



ADIC SUBMISSION

Productivity Commission
National Water Reform 2026 inquiry:
*Interim update on the preliminary assessment
of National Water Initiative progress*

July 2026

1. Introduction

The Australian Dairy Industry Council (ADIC) welcomes the opportunity to respond to the Productivity Commission's interim update on the preliminary assessment of progress under the National Water Initiative (NWI). This submission builds on the ADIC's May 2026 submission to the inquiry (sub. 66).

Over two decades of water reform, the pool of water available to productive agriculture has reduced substantially. The dairy industry has adjusted to this, investing in efficiency and lifting its water productivity in response. There are limits, however, to how much further adjustment the industry can absorb. Additional reductions in access, whether through buybacks or rule changes that achieve the same result without compensation, would place significant financial pressure on dairy farm businesses, dairy processors and the regional communities that depend on them. A reliable milk supply is fundamental to Australia's dairy manufacturing competitiveness, influencing plant utilisation, export capability, regional employment and confidence to make long-term investment in Australian manufacturing. The Commission's final assessment should hold jurisdictions to account for outcomes rather than activity and should be explicit that entitlement security and honest risk assignment are the conditions on which continued investment in irrigated agriculture depends.

The body of this submission sets out the dairy industry's context and the key points the Commission should carry into its final assessment. Detailed responses to the Commission's information requests are provided at Appendix A.

2. About the Australian Dairy Industry Council

The ADIC is the peak national body of the Australian dairy industry, representing the interests of dairy farmers and dairy processors through its two constituent bodies, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF). It aims to create a more prosperous and sustainable future for the industry and the regional communities that rely on it.

Australian Dairy Farmers is the national peak industry representative body for dairy farmers across Australia's six dairy producing states. Its membership includes the State Dairy Farming Organisations as well as direct farmer members.

The Australian Dairy Products Federation is the national peak policy and advocacy body representing the post farm-gate members of the Australian dairy supply chain, including processors, traders and marketers of Australian dairy. ADPF members process more than 90 per cent of Australian milk volumes for domestic and export markets.

This submission has been prepared with technical and analytical support from Dairy Australia, the national services body and research and development corporation for the dairy industry. Dairy Australia's contribution is limited to research, technical analysis and policy development. The positions expressed in this submission are those of the ADIC and its constituent bodies.

3. The Australian dairy industry and its reliance on water

Dairy is Australia's third largest rural industry. In 2024-25 the industry produced 8,315 million litres of milk from 3,772 farms and a national herd of 1.3 million cows, generating a farmgate value of about \$5.97 billion. About 30,400 people are directly employed on dairy farms and in dairy processing, with most of these jobs located in regional communities. The industry supports substantial further regional employment and economic activity through milk transport, contractors, farm service and input businesses, and the towns, schools and services that depend on a stable dairy population. In 2024-25, 36 per cent of Australian milk

production was exported, with dairy exports valued at \$3.8 billion, making Australia the fifth largest dairy exporter globally. Dairy manufacturing is nationally significant regional infrastructure, underpinning domestic food security, sovereign manufacturing capability and Australia's export success.¹

Dairy regions and their dependence on national water frameworks²

Every Australian dairy region depends on water access, planning and compliance frameworks that trace back to the NWI and will be shaped by the National Water Agreement (NWA). National water reform therefore affects how the dairy industry uses water in every region.

In the **Murray-Darling Basin**, and particularly the southern Basin, dairy farms depend on water entitlements, allocation determinations and water markets to manage seasonal variability. The Basin hosts about 26 per cent of Australia's dairy farms and contributes about 25 per cent of national milk production, about 2.06 billion litres annually, concentrated in northern Victoria, southern New South Wales and South Australia's Riverland. The southern Basin dairy industry supports about 36 processing facilities, directly employs more than 7,000 people, contributes about \$1.5 billion in farmgate value and generates more than \$2 billion in total economic activity each year.³

Western Victoria and Gippsland together account for about 44 per cent of national dairy farming activity, and dairy is the anchor of several regional economies. These regions rely on groundwater and surface water managed under Victoria's sustainable water strategies. Catchment yield is exposed to unlicensed plantation forestry interception, for which Victoria has no licensing framework, and in Gippsland to very large prospective water demands from Latrobe Valley mine rehabilitation.

