

# Dairy Industry Water Offset Program



**\$200 Million**



## Priority

The Dairy Industry Water Offset Program will provide immediate investment in alternative water sources, infrastructure upgrades, and efficiency measures to help dairy farms adapt to climate variability, manage competing water demands, and ensure long-term industry sustainability.

## Relevance

Water scarcity is a growing national challenge, posing a significant risk to Australian dairy farmers, particularly in the Murray-Darling Basin and other drought-prone regions. With increasing pressure on shared water resources, securing sustainable access is essential for farm viability and national food security.

Budget		
Year 1	Year 2	Year 3
\$50 million	\$70 million	\$80 million

### Proposal

A \$200M, three-year program to improve water security, resilience, efficiency, and sustainability in dairy. Key initiatives include:

- Investing in alternative water sources like aquifers, recharge systems, and recycled water to diversify supply
- Strategic water entitlement returns (from buybacks) to ensure equitable, reliable access for high-impact dairy regions
- Developing dairy-specific pipelines, pumping stations, and shared infrastructure to reduce losses and boost drought resilience
- Funding advanced water capture, storage, high-efficiency irrigation, and smart monitoring
- Funding major project analysis for offset water source investments

### Eligibility

- Must address water efficiency, security, or access in dairy regions
- Must show measurable benefits like reduced wastage, better irrigation, or drought resilience
- Requires a clear plan with timelines, water savings, and sustainability goals
- Preference for projects using innovative tech like real-time monitoring and recycled water
- Must align with regional and national water management strategies

### Justification

- Supports national water reform in line with the National Water Initiative and Murray-Darling Basin Plan
- Boosts climate resilience through aligning with government targets to prepare agriculture for drought and climate variability
- Secures dairy industry sustainability to protect farm productivity and regional economies
- Strengthens national food security
- Encourages efficient irrigation, recycled water use, and conservation, reducing pressure on national water resources

# Case study: Enhancing agricultural water management through the US Environmental Quality Incentives Program

The Environmental Quality Incentives Program (EQIP), administered by the US Department of Agriculture's Natural Resources Conservation Service (NRCS), is an initiative that provides financial and technical assistance to agricultural producers. For 2024, the US Department of Agriculture (USDA) allocated approximately US\$1.8 billion to EQIP, supporting a wide range of conservation activities, including water quantity and quality, nutrient management, and soil health improvements.

The program aims to promote agricultural production and environmental quality as compatible goals. A key focus of EQIP is the enhancement of water quantity and quality on agricultural lands.

## Program examples:

- EQIP supports producers in implementing practices that conserve water resources, ensuring efficient use and availability for agricultural operations.
- The program encourages the adoption of management strategies that reduce pollutants in surface and groundwater, thereby protecting water ecosystems.

## Key conservation practices supported by EQIP:

- Upgrading to more efficient irrigation systems helps reduce water consumption and minimises runoff
- Implementing precise nutrient application techniques prevents excess fertilisers from contaminating water sources

- Managing livestock grazing patterns maintains vegetation cover, reduces soil erosion, and protects water bodies from sedimentation

Studies have indicated that EQIP has a positive influence on local water quantity and quality. For instance, research published in the American Journal of Agricultural Economics found that EQIP payments are associated with improvements in water quality indicators at the local level.

EQIP exemplifies a successful government initiative that aligns agricultural productivity with environmental stewardship. By providing resources and support for conservation practices, the program aids producers in managing water resources effectively, ensuring both the sustainability of farming operations and the health of the nation's water ecosystems.

## About Australian Dairy Farmers

Australian Dairy Farmers (ADF) is the national policy and advocacy body working to improve the sustainability and profitability of Australian dairy farming. Since 1942, ADF has represented farmers across six dairying states on key issues like trade, water, environment, milk pricing, workforce, biosecurity and animal welfare. ADF provides industry-good functions and serves as a strong collective voice to government, industry, and the community. Australian dairy provides crucial high-quality nutritional products, ensures food security, and strengthens the economy. The industry's viability and productivity is essential for a strong reliable dairy supply that supports communities and Australians' health.

## Contact Us

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