



ADIC SUBMISSION

Independent Review:
Water Act 2007

August 2026

1. Executive summary

The Australian Dairy Industry Council (ADIC) welcomes the opportunity to respond to the discussion paper for the Independent Review of the Water Act 2007. The ADIC is the peak policy body for the Australian dairy industry, representing farmers through Australian Dairy Farmers (ADF) and processors through the Australian Dairy Products Federation (ADPF). This submission is informed by technical and policy analysis provided by Dairy Australia and by consultation with dairy farmer and processor representatives from Basin and non-Basin regions through the industry's Water Reference Group.

The dairy industry's message is direct. The Act needs stronger safeguards for the people who hold water rights and for productive industries and regional supply chains that depend on secure and reliable access to water. Looser settings that make those rights easier to erode, and the Commonwealth's role in water management must not expand beyond the Basin framework the states agreed to.

Dairy matters to the nation, and food production and manufacturing is a sovereign capability. Dairy is Australia's third largest rural industry, contributing \$5.96 billion in farmgate value and employing about 30,400 people across farming and processing, predominantly in regional communities. About a quarter of the nation's dairy farms sit within the Murray-Darling Basin and depend on the water framework this Review examines. The Basin also supports significant dairy manufacturing capacity that depends directly on secure water supplies and indirectly on the scale and stability of regional milk production. Food production and processing are not one industry among many. It is a sovereign capability, increasingly recognised as such by comparable economies. The Paris Agreement itself requires climate adaptation not threaten food production. Decisions under this Act that move water away from productive use are decisions about the nation's capacity to feed itself and to sustain the regional manufacturing infrastructure required to convert agricultural production into food. This Review must weigh them accordingly.

The Basin framework must protect consumptive access, not weaken it. The Act treats reductions in consumptive water access inconsistently depending on the mechanism used. Where access is reduced through purchase, the Minister must consider socio-economic impacts, sellers are paid market rates, and community adjustment funding follows. Where access is reduced through rule or plan change, none of these protections apply. The discussion paper proposes to make plans easier and faster to amend without closing this gap. The Australian dairy industry continues to call for further water buybacks to cease. Environmental outcomes must be prioritised over recovery volumes and must be pursued through complementary measures and better use of the water already held. No reform of this Act should create a faster, cheaper pathway to taking water from farmers and productive use without assessment or compensation or without assessing the consequential impacts on affected industries, supply chains and regional communities. Part B of this submission sets out the safeguards required.

Water management is a state responsibility, and the Commonwealth's role should not expand. The Review canvasses Commonwealth involvement in water security beyond the Basin, national coordination of water quality, and expansion of the national water information framework. The Australian dairy industry opposes each of these. The states hold the planning, allocation, licensing and delivery levers that determine water security. A Commonwealth framework would add process, reporting and cost without adding a megalitre of water, and the Terms of Reference themselves direct the Reviewer to recognise the primary role of states. Part C holds the Review to that direction.

The submission also assesses the performance of the Act against its objects (Part A), addresses governance and First Nations outcomes (Part D), and sets out the industry's expectations for consultation on the remainder of this Review (Part E).

1.1. Recommendations

Part A: Objects of the Act	
A.1	Assess achievement of the objects of the Act against demonstrated outcomes rather than water recovery volumes. On the evidence, objects 3(c), 3(e) and 3(g) have not been achieved, and achievement of object 3(d)(ii) has not been demonstrated.
A.2	Amend the Act to require that decisions allocating water between uses explicitly state and examine the social and economic trade-offs involved, including impacts across affected agricultural production, processing and manufacturing supply chains.
A.3	Make no amendment that strengthens the primacy of the environmental objects or further subordinates social and economic considerations.
A.4	Strengthen the transparency and evidentiary requirements applying to the determination of the environmentally sustainable level of take. The assets, functions and outcomes relied on should be specified, the evidence and climate assumptions published, and the social and economic consequences of the level determined explicitly identified.
A.5	Recognise food production, and the productive supply chains and manufacturing capacity that support it, through instruments already within the Act. In giving effect to the Climate Change Convention, have regard to Article 2(1)(b) of the Paris Agreement, and use the regulation-making power within the definition of relevant international agreement to prescribe food and agriculture treaties to which Australia is a party.
Part B: Strengthening the Basin framework	
B.1	Cease further water buybacks. Pursue environmental outcomes through complementary measures, delivery improvements and more effective use of the existing environmental water portfolio before any additional recovery from any source.
B.2	Support flexibility for the Commonwealth Environmental Water Holder to trade, including temporary trade to fund environmental outcomes and water quality response, subject to the five legislated safeguards set out in section 4.
B.3	Partner any expanded flexibility with strengthened accountability, being independent assurance and public reporting of environmental water use and the outcomes achieved, to a standard comparable to that applied to consumptive water users.
B.4	Affirm that river operations and the delivery and movement of water remain the responsibility of Basin states. Expanded CEWH flexibility should confer no operational control over delivery.
B.5	Support administrative simplification of Water Resource Plans on the statutory condition that no streamlined process may reduce consumptive access.
B.6	Reject any amendment framework that would make Water Resource Plans easier to amend or allow consumptive settings to be adjusted administratively in response to climate conditions. Consistent with Recommendation B.1, no further reduction in consumptive access should occur by any mechanism. Where a government nonetheless determines a reduction is necessary, it must not be achieved by plan amendment, and must attract socio-economic assessment, consultation and compensation.