South Australia's 166 dairy farms produce about 471 million litres of milk a year (about 5.7 per cent of national production) and generate roughly \$336 million in farmgate value. The Lower Limestone Coast is the state's key dairy region, anchoring a groundwater dependent industry managed under a statutory water allocation plan, which is also one of the few frameworks in Australia to manage plantation forestry interception within water planning.

New South Wales dairy farms, inland and coastal, together produce about 1,071 million litres a year and support some \$893 million in farmgate value. They operate under water sharing plans made under the Water Management Act 2000, rely on basic landholder rights for stock and domestic use, and deal with the compliance framework administered by the Natural Resources Access Regulator (NRAR).

Tasmania produces about 901 million litres a year, close to 11 per cent of national milk production and about \$623 million in farmgate value, while dairy in the subtropical regions supports the industry across Queensland and northern New South Wales. Both depend on irrigation scheme development, reliable allocations and secure supply for year-round production.

Water, profitability and investment

Water is fundamental to dairy production, and profitable dairy businesses are the foundation on which the industry's environmental, social and regional contributions rest. Basin dairy farms are highly exposed to water availability and market dynamics - about 60 per cent of the water used by dairy farms is sourced

¹ Dairy Australia (2025), In Focus 2025: The Australian Dairy Industry.

² Dairy Australia (2025), In Focus 2025: The Australian Dairy Industry.

³ Dairy Australia (2025), analysis cited in ADIC (2026), Submission to the 2026 Basin Plan Review discussion paper.

through the temporary (allocation) market, and about 25 per cent of farm capital is held in water entitlements.⁴ Reliable milk supply underpins confidence to invest in Australia's dairy manufacturing sector. Dairy manufacturing facilities are long-life, capital-intensive assets that require sufficient and secure milk volumes over decades to justify continued investment and to operate efficiently. Unlike many manufacturing sectors, dairy manufacturers cannot readily relocate their raw material supply or substitute imported inputs. Reduced water availability can lower plant utilisation, increase unit processing costs and weaken Australia's competitiveness as a place to manufacture dairy. Changes in water availability therefore cascade through dairy manufacturing, supply chains, export markets and regional economies.

The industry's response to a more constrained and variable water environment has been to produce more from less. Dairy generates high value per megalitre and has invested heavily in water use efficiency; in the Goulburn Murray Irrigation District, 92 per cent of dairy farmers have upgraded their irrigation systems, meaning much of the readily achievable efficiency gain has already been realised.⁵ Continued productivity growth and investment in irrigation, farm systems and dairy manufacturing capacity depend on confidence in the security and reliability of water access. Water policy is therefore also investment policy. Policy uncertainty discourages exactly the investments, in irrigation upgrades, herd and farm expansion, processing capacity and farm succession, that underpin the industry's future and Australia's attractiveness as a place to manufacture dairy. Confidence is itself an economic asset. Farmers make investment decisions over decades, not seasons. Uncertainty around future water policy increases investment risk, reduces business confidence, limits access to finance and discourages the long-term investment.

4. Key points

The industry's responses to the information requests in Appendix A can be summarised in nine key points.

1. **Profitable dairy businesses and a competitive dairy manufacturing sector underpin environmental, social and regional outcomes.** Water reform must maintain the economic viability and profitability of irrigated dairy farming. Environmental outcomes cannot be sustained if productive farming businesses become uneconomic, or if declining milk supply undermines the viability and competitiveness of regional dairy manufacturing. The final assessment should treat whole-of-supply-chain viability as a test of reform success, not a residual.
2. **Entitlement security and honest risk assignment are the foundation of national water reform.** The risk assignment framework agreed under the NWI settles who bears the cost when the water available to entitlement holders changes. Water users carry the risks of seasonal and long-term climate variability, while governments carry the risks arising from their own policy decisions, with compensation. For dairy this is not an abstraction. About a quarter of Basin dairy farm capital is held in water entitlements⁶, lenders secure finance against them, and investment decisions with 10-to-20-year horizons are made on the strength of them. Rule changes and allocation policy adjustments that reduce water access without compensation are uncompensated water recovery. They transfer a cost the framework assigns to government onto farm balance sheets and diminish every entitlement holder's confidence in the system. Where any reduction in water access is to occur, it

⁴ Gardiner Foundation (2025), Murray-Darling Basin Dairy Industry 2025 Strategic Plan.

