource Plan (last consulted June 2019), the Namoi Surface Water Resource Plan (November 2019), the Gwydir Alluvium Water Resource Plan (December 2018) and the Gwydir Surface Water Resource Plan (November 2018) were all due to be resubmitted to the MDBA in 2025 following further work. It is unclear whether this has occurred, and NSW-DCCEEW has not made direct contact with water users on the progress of these plans.

The Namoi and Gwydir catchments are directly connected to and upstream of the Border Rivers system. Ongoing uncertainty about the accreditation status of these plans creates cascading governance uncertainty for water users across the northern Basin. The Commission should note that the primary stated barrier to accreditation — the need for culturally appropriate consultation with Aboriginal communities under Part 14 of the Basin Plan — is a legitimate and important requirement,

but one that has now been outstanding for multiple years without transparent reporting on progress to affected water users.

Floodplain Harvesting — Governance Failure and Legal Exposure

The governance of the NSW floodplain harvesting (FPH) reform represents one of the most significant and concrete examples of implementation failure in the current NWI assessment period. The reform has been characterised by departmental delays, repeated agency restructuring, technical system failures, and — most critically — a sustained period of legal uncertainty that has left water users unable to determine the legality of their water take during actual floodplain harvesting events.

The basic functions of the FPH framework have not been properly implemented. FPH licences are not valid until all works under the Floodplain Management Plan are registered and approved, yet works approvals are cost-prohibitive and processing delays are widespread. The Distributed Antenna System (DAS) — built as a minimal viable product — has had persistent technical failures. The connection between iWAS (which registers take and sends it to WaterNSW) and DAS (which transmits meter signals) has not functioned reliably: irrigators following correct procedures have found that iWAS may not update properly and is unable to measure FPH take. Water users who have invested significant time and resources to achieve compliance are justifiably frustrated that these system-level failures remain unresolved after several years of program implementation.

Critically for Border Rivers irrigators, northern NSW experienced multiple FPH events across 2025. Due to ongoing legal proceedings and an extended appeal timeframe granted to DCCEEW, the legality of water take during these events remains unresolved. Water users were left exposed to NRAR scrutiny with no clear direction from either NSW-DCCEEW or the courts as to what take was lawful. This is not a minor administrative inconvenience — it represents a governance failure that directly denied irrigators the economic opportunity of capturing water that is available only episodically, and that they hold entitlements to harvest.

The Commission's 2024 priorities for NSW included completing the rollout of floodplain harvesting licences. That objective has not been met, and the situation has deteriorated. The FPH program requires urgent, funded resolution — including clarification of the legal framework, resolution of system-level technical failures, and a pathway to compliance that does not place the cost and risk of government implementation failures onto individual water users.

Market Primacy and Rules-Based Changes

The most serious regression in national water reform over the past three years has been the drift away from market-based mechanisms and toward rules-based administrative changes as the primary tool for altering water access, reliability and entitlements. This represents a fundamental departure from the core principle of the reform era.

The original Basin Plan implementation was rightly built on the recognition that water required for the environment would be acquired through the market from willing sellers, or through funding of market-based water efficiency projects. This approach recognised the property right fully and provided fair compensation. Some jurisdictions — in particular New South Wales — have in recent years reverted to rules-based changes to amend reliability, access or entitlements, bypassing the market and significantly devaluing the water asset. This trend must be reversed.

Border Rivers Food & Fibre endorses the position advanced by Cotton Australia in its concurrent submission to this inquiry: the water market should be embedded as the default — and expected — mechanism for any reassignment of water between uses. Rules-based changes that materially affect entitlement value or allocation reliability should be subject to the same scrutiny and compensation obligations as a direct acquisition.

Risk Assignment Framework

The Risk Assignment Framework (NWI clauses 46-51) was designed to protect the integrity of water property rights by clearly allocating the risk of changes in water availability between governments and entitlement holders. In practice, this framework remains poorly implemented. There is no agreed metric or methodology for measuring reliability, no systematic baseline data against which to assess changes, and no regular reporting on the reliability of water access entitlements.