B.7	Prioritise completion of the four outstanding NSW Water Resource Plans and amend section 73 so that the step-in powers are exercisable in practice, with consequences for continued delay.
B.8	Extend a strengthened socio-economic test to any mechanism that reduces consumptive access. The test should require independent assessment against published criteria, regionally disaggregated with industry-specific and whole-of-supply-chain analysis including impacts on dairy production, processing and manufacturing capacity, employment, investment and regional economic activity, published before the decision are made and used to inform decision making. The assessment is agreed by the Commonwealth and Basin States.
B.9	Retain the Schedule 3A risk assignment framework unchanged, while protecting entitlement holders from uncompensated risk.
B.10	Require publication of Water for the Environment Special Account funded projects, contracts, expenditure against appropriation, and evaluated community outcomes.
B.11	Task the ACCC with monitoring and publicly reporting the market impacts of government water purchasing, including price effects by valley and by product.
B.12	Make no expansion of the Commonwealth role in water markets. Complete and evaluate the implementation of the 2023 reforms before further change is considered.
B.13	Establish an independent dispute resolution mechanism for water trade disputes.
B.14	Introduce a periodic review mechanism for the Water Market Rules and the Water Charge Rules.
Part C: The proper limits of Commonwealth involvement	
C.1	Do not extend Commonwealth water security arrangements or frameworks beyond the Murray-Darling Basin and confer no additional Commonwealth powers.
C.2	Rationalise the duplicated critical human water needs provisions within the existing MDB framework. The Basin Plan limits critical water needs supplied by shared resources in the Southern Murray, States must be accountable for the rest.
C.3	Leave the design of water rights to jurisdictions. The Commonwealth should not drive convergence toward a single model of water rights through national frameworks or funding conditions.
C.4	Do not establish a Commonwealth role in water quality management. Support water quality outcomes within the MDB through environmental water flexibility (Recommendation B.2) and complementary measures, with all actions justified by measurable outcomes.
C.5	Do not expand Part 7 of the Act. Review the usefulness of the Bureau of Meteorology's water information products to water users and prioritise investment in established state water information systems.
C.6	Review the Act against the existing legislative framework. Consider amendments to implement a National Water Agreement only after the Agreement has been settled and endorsed by all jurisdictions.

Part D: Governance and First Nations outcomes	
D.1	Consolidate reporting and remove duplicated functions across the MDBA, DCCEEW and the Inspector-General of Water Compliance.
D.2	Establish independent assurance of environmental water use and the outcomes achieved, with public reporting. The function matters more than its institutional location.
D.3	Expose specific governance reform proposals for consultation in the draft report before recommendations are settled.
D.4	Deliver First Nations water outcomes consistent with the principles of the National Farmers' Federation Indigenous Water Policy. Cultural water should be delivered through existing environmental holdings on a co-benefits basis, water for economic use acquired on market from willing sellers, the characteristics of acquired water retained, participation on equal commercial terms, and no delivery of outcomes through rule changes.
Part E: Engagement and consultation	
E.1	Apply a consistent consultation standard, being early, informed, genuine and proportionate, to the remainder of the Review, including presentation of options proposed recommendations in the draft report in sufficient detail to be assessed.
E.2	Set out in the draft report how input from the First Nations consultation stream and the general consultation stream has been weighed where positions differ and provide opportunities for direct engagement between participants in each stream.
E.3	Publish the organisations engaged through roundtables and other forums convened by the Review, and the basis on which participants were selected.
E.4	Consult affected industries, including downstream processing and manufacturing sectors materially dependent on agricultural production, on any option that would reduce consumptive access before that option is recommended.

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2. Introduction

The Australian Dairy Industry Council (ADIC) welcomes the opportunity to respond to the discussion paper for the Independent Review of the Water Act 2007. The Act is the legislative foundation of Murray-Darling Basin water management and the framework within which a substantial share of Australian dairy production operates. This Review will shape the rules governing water access for the decade ahead, and its outcomes matter directly to dairy farming families, dairy processors and the regional communities they sustain, inside and outside the Basin.

The dairy industry engages with this Review from experience. The industry has lived the consequences of Basin water reform directly and brings a strong evidence base on what the framework has delivered and what it has cost. This submission draws on that evidence, on commissioned economic modelling, and on consultation with dairy farmer and dairy processing representatives from Basin and non-Basin regions through the industry's Water Reference Group. It has been prepared with technical and policy analysis from Dairy Australia.