⁶ Gardiner Foundation (2025), Murray-Darling Basin Dairy Industry 2025 Strategic Plan.

must be achieved through voluntary, compensated purchase, and these principles must be preserved and strengthened as national arrangements transition from the NWI to the NWA.

3. **Water recovery policy should shift from volumes to outcomes.** The Basin's original recovery target has largely been achieved and previously overallocated systems have been returned to sustainable levels of extraction. Effectiveness should now be judged on the environmental outcomes delivered with the water already recovered. Further buybacks should cease, with effort directed to constraints relaxation, operating rule reform and complementary measures and investment in new and alternative water sources. Continued recovery toward the 450 GL target and a projected SDLAM reconciliation shortfall of up to 300 GL create a strong likelihood of substantial further entitlement purchases unless alternative mechanisms are prioritised. Governments should be subject to the same expectation of performance as entitlement holders. Where environmental objectives are not achieved despite substantial water recovery, policy settings should be reviewed before additional productive water is removed.
4. **Food production, food security and sovereign manufacturing capability are public benefits.** Water planning should explicitly recognise food production, national food security and the manufacturing infrastructure required to turn raw milk into essential food products as public benefits alongside environmental objectives, so that trade-offs are made transparently rather than by default.
5. **Socioeconomic impacts must be measured and weighed.** Industry commissioned modelling quantifies the consequences of further reductions in the water available to productive agriculture for water availability, allocation prices, milk production and regional economies. Structural impacts are already observable in dairy manufacturing facility closures, declining water use in the GMID, stranded irrigation assets and higher delivery costs. Reduced milk supply also lowers plant utilisation, increases unit manufacturing costs and weakens export competitiveness. These impacts have flow-on effects for local employment, contractors, service industries and regional towns. Adjustment support has been small relative to permanent, recurring production losses. Socioeconomic indicators must sit alongside environmental indicators in plan evaluation.
6. **Water markets are improving but need safeguards and transparency.** The industry supports developments that improve the equity, transparency and efficiency of water trading. The reform of inter-valley trade access by WaterNSW and DEECA is a welcome example, subject to safeguards on application splitting, related-party and broker-led trading, clear parameters for environmental water holders' access to contested capacity, and published post-opening reporting.
7. **Interception must be brought within entitlement and accounting frameworks.** Plantation forestry remains among the most significant unlicensed or inconsistently managed interception activities, and water take by extractive industries, including Latrobe Valley mine rehabilitation, should sit fully within statutory planning and entitlement frameworks. The Lower Limestone Coast water allocation plan demonstrates that forestry interception can be managed within a statutory framework. Victoria has no equivalent.
8. **Information and reporting should support decisions and confidence.** Allocation announcements should follow consistent conventions across jurisdictions, environmental water reporting should show how planned and rules-based arrangements affect the effective reliability of consumptive entitlements, and outcomes should be specified as measurable, time bound objectives so accountability attaches to results rather than volumes.

9. **Alignment with the National Water Agreement remains unclear.** The signed National Water Agreement text remains publicly unavailable and the relationship between this inquiry's assessment framework and NWA implementation is not clear. The final assessment should address how its findings will connect to NWA commitments.

5. Concluding remarks

The dairy industry has worked constructively with governments through two decades of water reform, adjusting to a substantially smaller pool of water available to productive agriculture while lifting productivity and water use efficiency. As national arrangements transition from the NWI to the NWA, the industry's continued confidence – and Australia's ability to attract and retain investment in dairy manufacturing - depends on the principles that made that cooperation possible being carried forward: secure entitlements, honest risk assignment, and transparent, evidence-based planning that weighs environmental, social and economic values together.

The next phase of reform must be judged on outcomes. Environmental results delivered with the water already recovered, secure and reliable access for the businesses that produce Australia's food, a competitive dairy manufacturing sector capable of continuing to invest, employ and export, and regulation that is workable for the people it regulates. The final assessment should give particular weight to entitlement security and risk assignment, to the measurement of socioeconomic impacts alongside environmental outcomes, and to bringing significant interception activities within licensing and accounting frameworks. The ADIC and its constituent bodies would welcome the opportunity to discuss this submission and the supporting analysis with the Commission.