Border Rivers irrigators are increasingly concerned that governments have used incremental, sub-threshold policy changes — individually falling below the three per cent threshold that would trigger formal risk assignment review — to achieve cumulative reductions in allocation reliability that substantially exceed that threshold in practice. This 'haircut' approach is inconsistent with the spirit and intent of the NWI and represents a de facto erosion of water property rights for which entitlement holders receive no compensation.

Until there are agreed reliability metrics, mandatory reporting, and cumulative impact assessments, the Risk Assignment Framework cannot function as intended. This is an area where progress has been materially inadequate since at least the 2020 inquiry and continues to represent a significant governance failure.

Environmental Water Management — Optimise, Don't Acquire

Through the actions of both the Commonwealth and state governments, governments now hold significant quantities of environmental water. The focus must now decisively shift from the acquisition of further environmental water to optimising the environmental benefits obtained from water already held. Sustainable Diversion Limits are in place and being met. The argument for further water recovery from productive users has been substantially exhausted.

To achieve this optimisation, environmental water holders — and in particular the Commonwealth Environmental Water Holder — should be enabled to be nimble and active participants in the water market. This means the ability to trade water when it is strategically appropriate (both buying and selling), with the flexibility to invest proceeds either in additional water or in the environmental infrastructure and complementary measures that science increasingly shows are necessary to deliver genuine ecological outcomes. Environmental water should not sit idle while environmental needs go unmet due to infrastructure or access constraints.

Border Rivers Food & Fibre also notes that while environmental water holders should in principle be subject to the same metering and accounting rules as other entitlement holders, there may be some operational contexts where case-by-case variations are justified. These should be identified transparently and subjected to the same public scrutiny as any other regulatory variation.

Declining Reliability and Cumulative Policy Impacts

General security allocations across Border Rivers valleys in New South Wales have declined significantly over the past two decades. Across all northern NSW valleys, a trend of long-term decline in allocations to general security licences is observable regardless of licence volume. This decline is attributable to two factors: long-term climate change reducing average inflows, and policy-driven changes to water sharing rules and reserve requirements that cumulatively reduce water availability to the consumptive pool.

Little systematic effort has been made to disaggregate these two drivers or to assess the cumulative policy contribution to declining reliability. This failure deprives water users of the transparency they need to understand their risk exposure and makes it impossible to apply the Risk Assignment Framework appropriately. Governments should be required to publish regular assessments of the relative contribution of climate and policy factors to changes in allocation reliability.

Cost-Sharing and Pricing

Water pricing for rural bulk water in New South Wales does not meet NWI objectives. The current pricing framework effectively requires water users to bear costs that properly belong to the public interest — including environmental water management, water quality monitoring, flood mitigation infrastructure and regulatory compliance activities. This is inconsistent with the NWI user-pays principle and imposes inequitable cost burdens on irrigators.

The 2021 IPART pricing determination resulted in substantial price increases across Border Rivers valleys, with high-security annual bills increasing by 10.9 per cent in the Border Rivers. These increases reflected rising WaterNSW operating expenditure rather than changes in service levels experienced by water users. Ongoing pricing pressures — compounded by the WAMC charges — are diminishing the financial viability of smaller irrigated enterprises and constraining investment.

A significant and welcome development occurred in April 2026, when IPART released a revised cost allocation methodology for WaterNSW regulated river customer cost shares. The revised approach proposes to assess causal responsibility for forward-looking costs — allocating avoidable costs to WaterNSW customers and sharing common costs between customers and the NSW Government. Importantly, IPART has also proposed establishing a new Government Service Activity, with 100 per cent government funding, covering activities undertaken for the government rather than for water users. IPART has proposed 7.5 per cent of WaterNSW efficient operating expenditure be allocated to this activity. Border Rivers Food & Fibre broadly supports this revised approach as a step toward NWI-consistent pricing. However, given the volume and pace of government-driven reform currently being absorbed by the water sector, we consider the Government Service Activity allocation should be set at a minimum of 10 per cent, consistent with NSWIC's position. We urge the Commission to endorse the principle of causal cost attribution and the Government Service Activity as elements of best-practice pricing design that should be embedded in the renewed NWI.

Metering Implementation

While the NSW Non-Urban Water Metering Reform represents a world-leading policy design, its implementation has created significant practical difficulties for Border Rivers irrigators. Compliance barriers including DQP supply shortages, telemetry system failures, inconsistent licence conditions and excessive administrative burdens have prevented many willing water users from achieving compliance despite good faith efforts. NRAR compliance statistics consistently show low overall compliance rates, which reflect implementation failures rather than deliberate non-compliance.