2.1. About the Australian dairy industry

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 dairy industry and the regional communities that rely on it.

Australian Dairy Farmers (ADF) is the national peak industry representative body representing all dairy farmers from across Australia's six dairy producing states. ADF's membership includes the State Dairy Farming Organisations from each state as well as direct farmer members.

The Australian Dairy Products Federation (ADPF) 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 and provide dairy products for both domestic and export markets.

Dairy Australia (DA) is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's research and development corporation (RDC), it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

2.2. The importance of the Australian dairy industry and water

Dairy is one of Australia's largest agricultural industries and its third largest rural industry, with farmgate production concentrated in eight regions across every state. In 2024-25 the industry contributed \$5.96 billion in farmgate value, employing about 30,400 people across farming and processing, with jobs located predominantly in regional communities.¹ Unreleased, economic modelling commissioned by Dairy Australia estimates the combined value added of dairy farming and processing at \$6.57 billion, with dairy exports of almost \$3.5 billion.²

The Murray-Darling Basin (MDB), particularly the southern MDB (sMDB), is a vital dairy-producing region, hosting about 26 per cent of Australia's dairy farms and contributing about 25 per cent of national milk production, about 2.06 billion litres annually.³ Dairy production in the Basin is concentrated in northern Victoria, southern New South Wales, and South Australia's Riverland region. Farms in these irrigated

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

²Wittwer, G. (Centre of Policy Studies, Victoria University), VU-TERM CGE modelling of dairy regions, commissioned by Dairy Australia, 2025.

³Dairy Australia analysis, 2025.

areas depend on the reliability of water entitlements, allocations, and water markets to manage seasonal variability and production risks.

The MDB dairy industry supports a complex and interdependent supply chain, including about 36 processing facilities, transport operators, and service industries. The region 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 annually.⁴

Dairy processing is asset-intensive, operating continuously year-round due to the perishable nature of dairy products, and secure water supply to manufacturing facilities is part of the industry's direct interest in water policy settings. Stable milk volumes throughout the year are crucial to maintaining plant efficiency and economic viability.

The processing sector therefore has two distinct exposures to water policy. The first is direct: dairy manufacturing facilities require secure, reliable and fit-for-purpose water supplies for their operations. The second is through the milk supply chain: changes in water availability and cost that reduce regional milk production can reduce processor throughput and plant utilisation. Because dairy manufacturing is capital-intensive and processing assets are geographically fixed, sustained contraction in regional milk pools can increase unit processing costs, strand manufacturing capacity, weaken the case for future investment and, ultimately, affect the viability of regional processing facilities.

Dairy is a national industry. Gippsland, south west Victoria, Tasmania, South Australia's Lower Limestone Coast, Western Australia and the subtropical regions of New South Wales and Queensland all support significant dairy production under diverse water arrangements, from regulated surface water systems and groundwater management areas to licence-based frameworks that differ materially from Basin entitlements. Elements of this Review, including water security beyond the Basin, water information and the National Water Agreement, reach all these regions. The ADIC therefore engages with this Review on behalf of dairy farmers and dairy processors inside and outside the Basin.

Part A: Objects of the Act

3. How the Act has performed

Question 1 of the discussion paper asks to what extent the objects of the Act have been achieved. It is the only question inviting a whole-of-Act evaluation, and the ADIC answers it directly, object by object, on the evidence available to the industry. The assessment below grounds the positions taken in Part B of this submission.

Object 3(c): optimising economic, social and environmental outcomes

Not achieved. Implementation has prioritised recovery volumes over demonstrated outcomes in any of the three domains. The MDBA has acknowledged environmental gaps are expected to persist in some systems even assuming full implementation of existing recovery commitments, the SDLAM reconciliation and the 450 GL program.⁵ At the same time, the social and economic limbs of the object have been materially harmed. Water use in the Goulburn Murray Irrigation District declined by about 50 per cent between 2001 and 2021, with associated contraction in farm numbers and milk production.⁶ Twenty-five dairy processing facilities across Australia have publicly announced closure in the past four years, representing lost regional investment and diminished food system resilience.⁷ While individual

⁴Ricardo, Impact of water buyback on the sMDB dairy industry: potential impacts for dairy farms, processors and suppliers, 2025.

⁵Murray-Darling Basin Authority, 2026 Basin Plan Review materials.

⁶Murray-Darling Basin Authority, 2026 Basin Plan Review materials.