Yours sincerely, `

Ben Bennett
Chair
Australian Dairy Farmers

John Williams
Deputy Chair
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Part B: Responses to information requests

PC question	Dairy industry response
Information request 1: Overall feedback on the PC's interim assessment	
Are there any other important developments, reforms or outcomes since 2024 that should inform the final assessment?	• The most significant development since 2024 is the continuation of Commonwealth water recovery in the Murray-Darling Basin and the growing likelihood that further recovery will be met through entitlement purchase. Several related developments should inform the final assessment. ○ Continued Commonwealth water recovery toward the 450 GL target, together with a projected SDLAM reconciliation shortfall of up to 300 GL, creates a strong likelihood of substantial further entitlement purchases unless alternative recovery mechanisms are prioritised. This bears directly on the integrity and reliability of the consumptive pool and should inform the final assessment of the entitlements and overallocation elements of the NWI. ○ Industry commissioned evidence now quantifies these impacts. Ricardo modelling (2025) indicates that a 302 to 683 GL reduction in the consumptive pool would reduce water availability by about 7 to 16 per cent, lift allocation prices materially, particularly in dry years, and reduce southern Basin milk production by 2 to 15 per cent (about 40 to 270 million litres per year), with flow-on impacts to dairy manufacturers through lower plant utilisation, higher unit processing costs, reduced export competitiveness and weaker confidence to invest, as well as impacts to local employment, contractor and service businesses, and regional towns.⁷ ○ Structural impacts are evident across the dairy supply chain: about 20 dairy manufacturing business closures have been announced since late 2022. While these closures reflect a range of commercial and structural factors, declining milk availability can reduce plant utilisation, increase unit costs and further weaken the viability of regional manufacturing assets. In the Goulburn Murray Irrigation District water use declined by about 50 per cent between 2001 and 2021, leaving stranded irrigation assets, higher delivery costs for remaining users and fragmentation of production systems (the 'Swiss cheese' effect).⁸ ○ The industry supports developments that improve the equity, transparency and efficiency of water trading. A welcome recent example is the WaterNSW and DEECA reform of inter-valley trade access, replacing first-in

⁷ Ricardo (2025), Impact of Water Buyback on the sMDB Dairy Industry: potential impacts for dairy farms, processors and suppliers.

⁸ Victorian Government, Social and economic impacts of Basin Plan water recovery in Victoria.

PC question	Dairy industry response
	first- served arrangements with randomisation for scheduled openings in the Goulburn, Barmah and Murrumbidgee systems.⁹ • The severe 2024-25 drought in South Australia, south-west Victoria and Tasmania demonstrated the reduced capacity of dairy regions to absorb further shocks, and the importance of water planning that recognises food production and food security as public benefits. Independent CGE modelling commissioned by Dairy Australia found the impact fell hardest on the most dairy-intensive regions, with output in the worst affected areas projected to stay below pre-drought levels even after the season recovers, because drought depletes farm capital and drives up input costs. It reinforces the importance of water planning that recognises food production and food security as public benefits.¹⁰ Persistent production losses also affect the volume and reliability of milk available to manufacturers, reducing plant utilisation and weakening the economics of continued regional manufacturing and investment. • The NSW Auditor-General’s report on water management and regulation in NSW, tabled 15 June 2026, is directly relevant to the compliance and enforcement elements of the assessment. It found that the cumulative complexity of the post-2017 reform agenda has reduced clarity about obligations and undermined voluntary compliance, that even agency staff interpret some rules inconsistently, that roles for education and advice are unclear across NRAR, WaterNSW and DCCEE, and that while NRAR’s policies on consistency and proportionality reflect good practice, it cannot yet demonstrate they are applied consistently.¹¹ • The signed NWA text remains publicly unavailable, and the alignment between this inquiry and NWA implementation is unclear. Other national farming bodies, including the NFF and the National Irrigators’ Council, have raised the same concern.
What has your experience been with the key updates provided by jurisdictions, and what outcomes have been achieved?	• The dairy industry’s experience is that jurisdictional updates have not yet translated into greater on-ground certainty for entitlement holders. The final assessment should test whether reported activity has delivered outcomes, not process alone.