A fit-for-purpose metering system requires not only strong policy design but also the operational infrastructure to support compliance. The NSW Government must resolve known implementation barriers — including DQP supply shortages, telemetry decoupling and simplified pathways for inactive works — before extending or escalating enforcement.

Recommendations

1. The Productivity Commission should recommend that rules-based administrative changes to water allocation, reliability or entitlement access be treated as a last resort only, with market-based mechanisms the default approach to any reassignment of water rights between uses.
2. NSW-DCCEEW should publish a transparent, time-bound plan for accreditation of the four remaining unaccredited Murray-Darling Basin water resource plans (Namoi Alluvium, Namoi Surface Water, Gwydir Alluvium and Gwydir Surface Water), including clear milestones and regular public reporting on progress.
3. The NSW Government should urgently resolve the legal and technical framework governing floodplain harvesting — including clarifying the legality of water take during

FPH events, resolving DAS and iWAS system failures, and providing a funded pathway to compliance that does not impose the cost of government implementation failures on individual water users.

4. The Risk Assignment Framework should be strengthened by mandating agreed reliability metrics, regular reporting, and cumulative impact assessments for all water sharing plan areas.
5. Governments should be required to publicly assess the relative contribution of climate and policy factors to long-term changes in allocation reliability.
6. The NWI pricing framework should be reformed to clearly distinguish between costs attributable to water users and public interest costs appropriately funded by government. The Commission should endorse IPART's April 2026 causal cost attribution methodology and Government Service Activity as elements of best-practice pricing design that should be adopted nationally.
7. The Commonwealth Environmental Water Holder and state environmental water holders should be empowered and enabled to be active, nimble participants in water markets — including selling water and investing proceeds in environmental infrastructure — to maximise environmental outcomes from existing holdings.
8. NSW Government should resolve identified barriers to metering compliance before further escalating enforcement, including resolving DQP supply shortages, decoupling telemetry obligations, and simplifying inactive works pathways.

6. Barriers and Emerging Risks

Border Rivers irrigators identify the following as the most significant barriers to achieving NWI outcomes and emerging risks to water reform objectives over the next three years.

6.1 Policy and Regulatory Uncertainty

Sustained reform fatigue and policy instability are among the most significant barriers facing irrigated agriculture in the Border Rivers. The water sector has been subject to near-continuous reform over three decades — from the Basin Plan and its successive amendments, to metering reforms, environmental water programs, pricing reviews and governance restructuring. Communities and businesses that depend on water access require stability and predictability in order to invest with confidence.

The Water Amendment (Recovering our Rivers) Act 2023 exemplifies this instability. Despite assurances from the Federal Water Minister that all options remained on the table — including complementary measures — the legislation effectively entrenched water buybacks as the primary policy lever, marginalising non-volumetric approaches that science and experience demonstrate are essential to achieving genuine environmental outcomes. This disconnect between stated policy intent and legislative outcome erodes trust in the reform process.

Border Rivers irrigators are also concerned about the current process of developing a National Water Agreement. The draft NWA, as released for consultation, lacks the specificity and enforceability of the NWI. Without detailed objectives, actions and accountability mechanisms, the NWA risks becoming a weaker instrument than the framework it replaces — a step backward rather than forward in national water reform.

6.2 Regulatory Burden and Compliance Costs

Water users are experiencing a significant and growing burden of compliance costs associated with metering, reporting, environmental approvals, planning obligations and administrative processes. These costs are particularly acute for smaller irrigated enterprises that lack the administrative capacity to manage complex regulatory obligations efficiently.

Regulatory complexity also imposes substantial opportunity costs — time and resources consumed by compliance activities that could otherwise be directed toward productive investment, environmental stewardship and community engagement. The total regulatory burden on water users has grown substantially over the reform period without commensurate improvements in water management outcomes.

A critical principle that must apply in the northern Basin context is regulatory proportionality. Compliance and market frameworks must be commensurate with the size and activity of the market. There is no justification for applying the same rules and compliance burdens to the northern Border Rivers that operate in the large, sophisticated southern MDB market.