⁷ Ricardo, Impact of water buyback on the sMDB dairy industry: potential impacts for dairy farms, processors and suppliers, 2025.

facility decisions reflect multiple commercial factors, declining regional milk pools reduce processing utilisation and contribute to pressure on manufacturing viability. The significance of milk-pool contraction therefore extends beyond the farm gate and should form part of any assessment of the social and economic consequences of water reform. An object framed around optimisation across three domains cannot be regarded as achieved where outcomes in none of the three are demonstrated and two have gone backwards. The ADIC set out this evidence in detail in its submissions to the Basin Plan Review and the third WESA review and restates it here.⁸

Object 3(d)(ii): protecting, restoring and providing for ecological values and ecosystem services

Not demonstrated. Water recovery has proceeded substantially without corresponding evidence of ecological outcomes attributable to the volumes recovered. The MDBA's own analysis indicates that, where environmental outcomes are poor, the dominant drivers are frequently flow timing, operational delivery, infrastructure constraints and climate variability not the absence of water.⁹ This is the evidentiary basis for the industry's consistent position, restated in Part B, that environmental outcomes depend on system function, delivery capability and complementary measures rather than on additional volume. It also points to a transparency failure. The Act provides no public accounting tying environmental water use to the outcomes it is meant to achieve, so volume recovered has stood in for results delivered. The objects the framework is working toward should be transparent, measurable environmental outcomes, publicly reported against, not volumes held. Recommendation B.3 gives this effect.

Object 3(e): improving water security for all uses

Not achieved for consumptive users. The consumptive pool has been reduced, reliance on allocation markets has increased, and exposure to price volatility has grown. Modelling commissioned by Dairy Australia indicates water availability declines of 7 to 8 per cent under a 302 GL recovery scenario and up to 16 per cent under 683 GL, allocation price increases of 17.5 to 40 per cent, and milk production declines of 2 to 15 per cent.¹⁰ Market conditions in 2025-26 bear this out. The annual volume-weighted average allocation price in the southern Basin reached \$346 per ML, an increase of 126 per cent on the previous year and nearly double the 20-year average of \$177 per ML.¹¹

Recent analysis by the Victorian Government and WSP further highlights the expansion of permanent horticulture has increased baseline demand for water and reduced the system's ability to respond to variability, particularly in dry conditions. There is an increasing risk water availability will be insufficient to meet demand from permanent plantings in moderately dry and extreme dry years, especially in highly contested systems such as the lower Murray.¹² A framework whose object is to improve water security for all uses has instead presided over a structural tightening in which the flexible users, including dairy, absorb the variability. The consequences are transmitted through the dairy supply chain: reduced or more volatile milk production affects processor throughput, manufacturing efficiency and the viability of fixed regional processing assets. Object 3(e) refers to water security for all uses. It has not been delivered for the users that feed people or for the supply chains that process and manufacture food.

⁸Australian Dairy Industry Council, Submission to the Third Independent Review of the Water for the Environment Special Account, August 2025.

⁹ Murray-Darling Basin Authority, 2026 Basin Plan Review materials.

¹⁰ Ricardo, Impact of water buyback on the sMDB dairy industry: potential impacts for dairy farms, processors and suppliers, 2025.

¹¹WSP, Southern Murray-Darling Basin Water Markets Report: 2025-26 Review and 2026-27 Outlook, August 2026.

¹²Victorian Government Department of Energy, Environment and Climate Action and WSP, Water supply and demand in the Southern Murray-Darling Basin, 2026.

Object 3(g): efficient and cost-effective water management and administration

Not achieved. The discussion paper itself cites Productivity Commission findings that MDB governance is complex, confusing, difficult to navigate and in places duplicative, and describes Water Resource Plans as complex, prescriptive and resource intensive.¹³ Four NSW Water Resource Plans remain incomplete seven years after they were due, meaning SDL compliance cannot be formally assessed or enforced in those areas. The MDBA's 2025 evaluation found duplication in the critical human water needs provisions across the Act, the MDB Agreement and the Basin Plan.¹⁴

Object 3(a): management of Basin water resources in the national interest

Partially achieved. Incomplete implementation and delayed plans indicate the cooperative Commonwealth and state model has not fully delivered. The national interest includes food production, food manufacturing, regional processing capacity, employment and regional economic contribution, and these have not been weighted commensurately with environmental objectives in the administration of the Act.

Objects 3(b) and 3(d)(i): international agreements and return to sustainable levels of extraction

Substantially progressed in volume terms through the Basin Plan and SDL framework. The adequacy of the framework for determining the environmentally sustainable level of take is addressed below.

Object 3(ga): governance of water markets

Progressed through the 2023 Restoring Our Rivers reforms, which remain under implementation. Market issues are addressed at section A4.

The conclusion the assessment supports

The shortfall against the objects reflects a failure of implementation and mechanism, not of drafting. The remedy lies in the safeguards and reforms set out in Part B, not in amending the objects themselves. Recommendation A.2 is consistent with this. It seeks a new statutory requirement governing how decisions are made under the Act. Water directed to the environment has social and economic costs, and the Act should require those costs to be identified transparently rather than treated as costless. Consistent with the same logic, the ADIC opposes any amendment that would strengthen the primacy of the environmental objects or further subordinate social and economic considerations.