⁹ Australian Dairy Farmers (2025; 2026), submissions on inter-valley trade access reform, August 2025 and June 2026.

¹⁰ Wittwer, G. (2026), Update of dairy regions in Australia in a CGE model and an application to drought and energy price hikes, Centre of Policy Studies, Victoria University. Unreleased report prepared for Dairy Australia, May 2026.

¹¹ Audit Office of New South Wales (2026), Water management and regulation in NSW, tabled 15 June 2026.

PC question	Dairy industry response
	• Farmers continue to experience rule changes and allocation policy adjustments that operate as uncompensated water recovery. In NSW, recent changes to cease-to-pump triggers in the Gwydir, Namoi and Macquarie unregulated water sharing plans were described by the NSW Irrigators' Council as uncompensated and involuntary reductions in access, with direct consequences for asset values, financing and business viability, and with negligible environmental benefit in at least one water source where total affected holdings were 176 ML.¹² A policy of pursuing 'alternatives to buybacks' cannot credibly rely on rules based changes that deliver the same recovery outcome without the compensation. Under the Basin reforms, water recovery has always been voluntary and compensated, and that principle must hold. • This experience is not confined to NSW. The concerns of other irrigation bodies recorded in the interim update are consistent with the dairy industry's - uncompensated rules-based change transfers costs the risk assignment framework assigns to government onto farm balance sheets and undermines the confidence in the entitlement system that underpins investment in irrigated dairy, from irrigation upgrades through to farm succession. That uncertainty also flows beyond the farm gate. Dairy manufacturers make long-term investment decisions on the assumption that sufficient milk will remain available within efficient transport distance of their facilities. • Dairy farmers' experience of compliance frameworks matches the NSW Auditor-General's findings.¹³ The cumulative complexity of water rules, and the rate at which they change, has become very difficult to keep pace with; enforcement can feel inconsistent, including in the treatment of commercial agricultural operations relative to smaller landholders; and water users are reluctant to approach the regulator for advice for fear that doing so invites enforcement attention. The industry supports the audit's recommendations for a published review of the cumulative impact of the post-2017 reform agenda, consistent application of regulatory impact assessment to future changes, and clarified education and advice roles so water users have a clear, low-risk avenue to understand their obligations. • Reviews of extraction limits and inflow assumptions underway in some jurisdictions, are supported in principle as evidence building. They must, however, be conducted transparently, and any resulting change to the balance between environmental and consumptive use must be handled within the Risk Assignment Framework, with compensation where risk falls to government.
Information request 2: Water access entitlements and planning frameworks (section 3)	

¹² NSW Irrigators' Council (2026), No Water, No Food: rule changes put growers' livelihoods on the line, media release. [Confirm release date and link before lodgement.]

¹³ Audit Office of New South Wales (2026), Water management and regulation in NSW, tabled 15 June 2026.

PC question	Dairy industry response
Which jurisdictions have developed clear triggers for rebalancing environmental and consumptive uses? What triggers have been implemented and are they effective at rebalancing environmental and consumptive uses?	• The industry is not aware of clear, effective rebalancing triggers having been implemented since 2024, consistent with the Commission’s observation that no jurisdictional updates were provided on this commitment. • Any future trigger framework must operate within the risk assignment framework agreed under the NWI, which must be preserved and strengthened through the transition to the NWA. Rule changes that reduce water access without compensation undermine entitlement security and are unfunded water recovery. If any reduction in access is to occur, it must be through voluntary, compensated purchase. • Triggers must be transparent, evidence based, applied through open statutory planning processes, and able to operate in both directions. Where evidence demonstrates that environmental objectives are being met or can be achieved more efficiently, management settings should be able to improve reliability for water users. A framework that can only ever move water away from productive use is not a rebalancing mechanism. • In the Basin, rebalancing should not occur through changes to SDL settings. Improvements to Basin Plan implementation should occur within the existing SDL framework, and SDLs should not become a mechanism for additional recovery through the 450 GL target or SDLAM reconciliation.
What improvements to monitoring and evaluation of and reporting on water plans are needed to support adaptive management?	• Monitoring, evaluation and reporting should focus on measurable environmental outcomes rather than volumetric proxies, so that adaptive management responds to what recovered and planned water is actually achieving. • Evaluation frameworks should be consistent, published and timely, with clear baselines and indicators set when plans are made, not retrofitted at review. • Socioeconomic indicators should sit alongside environmental indicators in plan evaluation, so that impacts on irrigated industries and communities are visible when plans are reviewed. These indicators should include changes in milk production, farm exits, manufacturing plant utilisation, regional processing capacity, employment, transport distances and the viability of irrigation delivery infrastructure. • Adaptive management must remain two way. Where monitoring shows objectives are being met or conditions improve, plans should be able to restore or increase consumptive access, not only constrain it.
Have jurisdictions taken effective actions to address the overallocation or overuse of water systems and meet environmental and other public benefit outcomes?	• In the Basin, the overall 2,075 GL recovery target has largely been achieved, and previously overallocated systems have been returned to sustainable levels of extraction. The remaining question is effectiveness, and volume recovered is not a reliable measure of environmental outcomes achieved. Of the additional 450 GL, only 157.3 GL

