



2 May 2024

Ms Joanne Chong  
Commissioner  
Productivity Commission  
[water.reform.2024@pc.gov.au](mailto:water.reform.2024@pc.gov.au)

**RE: National Irrigators' Council feedback on the Productivity Commission's National Water Reform Interim Report**

The National Irrigators' Council (NIC) represents irrigation entitlement holders, irrigation corporations and irrigation reliant businesses around Australia and welcomes the opportunity to provide feedback on the Productivity Commission's Interim Report on National Water Reform.

This letter addresses the following matters:

- Introduction.
- General feedback on the interim recommendations and renewal advice.
- Information request 3.1.
- Information request 4.1.
- Information request 7.1.
- Information Request 8.1.
- Information Request 11.1.
- Conclusion.

This letter includes the NIC principles for renewal of the NWI.

**Introduction:**

The National Irrigators' Council (NIC) represents irrigation entitlement holders, irrigation corporations and irrigation reliant businesses around Australia and welcomes the opportunity to provide feedback on the Productivity Commission's Interim Report on National Water Reform.

We note this interim report has been released concurrently with the Australian Government's discussion paper on the new National Water Agreement; a different name, with a different consultation timeframe and two very different approaches to presumably the same objective - the renewal of the National Water Initiative (NWI) (2004).

It is imprudent of the Department of Climate Change, Energy, Environment, and Water (DCCEEW) to concurrently run a separate departmental process whilst the Productivity Commission executes its statutory duties. This misalignment of government processes has resulted in confusion and conflicting positions and objectives, with the undermining of the independent and objective, long-term processes of the Productivity Commission. We encourage the Productivity Commission to make comments on its role and responsibility in the National Water

Reform agenda and request the department to demonstrate how they incorporate the commission's advice.

We are increasingly concerned, that despite our feedback and input into the concurrent processes, that the next opportunity for engagement and feedback on a renewed NWI will be once a new agreement has been reached and during the development of jurisdictional action plans. Given the value in the current NWI and the inferred importance in a renewed agreement, there appears to be a significant engagement gap in the design and decision-making process for non-government stakeholders, other than the Committee on Aboriginal and Torres Strait Islander Water Interests (CAWI).

As we communicated during the initial submission process, the NWI has played a crucial role in shaping water management in Australia and supporting the growth of the irrigation industry. In doing so, it has also reshaped many regional communities and irrigation industries, particularly when considering the impacts experienced to achieve sustainable levels of take and establishing the water market.

NIC supports a modernised NWI framework with clear lines of accountability and transparency with a whole of community focus that:

- effectively manages all water resources to promote economic development (and encourage consideration of a forward looking objective to maintain economic prosperity),
- establishes and or maintains, a consistent and regulated system for managing water resources across rural, urban, and remote areas (and continued implementation where this has not yet occurred),
- ensures optimal economic, environmental, social, and Cultural outcomes,
- enables stakeholders to navigate climate variability and adapt to changing conditions while sharing risks and
- encourages water services that are efficient, effective, and fair to meet the needs of customers and communities in a variable climate and growing population.

NIC does not support the Department's approach, which seems to be an aspirational wish list that lacks detail and does not recognise the fundamental elements of the current NWI.

#### **General feedback on the interim recommendations and renewal advice:**

The NIC support the renewal of the NWI in line with the Productivity Commission's recommendations that suggest:

*"...the Parties in implementing this agreement are to:*

- *optimise economic, environmental, social, and Aboriginal and Torres Strait Islander people's cultural outcomes through best practice management of Australia's water resources. In the process, this will provide certainty for investment, water users, the environment, and Aboriginal and Torres Strait Islander people*



- *enable entitlement holders, communities, and the environment to contend with climate variability and adapt to a changing climate*
- *ensure effective, efficient, and equitable provision of water services that meet the needs of customers and communities in a changing climate.*

We suggest amendments to reflect that a nationally consistent planning framework for entitlements and water allocation provides the key mechanism to adapt to climate variability with more extreme wetting and drying cycles.

We recommend that a principle of understanding uncertainty in terms of predictability of future climate scenarios and risk, should be included in the modernised NWI to provide the context over the potential future risks and opportunities of climate change. Understanding uncertainty and therefore risk, is important for other national policies.