6.3 Infrastructure Underinvestment

Underinvestment in water infrastructure presents a significant emerging risk to northern Basin water systems. Aging storage, conveyance and distribution infrastructure in the Border Rivers region requires ongoing maintenance investment to maintain performance and reliability. Deferred maintenance creates long-term cost liabilities and service reliability risks that threaten the sustainability of water delivery systems.

Investment decisions for major water infrastructure have been inadequate, and the 2024 PC findings noted that a significant proportion of major infrastructure developments funded since 2021 were not subjected to transparent cost-benefit assessment. Infrastructure investments with strong regional economic cases in northern systems have faced funding barriers and regulatory delays.

6.4 Climate Change and Declining Water Availability

The continued decline in long-term average annual inflows across northern NSW valleys is a genuine and growing risk to the viability of irrigated agriculture in the Border Rivers. Under current arrangements, irrigators bear the entire risk of climate-driven reductions in water availability — the Commonwealth Water Act 2007 explicitly assigns to entitlement holders the risk of reductions arising from seasonal or long-term climate change. This risk allocation is increasingly inequitable as climate impacts become more pronounced and the cumulative burden of both climate and policy-driven reductions compounds.

Recommendations

1. The renewed NWI should maintain the detailed objectives, actions and accountability mechanisms of the 2004 NWI rather than retreating to high-level principles in the National Water Agreement.
2. Governments should commit to regular, published stocktakes of cumulative regulatory burden on water users, with a mandate to reduce administrative duplication and apply risk-proportionate approaches to compliance — with northern Basin markets explicitly recognised as requiring a lighter regulatory touch than the southern Basin.
3. The Australian Government should establish stable, long-term funding frameworks for regional water infrastructure investment, with transparent cost-benefit processes that recognise regional economic benefits.

4. The renewed NWI should include explicit provisions for sharing the risks of climate-driven reductions in water availability between governments and entitlement holders.

7. Forward Reform Priorities for the Next Three Years (Part A)

Border Rivers irrigators identify the following as the three highest-priority reforms for the next NWI assessment period.

Priority 1: Embed Market Primacy — End Rules-Based Changes to Water Rights

The overriding priority for the next three years is the re-establishment and firm entrenchment of water market mechanisms as the only legitimate pathway for reassigning water between uses. The regulatory and policy environment has drifted dangerously toward rules-based administrative interventions that devalue entitlements without compensation and without the transparency that market transactions provide. This drift must be reversed.

We recommend the Commission recommend that: (i) any proposed rules-based change that would materially affect entitlement value, allocation reliability or water access must be subject to a mandatory assessment of its compensable impact and the demonstration that market mechanisms cannot achieve the same outcome; (ii) the Risk Assignment Framework should be reformed to capture cumulative sub-threshold changes and ensure their impact is assessed and, where warranted, compensated; and (iii) the NWI renewal should explicitly state that water market mechanisms are the expected and preferred pathway for any reallocation of water between consumptive and environmental uses.

Priority 2: Reform Water Pricing to Separate User Costs from Public Interest Costs

The current pricing framework for rural bulk water in New South Wales requires irrigators to fund activities that deliver benefits to the broader community, not just to water users — including environmental water management, water quality monitoring programs, compliance infrastructure, flood mitigation and policy development costs. This conflation of user costs with public interest costs is inequitable, inconsistent with NWI principles and is placing unsustainable financial pressure on irrigated enterprises.

The Commission should note that this reform is already being actively pursued at the regulatory level. In April 2026, IPART released a revised cost allocation methodology that proposes to assess causal responsibility for costs and to establish a Government Service Activity — funded 100 per cent by government — for WaterNSW expenditure driven by government priorities rather than water user needs. This is a meaningful step in the right direction, and demonstrates that the reform we are advocating is both achievable and already under active consideration by an independent regulator. The renewed NWI should embed the principle of causal cost attribution nationally, requiring all jurisdictions to adopt equivalent approaches to distinguish between user costs and public interest costs in water pricing determinations.

The renewed NWI should include explicit provisions requiring jurisdictions to identify and disaggregate public interest costs in water pricing determinations, to fund those costs from government revenue rather than water charges, and to publish transparent accounts of cost attribution. This reform does not reduce overall funding for water management — it reallocates the burden more equitably between direct water users and the broader community that benefits from public interest water management.