Recommendation A.1. Assess achievement of the objects of the Act against demonstrated outcomes rather than water recovery volumes. On the evidence, objects 3(c), 3(e) and 3(g) have not been achieved, and achievement of object 3(d)(ii) has not been demonstrated.

Recommendation A.2. Amend the Act to require that decisions allocating water between uses explicitly state and examine the social and economic trade-offs involved, including impacts across affected agricultural production, processing and manufacturing supply chains.

Recommendation A.3. Make no amendment that strengthens the primacy of the environmental objects or further subordinates social and economic considerations.

¹³Productivity Commission, Murray-Darling Basin Plan implementation review, 2023, as cited in the Review discussion paper.

¹⁴Murray-Darling Basin Authority, Evaluation of critical human water needs arrangements, 2025, as cited in the Review discussion paper.

3.1. The determination of the environmentally sustainable level of take

The SDL framework rests on the environmentally sustainable level of take, defined in s 4(1) as the level at which water can be taken which, if exceeded, would compromise key environmental assets, key ecosystem functions, the productive base, or key environmental outcomes for the water resource.

The industry's concern is with how and who defines the desired environmental outcomes and how the effects of climate change are considered. Environmental outcomes must adjust to climate change and the impacts of climate change on social and economic outcomes must not be ignored when making a decision. The determination process lacks the transparency and evidentiary discipline that a decision of this consequence requires. None of the definition's key terms are defined. The assets, functions and environmental outcomes used to set the level are not required to be specified. The evidence and modelling assumptions, including the climate basis of the determination, are not required to be published. And there is no requirement to demonstrate that reducing take below the determined level actually delivers the identified outcomes, which is how recovery volume has come to stand as a proxy for environmental result.

More water is not necessarily the solution to achieving better environmental outcomes. Environmental outcomes depend on a range of interventions, including complementary measures, river operations, fish passage, invasive species management, water quality improvements and works that improve the effective delivery of environmental water. Commonwealth investment should focus on maximising environmental outcomes, rather than maximising the volume of environmental water held.

This is particularly important in highly regulated working rivers such as the Murray, where downstream of Swan Hill the river operates through a series of locks, weir pools and regulated reaches. Environmental objectives for these systems need to recognise their existing physical and operational characteristics and focus on what interventions will actually improve river health, rather than assuming additional water alone will deliver the desired outcome.

The ADIC accordingly recommends the transparency and evidentiary requirements applying to the determination be strengthened. The assets, functions and outcomes relied on should be specified. The evidence and climate assumptions should be published. And the social and economic consequences of the level determined should be explicitly identified, including consequential impacts on affected regional supply chains and processing industries, consistent with Recommendation A.2. These requirements strengthen the rigour and accountability of the determination without altering the environmental test itself.

Recommendation A.4. Strengthen the transparency and evidentiary requirements applying to the determination of the environmentally sustainable level of take. The assets, functions and environmental outcomes relied on should be specified, the evidence and climate assumptions published, and the social and economic consequences of the level determined explicitly identified.

3.2. Recognising food production within the existing architecture of the Act

The objects of the Act give effect to relevant international agreements, defined in s 4 to include the Ramsar Convention, the Biodiversity Convention and the Climate Change Convention, together with a regulation-making power under which any other convention to which Australia is a party, relevant to Basin water resources, may be prescribed.

This architecture already accommodates recognition of food production, and the ADIC recommends it be used. The Paris Agreement, made under the Climate Change Convention, provides at Article 2(1)(b)

that adaptation to climate change is to be pursued in a manner that does not threaten food production.¹⁵ In giving effect to the Climate Change Convention, the Act should have regard to this obligation. Climate adaptation in Basin water management, including any adaptive management framework considered by this Review, must be designed so that it does not threaten food production. In addition, the regulation-making power should be used to prescribe food and agriculture treaties to which Australia is a party, such as the International Treaty on Plant Genetic Resources for Food and Agriculture.

Australia would not be alone in recognising agriculture in this way. Comparable economies increasingly treat agricultural production as a strategic asset and a sovereign capability. The European Union's recent agricultural policy direction, including its strategy work on livestock and food sovereignty, illustrates the trajectory. Food production is being recognised in policy frameworks as critical national infrastructure rather than as one industry among many, and Australia's water legislation should reflect the same recognition through the treaty architecture it already contains.

For dairy, recognition of food production must encompass the integrated supply chain required to turn raw milk into safe, saleable food. Primary production and dairy manufacturing are interdependent: agricultural production cannot realise its full value without viable processing capacity, while processing infrastructure cannot remain viable without sufficient and stable regional milk supply. Protecting Australia's food-production capability therefore requires consideration of both sides of the farm gate.