We ask that in modernising the objectives, the PC is clear that co-design and inclusiveness principles should not enable priority to any one stakeholder group over another unless that stakeholder is directly, negatively impacted by this new agreement. We ask that the PC provide further advice in their final report on how to 'renew' the National Water Initiative including processes to ensure transparency of ideas and decision making and further engagement stages. The objective is to ensure that the government development processes are as transparent and efficient as possible through all stages of the development of a final agreement and subsequent action plans.

We also ask the PC to provide evidence that the modernised objectives do not undermine the certainty of existing water rights (within the constraints of the existing risk assignment and risks pertaining to climate variability). For example, we expect the final advice to consider how water planning decisions are currently being made and if this updated framework, suggests additional layers of decision making is required from the Australian Government or other bodies.

Furthermore, it must be acknowledged that Australia is a Federation and therefore, water management largely remains a responsibility for the states and territories. This leads to questions regarding future governance arrangements and how a renewed agreement can be implemented consistently as intended, and if the current processes are adequate. For example, the experiences in the Murray Darling Basin are that governance structure relying on the Basin Officials Committee lacks transparency and accountability and doesn't ensure independence of advice free from the political influence of the day.

We, therefore, recommend a strong governance structure be established by the agreeing parties, with accountability and transparency to oversee the implementation of the NWI and subsequent action plans. We are not convinced the proposed arrangements will be sufficient. Secondary to this, we are also concerned the department is not even considering governance at this point and their discussion process provides no transparency of engagement and views of stakeholders, whereas your own processes do. Clear advice from the PC in their Final Report would provide the direction needed for ongoing discussions with jurisdictions.



We ask that community led decision making is enabled within the governance framework and evidenced in the actions plans to encourage the development of local, place-based solutions. This is critical to be inclusive of all stakeholders and ensure collaboration and build trust.

The pace and breadth of the reform agenda has created significant uncertainty for users, the industry, and regional and remote communities at a time when subsequent change saw regulatory costs increasing and water available for irrigation decreasing. These changes have had significant effects on the economic viability of regional communities, particularly those reliant on irrigation-dependent communities. It is important that there is a commitment to continue monitoring and evaluating the effects of the NWI and subsequent reforms on regional and remote communities to ensure that any negative impacts are addressed and mitigated effectively. We recommend that the PC consider an outcome to continue to monitor and review these impacts on rural and remote communities as part of decision making.

We ask that meaningful consultation with affected stakeholders should be part of the development of the renewed NWI and subsequent action plans and any amendments.

We provide the following responses to the information as requested.

### **Information request 3.1:**

*What nationally agreed priority outcomes of water security should form part of a renewed NWI? How should these outcomes be treated when considering trade-offs between competing priorities and the management of risk when addressing water security concerns?*

Response:

Generally, water security is agreed to be the capacity to safeguard the sustainable availability of and access to adequate quantities of good quality water for health, livelihoods, ecosystems, and productive economies. However, whilst many might assume this, we acknowledge that Australia does not have an agreed definition, or framework for measuring and benchmarking water security and future monitoring. Establishing these elements in consultation with a range of key stakeholders and all decision makers should be a key outcome of a renewed NW to provide the information needed to guide action plans and investment.

Any specific outcome for water security in Australia should contemplate the inherent variability and future challenges, of changes in availability, population growth, competing demands – environmental, economic, and other uses, and the scale in which we operate, to incorporate the needs of regional or remote communities. We must also acknowledge the role of local government who can be limited in resources to implement what they need.

Any outcome should continue to uphold the NWI principles of efficient and effective use of water. To assist with this, we must build our knowledge base of current and future needs. We should also build our knowledge of all possible water sources including innovative alternative options to traditional sources of water. The NWI



should also provide a mechanism to consistently monitor water security risks nationally, helping to provide jurisdictions and local government with the information they need to identify and invest accordingly.

However, we should be cautious in managing community expectations, that a constant quantity and quality of water can be provided, everywhere around Australia as this may be unachievable. We should ensure that the NWI enables the development of clear strategies to share risks for different water products/purposes, as well as strategies to address known risks to quantity or quantity, as well as consistent framework for identifying and managing extreme events.