Priority 3: Invest in Northern Basin Water Infrastructure

The long-term sustainability of irrigated agriculture in the Border Rivers depends on the reliability and efficiency of the water infrastructure that underpins the system — storage and conveyance infrastructure, measurement and telemetry systems, and connectivity infrastructure that enables effective water delivery and management.

Governments should commit to a structured program of infrastructure assessment and investment in northern Basin systems, focused on maintaining and improving service reliability, reducing operational costs and supporting adaptation to variable climatic conditions. Investment frameworks should be transparent, evidence-based and explicitly consider regional economic benefits — including food production, employment and export earnings — alongside direct hydrological and financial returns.

8. Secure, Resilient and Sustainable Water Services (Part B)

Part B of the Commission's inquiry examines pricing, governance and regulatory arrangements for the water services industry. While Border Rivers irrigators are primarily affected by rural bulk water pricing rather than urban water service regulation, we have a direct interest in the broader governance and institutional arrangements that shape water management across the region.

8.1 Pricing and Economic Regulation — Theme 1

Trade-offs Between Policy Objectives

Effective water pricing frameworks must balance multiple objectives including cost recovery, long-term infrastructure sustainability, affordability for water users and appropriate allocation of risk. The most significant imbalance in current pricing frameworks is the failure to distinguish between costs that water users should appropriately fund — the direct costs of water delivery services — and costs that reflect broader public policy objectives funded by water charges without transparent justification.

The 2021 IPART pricing determination involved significant increases in customer cost shares without commensurate improvements in service delivery. Cost escalation driven by internal operational decisions by WaterNSW should not automatically translate to price increases for water users. Regulatory frameworks should provide stronger incentives for service providers to manage costs efficiently and demonstrate productivity improvement before seeking price increases.

Regulatory Proportionality

A principle the Commission should endorse is that regulatory processes and compliance requirements should be proportionate to the risks being managed. The same pricing review processes and regulatory burdens should not be applied uniformly across vastly different market contexts. Simplified procedures for smaller, less active markets — including northern Basin rural water systems — would reduce administrative burden without compromising regulatory rigour.

Recommendations

1. Pricing frameworks for rural bulk water should clearly distinguish between costs attributable to water users (direct service delivery costs) and public interest costs (environmental management, compliance, monitoring), with the latter funded from government revenue.

2. Independent economic regulation should include stronger incentives for service provider efficiency and productivity, rather than automatically passing cost escalation through to water users.
3. Regulatory processes and compliance requirements should be explicitly calibrated to the size and complexity of the water market context — applying southern Basin regulatory intensity to the northern Basin is disproportionate and unjustified.

8.2 Governance, Accountability and Coordination — Theme 2

Roles, Responsibilities and Accountability

Water governance in the Border Rivers involves multiple agencies across two state jurisdictions — NSW DCCEEW, WaterNSW, NRAR, the Murray–Darling Basin Authority, Queensland DESI, Seqwater, and various Commonwealth bodies. This multiplicity creates genuine risks of fragmented decision-making, unclear accountability and gaps in oversight. Border Rivers irrigators regularly encounter situations where it is unclear which agency holds primary responsibility for a given decision, and where agencies provide inconsistent information or advice.

Clear, publicly available statements of institutional roles and responsibilities — updated as governance arrangements evolve — would significantly improve transparency and accountability.

Community and Stakeholder Engagement

The quality of stakeholder engagement by water management agencies has been highly variable. The NSW Non-Urban Water Metering Reform consultation process provided a positive example — transparent, structured, with genuine responsiveness to stakeholder input. By contrast, the NSW Government's decision to reverse coastal harvestable rights from 30 per cent to 10 per cent was announced with minimal consultation, contradicted modelling that showed the change was not warranted, and left affected water users without any clear account of the evidence base for the decision.

The community and industry experience of the Murray–Darling Basin Plan — a far-reaching reform that many felt was 'done to them' rather than 'with them' — is well documented. The renewed NWI must strengthen engagement obligations and introduce accountability mechanisms that require agencies to demonstrate how community input has influenced decisions.