Recommendation A.5. Recognise food production, and the productive supply chains and manufacturing capacity that support it, through instruments already within the Act. In giving effect to the Climate Change Convention, have regard to Article 2(1)(b) of the Paris Agreement, and use the regulation-making power within the definition of relevant international agreement to prescribe food and agriculture treaties to which Australia is a party.

Part B: Strengthening the Basin framework

The Act treats reductions in consumptive water access inconsistently depending on the mechanism used, and this asymmetry organises the whole of Part B.

Where access is reduced through a purchase program contributing to the 450 GL target, the Water Minister must consider the socio-economic impact on communities (s 86ADB), entitlement holders are compensated at market rates, and funding is available under the Water for the Environment Special Account to address community impacts. Where access is reduced through a rule or plan change, none of these protections apply. There is no socio-economic test, no compensation and no adjustment funding.

This gap is particularly significant for businesses downstream of entitlement holders. Dairy processors may experience material economic impacts from reduced regional milk production without holding the water entitlement affected by the decision and therefore without being directly captured by mechanisms focused only on entitlement-holder impacts.

The discussion paper proposes to widen the unprotected pathway. It canvasses more efficient plan amendment processes, more adaptive planning frameworks, and stronger protection of non-entitlement flows, without proposing any equivalent safeguard for consumptive access under those more flexible arrangements. The Commonwealth's July 2026 update to the 450 GL Implementation Plan confirms new proposals from Basin states for rules-based water recovery will be assessed when received.¹⁶ This risk

¹⁵Paris Agreement, Article 2(1)(b): adaptation is to be pursued in a manner that does not threaten food production.

¹⁶ [Restoring Our Rivers: Delivering the 450 GL Implementation Plan – July 2026 Update](#)

runs through the questions posed in this Review, and the dairy industry's comments and recommendations in Part B are directed at addressing it.

4. Environmental water

4.1. Outcomes, not volumes

The ADIC's primary position on environmental water is unchanged from its Basin Plan Review and WESA submissions. Further water buybacks must cease, and environmental outcomes should be pursued through complementary measures, delivery improvements and more effective use of the about 3,120 GL of entitlements already held by the Commonwealth Environmental Water Holder, before any additional water is sought from any source.¹⁷

This position follows from the evidence in Part A of this submission. Where environmental outcomes are poor, the dominant constraints are frequently flow timing, operational delivery, infrastructure and climate variability rather than the absence of water. The discussion paper's own treatment of environmental water supports this. It identifies delivery barriers, constraints on reaching floodplains, coordination challenges between water holders, and the increasing diversion of held environmental water to reactive water quality responses, all of which are problems that additional volume does not solve. The ADIC supports a coordinated program of investment in complementary measures, resolution of delivery constraints, and clearer river operator decision making, as the pathway to additional environmental outcomes.

Recommendation B.1 Cease further water buybacks. Pursue environmental outcomes through complementary measures, delivery improvements and more effective use of the existing environmental water portfolio before any additional recovery from any source.

4.2. CEWH trading flexibility: conditional support

The paper canvasses enabling the CEWH to trade more actively and flexibly. Section 106 currently restricts trade to circumstances necessary to optimise the environmental portfolio, with proceeds applied only to environmental activities, and practical barriers limit the CEWH's ordinary market participation.

The ADIC's support for greater flexibility is conditional, and the conditions are set out below. Subject to those conditions, the industry supports flexibility that includes temporary trade of allocations where water is not required for environmental use in each season, with proceeds funding environmental outcomes. Used well, this flexibility reduces the pressure for further permanent recovery, because a portfolio that can be managed actively is a portfolio whose existing volume goes further. The industry particularly supports enabling environmental water and trade proceeds to be applied to water quality response. Held environmental water is already drawn on reactively for water quality events, and recognising this as a legitimate, planned use, funded where appropriate through temporary trade, converts an ad hoc practice into a complementary measure (see also section 13). Water delivery is a state responsibility, and any such use of environmental water or trade must operate within state delivery arrangements and river operations, not around them.

The conditions matter because the s106 purpose restriction is also the provision that prevents the CEWH from operating as a discretionary market participant. Relaxed without safeguards, it would

convert a 3,120 GL portfolio into a market actor of unmatched scale, competing with irrigators in the allocation market in the years when water is scarcest. For dairy, the consequences of such market impacts extend beyond individual irrigators: higher allocation prices and reduced water availability can affect milk production, with consequential impacts on processor throughput and regional manufacturing activity. Market conditions in 2025-26, with the volume-weighted average allocation price at \$346 per ML and availability down 32 per cent, illustrate what is at stake for productive users in dry years.¹⁸ The ADIC accordingly recommends five safeguards, legislated rather than administrative:

- **A statutory purpose test.** Trade only in support of identified environmental outcomes, with annual trading intentions published in advance.
- **Market impact discipline.** Market impact assessment before material trading programs, including assessment of consequential impacts on productive industries and downstream supply chains, and public reporting of trades, including price and volume, within a defined period.
- **Participation limits.** Defined limits on participation in allocation markets in dry years and in contested inter-valley trade openings.
- **Quarantined proceeds.** Proceeds applied only to complementary measures, including water quality response.
- **Market conduct obligations.** Full application of the Part 5A insider trading prohibitions and announcement obligations to CEWH market activity.