#### **Information request 4.1:**

*How can a renewed NWI assist jurisdictions in establishing a consistent approach to developing climate change triggers and rebalancing processes? How can common principles help manage uncertainty, and jurisdictional and regional differences?*

Response:

The NWI must provide a framework to consider the risk and opportunities presented by climate change and more extreme wet and drying cycles, and how these are shared between all interest groups including water users, the environment and society. It cannot provide only high-level objectives as this is open to interpretation and misrepresentation and creates uncertainty for all stakeholders.

The nationally consistent water management framework established through the NWI, already includes climate adaptation strategies embedded in water management that account for Australia's climate variability. These being:

**Public and Private Storages** that capture and store water in dams when conditions allow for use later.

**The water entitlement system** enables individuals, businesses, or governments to access a proportional share of total reserves by establishing water entitlements with varying levels of security (surety) that account for a share of that stored water. Water entitlements provide users with a secure and tradable right to a share of certain volume of water, allowing them to plan and manage their water use over the long term.

**The water allocation system** then adjusts the volume of water available to an entitlement based on factors such as rainfall, river flows, and storage levels, allowing for responsive and dynamic management in response to changing climatic conditions.

**Account and trade rules** such as carryover provisions, water trading, and water banking also exist within the entitlement and allocation systems and frameworks, which help users manage their water resources more effectively during periods of climate variability. These tools enable water users to access additional water when needed or save water for future use, helping to build resilience against the impacts of droughts, floods, and other extreme weather events.



A renewed NWI must seek to enhance the existing water planning frameworks and infrastructure that have already been implemented to manage water availability risk. In the Murray Darling Basin, the planning frameworks were extended to include extreme events management, including triggers, and this should be included in the national framework structure where the risk of extreme events warrant development. This system allows adaptive management for managing extreme event risk for critical needs.

Any such framework should also consider triggers for extreme events at both the dry and wet extremes, where flexibility may be needed to either secure higher priority critical water or enable opportunistic water to use for lower priority water products. Any considerations should be within the existing frameworks and principally aim to maintain the integrity of water rights over the long-term, recognizing that at extreme times there may not be enough water or too much water for everyone.

In principle, setting clear and transparent rules, that consider these risks and opportunities, can help manage uncertainty if risk is shared. It is therefore critical to ensure there is a broader sharing of risks across all groups and establish systems that not only seek to mitigate negative impacts but also capitalize on new possibilities for economic growth and prosperity and environmental sustainability.

#### **Information request 7.1:**

*Where water resources have been identified as overallocated outside of the Murray-Darling Basin and options identified to recover water to meet environmental outcomes, the Commission invites further information on:*

- *the estimated cost of the options considered.*
- *reasoning behind the selection of the options implemented if not the most cost-effective.*
- *any programs or measures implemented to mitigate any identified socio-economic impacts with the selected options.*

Response:

Respecting water right as they are issued and managed, should form the basis for any program required to recover water to meet environmental outcomes. The Agreement by Basin authorities and the Australian Government in 2013<sup>1</sup> to bridge the gap is the precedent that should be considered if recovery of water below current limits is required.

The levers used and subsequent socio-economic impacts of rebalancing in the Murray Darling Basin, should demonstrate to areas outside of this Basin the risk and impacts of approaches and how, the size, scale and pace of processes have different impacts. The maturity of the water market and its interconnectivity between water sources are important to consider when designing programs to reduce extraction – as impacts and benefits were not isolated to the location where the water is removed due to market factors. For example, during water recovery for

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<sup>1</sup> <https://federation.gov.au/about/agreements/intergovernmental-agreement-implementing-water-reform-murray-darling-basin>



the Murray Darling Basin Plan, community immediate and flow on impacts in the southern connected basin were not spatially isolated to the location where the purchase of recovery program was located. Remoteness and irrigation-dependence should also be factors, as irrigation reliant communities have limited opportunities for diversification.