PC question	Dairy industry response
	had been recovered or contracted as of July 2025; without a policy shift, the remainder will likely be pursued through buybacks, with serious consequences for irrigation dependent industries and communities.¹⁴ • Delivery constraints, for example in the Goulburn River and at the Barmah Choke, and increasingly cautious operating rules mean recovered water cannot always be delivered to meet ecological objectives. Effectiveness should be judged on outcomes delivered with the water already recovered. • The evidence is now clear that while buybacks deliver volumes, they impose significant and lasting costs on regional economies, irrigation systems and community wellbeing, without clear or proportionate environmental benefit. Buybacks have accelerated the decline of irrigated dairy in the GMID, contributed to the disconnection of land from delivery networks and the stranding of assets, driven structural shifts toward permanent plantings that reduce system flexibility and increase exposure to market volatility,¹⁵ and, as the MDBA's own 2025 evaluation confirms, contributed to rising allocation prices and increased the vulnerability of irrigators who rely on allocations, a description that fits most Basin dairy farms. • The method of addressing overallocation matters. Voluntary, compensated recovery mechanisms must be used in preference to allocation policy or rule changes that transfer risk to farmers without compensation. The industry's position is that further buybacks must cease, with effort directed to constraints relaxation, operating rule reform and complementary measures that improve the effectiveness of the environmental water already held. • Governments should also give greater weight to options that add to, rather than subtract from, the water available to communities and productive agriculture, including recycled water, managed aquifer recharge, responsible groundwater development, on-farm storage, pipelines and the capture of high-flow events where hydrologically and environmentally appropriate. • Adjustment support has not matched the scale of impacts. The Commonwealth's Sustainable Communities Program has allocated \$160 million to NSW for structural adjustment, yet ABARES analysis indicates buybacks of just 70 GL could reduce production by about \$35 million every year,¹⁶ and the southern Basin dairy industry alone generates more than \$2 billion in economic activity annually.¹⁷ One-off adjustment funding of this scale cannot offset permanent, recurring losses to regional production and employment.

¹⁴ MDBA (2025), 2025 Basin Plan Evaluation Report.

¹⁵ DCCEEW (2017), Economic effects of the Commonwealth water recovery programs in the Murrumbidgee Irrigation Area; and DEECA and WSP (2026), Water supply and demand in the southern Murray-Darling Basin.

¹⁶ ABARES analysis cited in Socio-economic considerations of the Restoring Our Rivers: 2024 Selected Catchments Open Tender purchasing program.