Cross-Border Coordination

Cross-border coordination in the Border Rivers remains an ongoing challenge. Different water management rules, licensing arrangements, trading frameworks and compliance systems across New South Wales and Queensland impose real costs on irrigators who operate in both jurisdictions. The Commission should prioritise recommendations that reduce jurisdictional inconsistency in practical water management and trading frameworks, while maintaining the flexibility needed to accommodate hydrological and geographic differences.

Recommendations

1. The Australian Government should publish and maintain clear, publicly accessible statements of institutional roles and responsibilities across all agencies involved in water management.

2. The renewed NWI should strengthen community engagement obligations and introduce accountability mechanisms requiring agencies to demonstrate how stakeholder input has influenced decisions.
3. Cross-jurisdictional coordination in the Border Rivers should be strengthened to reduce inconsistencies in water management, trading and compliance frameworks across New South Wales and Queensland.

8.3 Regional and Remote Equity — Theme 3

Structural Cost Pressures in Regional Systems

Water service providers operating in regional and remote areas face structural cost pressures that are not adequately reflected in current pricing and funding frameworks. In the Border Rivers context, the combination of large geographic areas, low customer density, aging infrastructure and exposure to highly variable climatic conditions creates a fundamentally different cost structure from urban water utilities. Current funding and pricing arrangements do not consistently recognise these structural differences.

Service Equity and First Nations Water Access

Access to safe, affordable and reliable water services for Aboriginal and Torres Strait Islander communities in the Border Rivers region remains an area of ongoing concern. Border Rivers Food & Fibre supports the inclusion of strengthened First Nations water interests in the renewed NWI and acknowledges the importance of developing genuine partnership frameworks between irrigation communities and Traditional Owners.

We note, however, that water access for First Nations economic development must be sourced from within existing entitlement frameworks — including by purchase on the open market through transparent processes — rather than through rules-based changes that reduce access under the current entitlement framework. There is no 'new' water to allocate; any reallocation to new purposes must be managed within the existing consumptive pool.

The Billabong Restoration Project model — which incorporates Indigenous knowledge and custodianship into water and wetland management, provides culturally appropriate employment and builds genuine partnerships between Traditional Owners and irrigation communities — represents a promising approach that should be elevated and resourced within the national policy framework.

Free, Prior and Informed Consent — Engagement Obligations and Decision-Making Authority

Border Rivers Food & Fibre has previously raised concerns about the incorporation of Free, Prior and Informed Consent (FPIC) principles into water management and planning frameworks, and we maintain those concerns in the context of the current inquiry.

We acknowledge the international origins of FPIC as a principle articulated in the United Nations Declaration on the Rights of Indigenous Peoples and the genuine policy intent behind its adoption — namely, ensuring that First Nations peoples are meaningfully involved in decisions that affect Country, water and cultural values. We strongly support that intent. Genuine, early and well-resourced engagement with Traditional Owners in water planning processes is not only appropriate but essential to achieving durable and legitimate water management outcomes.

However, the specific language of 'consent' in FPIC frameworks introduces a significant ambiguity that has not been adequately resolved in Australian water policy. Where consent is interpreted as

conferring a right of veto over water management decisions — including planning decisions, infrastructure approvals or changes to water sharing arrangements — it creates a fundamentally different governance arrangement from meaningful consultation. A veto right would alter the decision-making framework for water management in ways that have not been the subject of transparent public deliberation, potentially enabling any single interest group to prevent decisions that affect shared resources and carry public interest obligations across the wider community.

This concern is not theoretical. As FPIC principles are progressively incorporated into Commonwealth and state policy frameworks — including through the National Agreement on Closing the Gap and emerging National Water Agreement drafts — the question of whether 'consent' means genuine engagement or implies a power of refusal is of direct practical consequence for water management processes in the Border Rivers and across the Basin.

Border Rivers irrigators therefore recommend that the Commission provide clear guidance on the appropriate application of FPIC principles in the water management context. Specifically, we urge that any renewed NWI or National Water Agreement: (i) affirm the obligation of governments to engage First Nations peoples in water planning processes in a genuine, early, well-resourced and culturally appropriate manner; (ii) clarify that this engagement obligation does not confer a veto right over water management decisions that carry broader public interest responsibilities; and (iii) distinguish clearly between the procedural content of engagement — which should be robust, binding and subject to accountability mechanisms — and final decision-making authority, which remains with responsible governments and regulators acting within their statutory mandates.