Recommendation B.2. Support flexibility for the Commonwealth Environmental Water Holder to trade, including temporary trade to fund environmental outcomes and water quality response, subject to the five legislated safeguards set out in section 4.1.

4.3. Flexibility must be matched by accountability

Expanded discretion for the environmental water portfolio is only acceptable alongside expanded accountability for it. Consumptive users operate under metering, reporting and compliance obligations supported by an enforcement architecture. There is no comparable public accounting of how held environmental water is used, what outcomes it achieves, or how watering is prioritised across the Basin. Any expansion of CEWH flexibility should be partnered with independent assurance and public reporting of environmental water use and outcomes to a standard comparable to that applied to consumptive users, so that the objectives being worked toward are transparent, measurable outcomes rather than volumes held. Governance arrangements for this function are addressed at Part D.

Recommendation B.3. Partner any expanded flexibility with strengthened accountability, being independent assurance and public reporting of environmental water use and the outcomes achieved, to a standard comparable to that applied to consumptive water users.

4.4. Delivery remains a state responsibility

Nothing in expanded CEWH flexibility should alter the allocation of operational responsibility. River operations, and the delivery and movement of water, are the responsibility of Basin states and their river operators. Trading flexibility for the CEWH is a portfolio management setting. It should confer no operational control over how, when or where water is delivered, and the movement of water between valleys remains subject to state trade and delivery rules on the same basis as applies to all market participants.

¹⁸ WSP, Southern Murray-Darling Basin Water Markets Report: 2025-26 Review and 2026-27 Outlook, August 2026.

Recommendation B.4. Affirm that river operations and the delivery and movement of water remain the responsibility of Basin states. Expanded CEWH flexibility should confer no operational control over delivery.

5. Water Resource Plans

The ADIC supports administrative simplification of Water Resource Plans on the statutory condition that no streamlined process may result in a reduction in consumptive access. That condition should be stated in the Act, not left to administrative practice.

The case for simplification is made by the discussion paper itself, which is candid that WRPs are complex, highly prescriptive and resource intensive to prepare, assess and amend, that requirements apply uniformly across very different systems, and even minor and technical amendments are slow and burdensome. Subject to the condition above, the industry supports standardised templates, requirements proportionate to system type and streamlined processing of minor and technical amendments.

Recommendation B.5. Support administrative simplification of Water Resource Plans on the statutory condition that no streamlined process may reduce consumptive access.

5.1. The ADIC does not support changes that make plans easier to amend

The ADIC does not support changes to Water Resource Plans that make plans easier to amend. Simplifying the administration of plans and making the settings within plans easier to change are different reforms, and the ADIC anticipates other participants in this Review will urge the second under the language of the first. Calls for WRPs to adapt readily to climate pressure are, in substance, calls for a framework in which consumptive settings can be adjusted administratively as conditions change. The ADIC rejects that framework in the clearest terms.

Entitlement reliability is the foundation of irrigated agriculture. Farm businesses invest in land, plant, herds and water on the strength of settings that hold. Dairy processors similarly make long-term, capital-intensive investments in regional manufacturing facilities based in part on expectations about the scale and stability of the regional milk pool. Structural reductions in milk production can strand processing capacity, reduce plant utilisation, increase unit manufacturing costs and weaken the economics of future regional investment. A plan framework in which those settings move readily is a framework in which reliability is permanently negotiable, and the investment case for irrigated dairy, and the processing infrastructure dependent upon it, weakens accordingly.

An adaptive amendment framework would also complete the asymmetry described in the Part B introduction. It would establish a fast administrative pathway for reducing consumptive access that attracts no socio-economic assessment, no consultation right and no compensation, alongside a purchase pathway that attracts all three.

Climate pressure is real, and the ADIC's position on how the Act should respond to it is set out at Recommendation A.1. Environmental outcomes should be pursued through complementary measures, delivery improvements and more effective use of the water already held, not through further reductions in the consumptive pool by any mechanism. That position applies to plan amendment as much as it applies to purchase. Nothing in this submission should be read as inviting governments to substitute one method of reducing consumptive access for another; the ADIC opposes further reduction.

The distinction the ADIC draws is therefore about protections, not preferences. The purchase pathway carries socio-economic assessment, consultation and compensation. The plan amendment pathway carries none of them. If, contrary to the ADIC's position, governments determine that a further reduction in consumptive access is necessary, it must not be achieved through the pathway that affords entitlement holders no assessment, no consultation and no compensation. If any adaptive mechanism

is nonetheless contemplated, it must be confined to non-consumptive operational matters, and consumptive settings must be expressly excluded from its scope.