PC question	Dairy industry response
What major interception activities are not licensed or adequately recorded?	• Plantation forestry is among the most significant interception activities that remain unlicensed or inconsistently managed. The NWI expressly commits jurisdictions to protecting the integrity of entitlements from unregulated growth in interception through land use change, and significant plantation forestry interception should be brought within licensing and accounting frameworks. • The Lower Limestone Coast water allocation plan in South Australia demonstrates that forestry interception can be managed within a statutory water planning framework. By contrast, Victoria has no plantation forestry interception licensing framework, leaving catchment yield in dairy regions, including Gippsland and south-west Victoria, exposed to unaccounted interception as plantation estates expand. • In Gippsland, water use associated with Latrobe Valley mine operation and rehabilitation, including potential pit lake filling, involves very large volumes over decades. These demands should be transparently assessed and provided for within statutory planning and entitlement frameworks, not met through arrangements that sit outside them or that compromise the security and reliability of existing licensed users, including dairy. • Interception should be integrated into water accounts so that total system take, licensed and unlicensed, is visible to entitlement holders, planners and investors.
Information request 2: Integrated management of water for environmental and other public benefit outcomes (section 6)	
Are the environmental and other public benefit outcomes set out in existing water plans consistent with community expectations of the planning process? If not, how could current water plan review processes be improved to better reflect community expectations?	• In irrigation communities, expectations of the planning process include that the substantial water already recovered will demonstrably deliver environmental outcomes, and that social and economic values will be genuinely weighed alongside environmental objectives. Neither expectation is consistently being met. • Community expectations also include that food production, food security and sovereign manufacturing capability are recognised as public benefits in their own right. Water plans should identify on farm food production, regional manufacturing, logistics and supply-chain infrastructure that depends on reliable agricultural output alongside environmental and other public benefit outcomes, so that trade-offs are made transparently. • Plan review processes should be improved through genuine, place-based co-design rather than consultation after key decisions are made, drawing on the co-design principle in the Restoring Our Rivers framework. This applies particularly to constraints projects, where poor engagement has eroded trust despite general community support for the objectives.

PC question	Dairy industry response
Are environmental and other public benefit outcomes effectively specified to facilitate accountability in water management? How could accountability for outcomes be improved?	• No. Outcomes are often specified in ways that do not allow performance to be tracked, and accountability defaults to volumetric measures. Outcomes should be specified as measurable, time bound objectives so accountability attaches to what is achieved with the water already recovered. • Accountability would be improved by clearer public reporting on how environmental water is used, what outcomes it delivers, and how environmental, social and economic values are weighed in decision making. • Variations to environmental watering arrangements and rules based changes to allocations should face the same transparency and scrutiny as any other regulatory change affecting entitlement holders. • Environmental water holders’ participation in highly contested inter-valley trade openings should operate within clearly defined parameters, given their existing carryover and transfer arrangements and their significant share of contested capacity (about 20 per cent of IVT capacity in 2025).
Information request 2: Water resource accounting (section 7)	
Is information about how to access water allocations provided in a timely, transparent and easy to understand way that enables entitlement holders to make informed water-use decisions? How could the provision of information be improved?	• Allocation information is generally available, but timeliness, consistency and clarity vary across jurisdictions. Dairy farms reliant on allocation markets make significant feed, herd and forward contracting decisions on allocation announcements, so inconsistent conventions translate directly into business risk. About half of Goulburn Murray Irrigation District irrigators now rely on the temporary market¹⁸. The cumulative effect is also relevant to dairy manufacturers, which rely on forward milk-supply expectations when planning production, labour, maintenance, export commitments and capital expenditure. • Provision could be improved through consistent announcement conventions and timing across jurisdictions, plain language explanation of the determinants of allocations, and forward guidance on outlooks under a range of seasonal scenarios. • Trade administration transparency also matters. Post-opening reporting should be published for inter-valley trade events, including applications received, volumes sought and approved, success rates by participant size, and the extent of related-party trading.

¹⁸Gardiner Foundation (2025), Murray-Darling Basin Dairy Industry 2025 Strategic Plan.

PC question	Dairy industry response
What additional information, if any, about planned or rules-based environmental water would increase public and investor confidence in reporting on water available for consumptive use or for environmental and other public benefits?	• Clear public reporting on the volume and effect of planned and rules based environmental water, and on any changes to those rules over time, would increase confidence that the entitlement framework is not being eroded through rules-based recovery. • Reporting should show how rules-based arrangements interact with allocations to consumptive entitlements, so entitlement holders and investors can see the effective reliability of their entitlements. • Reporting on the outcomes achieved with planned environmental water, not just the volumes provided, would support confidence that the consumptive and environmental shares of the resource are both being used effectively.

Contact

The ADIC would welcome the opportunity to discuss this submission with the Commission.

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