We emphasise that this position is not a rejection of First Nations rights in water management. It is a call for policy clarity that enables genuine and effective partnership without creating governance uncertainty that ultimately serves neither First Nations communities nor the broader water management system.

Alternative Service Delivery Models

In the Border Rivers, irrigator-led and community-controlled service delivery has historically produced efficient, locally appropriate outcomes. Models that support greater local governance, co-investment between governments and water users, and community-based adaptive management of water infrastructure merit serious consideration as alternatives to centralised utility models.

Recommendations

1. Funding frameworks for regional water service providers should explicitly recognise structural cost differences, including geographic scale, customer density and climate variability.
2. First Nations economic water access should be progressed through transparent market-based mechanisms and existing entitlement frameworks, not through rules changes that reduce the consumptive pool for existing entitlement holders.
3. The NWI should elevate partnership-based models — such as the Billabong Restoration Project — as a principal mechanism for delivering cultural water outcomes through genuine collaboration between Traditional Owners and irrigation communities.
4. The renewed NWI and National Water Agreement should clearly distinguish between the obligation to engage First Nations peoples in water planning processes in a genuine, early and culturally appropriate manner, and decision-making authority — affirming that engagement obligations do not confer a veto right over water management decisions that carry broader public interest responsibilities.

5. The Australian and State Governments should explore collaborative service delivery models for regional water infrastructure that enable greater local governance and co-investment.

8.4 National Consistency and Intergovernmental Coordination — Theme 4

Greater national consistency in water management frameworks can deliver real efficiency gains and reduce compliance costs for irrigators operating across jurisdictions. However, consistency must not come at the expense of the flexibility needed to manage highly variable and geographically diverse water systems.

The most productive areas for greater national consistency include water market infrastructure (registers, trading protocols, data standards), metering and measurement standards, and compliance frameworks. By contrast, water planning arrangements, allocation rules, infrastructure investment priorities and service delivery models should retain substantial jurisdictional flexibility, with national frameworks setting objectives and principles rather than prescriptive requirements.

Recommendations

1. National consistency efforts should prioritise water market infrastructure, metering standards and compliance frameworks, where jurisdictional differences impose direct costs without clear benefits.
2. Water planning, allocation and service delivery arrangements should retain substantial jurisdictional flexibility, with national frameworks setting objectives rather than prescriptive requirements.
3. The renewed NWI should establish a reinvigorated National Water Reform Committee with strengthened coordination functions, rolling three-year action plans and independent assessment of progress against agreed objectives.

9. Conclusion

Australia's national water reform agenda has been extensive, ambitious and enduring. Over more than three decades, governments and stakeholders have fundamentally reshaped how water is allocated, managed and valued, culminating in sophisticated water markets, enforceable limits on extraction, substantial environmental water holdings and improved governance frameworks. Border Rivers Food & Fibre acknowledges the significant environmental and economic gains that have flowed from this reform journey.

However, the cumulative burden of continuous reform, review and adjustment has come at a considerable cost to irrigators, regional communities and investor confidence. Water reform fatigue is now a genuine and pressing issue, particularly in irrigation-dependent regions of the northern Basin. For many growers, ongoing policy change has translated into uncertainty, heightened business risk and a reduction in long-term planning confidence.

The core architecture required to manage water sustainably is now in place. The priority should shift from further structural reform to consolidation, stability and effective implementation of existing frameworks. This means optimising the use of environmental water already held — including by

enabling environmental water holders to be nimble and active market participants — ensuring regulatory and compliance settings are proportionate to market size and activity, and maintaining strong, genuine stakeholder engagement.

Central to restoring confidence must be the full recognition of water entitlements as property rights and the consistent use of transparent, market-based mechanisms to reassign water between consumptive and environmental uses. Rules-based interventions that materially alter reliability or allocations undermine asset values and erode trust in the water management system. The water market was created precisely to enable this reallocation efficiently and fairly. It should be used.

Border Rivers Food & Fibre is committed to working constructively with governments, regulators and other stakeholders to achieve water management outcomes that sustain regional economies, support environmental health and build community confidence in the system. We are available to discuss any aspect of this submission with the Commission at the contact details provided on the cover page.