### **Information Request 8.1:**

*What are the main causes of the low uptake of AS4747 meters by non-urban water users for new and replacement meters, and what targeted interventions would be most cost-effective in addressing this low uptake?*

*What are the public benefits of metering?*

*The Commission has heard that there is a shortage of Certified Meter Installers and Duly Qualified Persons. What is causing the shortage, and how can it be overcome?*

Response:

There are a range of reasons for the low uptake of AS4747 meters by non-urban water users including:

- A shortage of qualified meter installers
- Consistency in interpretation of standards across boundaries and what that means for businesses operative across state boundaries;
- Poor government administration of data sets, procedures and monitoring of performance resulting in an inability to report uptake;
- Supply interruptions with requirement to source meters or components outside Australia;
- Narrowness of Australian Standards limited scope for installations on the global scale, limiting supply and design competition and user choice;
- Regulatory burden and cost to water users with nominal benefit given the challenges for installation, ongoing support and in-field accuracy, comparative to grandfathering of existing meters;
- Requirement to retro-fit installations to narrow conditions, with limited new Greenfields installations.

Cost effective interventions could include:

- Enabling the consideration of international standards, allowing a broader scope of meters whilst maintaining accuracy principles.
- A review of the Australian Standard with a consideration of fit-for-purpose metering that maintains accuracy but reflects the variable nature of water products and water infrastructure around Australia.

Metering should provide the Australian public with confidence that water use is being measured, reported, and checked by jurisdictions to be used within the limits at an individual, regional and Basin level. In our experience the view is that metering is there or not, it does not consider the accuracy or uncertainty of any measurement, only that there should be a consistent system of measurement for water used around Australia.



### **Information Request 11.1:**

*In the past three years, what, if any, improvements have been made by governments to improve community engagement processes?*

*Where engagement has occurred or feedback provided by community groups, do those groups feel they have a greater understanding of how decisions were taken and what consideration was given to community views?*

Response:

No. The lagged impacts of COVID restrictions has resulted in a movement away from localised community engagement to online information sessions. This approach has further disempowered communities in decision making.

### **Conclusion:**

We offer this letter as a record of our support for the Productivity Commission's intent in the renewal and modernisation, of the National Water Initiative.

Our members have developed a list of principles (attached) to be considered by government in development of a renewed NWI and note, that the Productivity Commission's interim advice addresses many of these principles.

We have commented on additional areas for consideration and provided input into the updated advice.

Given the concurrent departmental process, we will forward the PC our detailed response to the discussion paper process when submitted to the DCCEEW.

We are willing to discuss our position and detail within submission further if requested.

Kind regards,

Zara Lowien  
Chief Executive Officer  
National Irrigators' Council

(Attachment A – NIC NWI Principles)





February 2024

### Principles for renewal of the National Water Initiative

The National Irrigators Council supports the enhancement and modernization of the National Water Initiative rather than the establishment of a new NWI. This approach ensures that the fundamental principles that underpin our national water management system remain intact and continues to encourage effective and sustainable practices for ongoing national prosperity, which are the backbone of our industry.

Any renewal of the NWI by governments must be a partnership. Undertaken with industry and communities, including First Nations people and not by governments alone. It must be an inclusive process.

We ask that any renewed NWI:

- Respects the established, nationally consistent water management system that continues to promote and maintain the efficient and effective use of water for national prosperity.
- Enables a quadruple bottom line framework that delivers social, economic, environmental, and First Nations water outcomes.
- Recognizes the nationally consistent water market that enables fair and reasonable use for existing and new owners, and purposes, whilst maintaining existing entitlement characteristics. Allowing a transparent pathway for First Nations ownership and use for Cultural outcomes.
- Recognizes there are aspects of the current agreement that have been fully implemented such as achieving sustainable levels of take and pprioritises those elements of the agreement that have not yet been fully implemented.
- Avoids negative third-party impacts on reliability or availability of water established by these frameworks and subsequent policy changes. Any potential negative impacts must be compensated or mitigated through negotiation with affected parties, including communities.
- Shares any risk fairly and equitably, not just burdens entitlement owners.
- Enables flexibility to recognize that climate change brings both risk and opportunity.
- Encourages investment in complementary measures to enhance and improve environmental outcomes from environmental watering.
- Recognizes there are different needs and values between urban, regional, and remote communities.
- Enables community lead decision making, despite being a national commitment.
- Recognizes the role and responsibility of state and territory governments when it comes to water management, planning and regulation.

Finally, to effectively track progress, see advancements, and report on outcomes of the NWI, it is essential that the objectives and actions outlined in the agreement are clearly defined, quantifiable, realistic, repeatable for consistency, and time bound.