Recommendation B.6. Reject any amendment framework that would make Water Resource Plans easier to amend or allow consumptive settings to be adjusted administratively in response to climate conditions. Consistent with Recommendation B.1, no further reduction in consumptive access should occur by any mechanism. Where a government nonetheless determines a reduction is necessary, it must not be achieved by plan amendment, and must attract socio-economic assessment, consultation and compensation.

5.2. Complete the plans before redesigning the framework

Four NSW Water Resource Plans remain incomplete, seven years after they were due. Where plans are not accredited, SDL compliance cannot be formally assessed or enforced, and entitlement holders in those areas operate under a regulatory uncertainty they did not create and cannot resolve. The step-in powers in s 73, designed for exactly this situation, have never been exercised, in part because of the procedural requirements attached to them. It is not acceptable that the framework's response to seven years of delay has been no response at all. The ADIC recommends completion of the outstanding plans as a priority, and amendment of s 73 so that the step-in powers are exercisable in practice and continued delay carries consequences. A Review contemplating redesign of the WRP framework should first demonstrate that the existing framework can be completed and enforced.

Recommendation B.7. Prioritise completion of the four outstanding NSW Water Resource Plans and amend section 73 so that the step-in powers are exercisable in practice, with consequences for continued delay.

6. Social and economic outcomes

6.1. One test for every mechanism

Section 86ADB requires the Water Minister to consider the socio-economic impact on communities before approving a purchase program contributing to the 450 GL target. The provision is welcome but doubly limited. It applies only to 450 GL purchase programs, leaving every other mechanism that reduces consumptive access, including rule and plan changes, without any socio-economic assessment at all. The s 86ADB test requires only that the Minister consider impacts, with no criteria, no methodology, no independence and no requirement to publish the assessment.

The ADIC recommends both defects be remedied together through a strengthened socio-economic test applying to any mechanism that reduces consumptive access. The test should require independent assessment against published criteria, regionally disaggregated and including industry-specific, whole-of-supply-chain analysis, published before the decision is made. For dairy this means assessment must include changes to farm income, farm numbers and milk production, and also examine impacts on processor throughput and plant utilisation, manufacturing costs, employment, transport and logistics, regional investment, processing capacity and the potential for asset rationalisation or closure.

The absence of dairy-specific whole-of-supply-chain analysis in Commonwealth socio-economic assessment has been a consistent industry concern, raised in the ADIC Basin Plan Review submission,¹⁹

¹⁹ ADIC, Basin Plan Review Discussion Paper submission, 2026.

and the modelling commissioned by Dairy Australia demonstrates the impacts are material and can be quantified at industry level when the work is done.²⁰

Recommendation B.8. Extend a strengthened socio-economic test to any mechanism that reduces consumptive access. The test should require independent assessment against published criteria, regionally disaggregated with industry-specific and whole-of-supply-chain analysis including impacts on dairy production, processing and manufacturing capacity, employment, investment and regional economic activity, published before the decision are made and used to inform decision making.

6.2. Risk assignment

The discussion paper identifies the Schedule 3A risk assignment framework as within the scope of this Review. Schedule 3A allocates the risk of reductions in the water available under entitlements, and it is foundational to the value of, and the finance secured against, every water entitlement in the Basin. The ADIC's position is that Schedule 3A should be retained unchanged. Reopening risk assignment in the current environment would introduce uncertainty into entitlement markets when consumptive users can least afford it, and any reallocation of risk toward entitlement holders would flow directly into asset values and lending. Stability of the risk assignment framework is itself a water security setting.

Recommendation B.9. Retain the Schedule 3A risk assignment framework unchanged.

6.3. Trade-offs, stated

Consistent with Recommendation A.2, decisions under the Act that allocate water away from consumptive use should explicitly state and examine the social and economic costs involved. Those costs should be assessed across affected supply chains. The socio-economic test recommended above is the operational form of this principle for access-reduction decisions.

6.4. Transparency of WESA expenditure

The Water for the Environment Special Account funds water recovery and community adjustment, including the Sustainable Communities Program (funding agreements of \$160 million with NSW and \$20 million with South Australia to date). Communities affected by water recovery are entitled to see where this money goes. Consistent with the ADIC WESA third review submission, the ADIC recommends publication of funded projects, contracts, expenditure against appropriation, and evaluated community outcomes.²¹

Recommendation B.10. Require publication of Water for the Environment Special Account funded projects, contracts, expenditure against appropriation, and evaluated community outcomes.

²⁰ Ricardo, Impact of water buyback on the sMDB dairy industry: potential impacts for dairy farms, processors and suppliers, 2025.

²¹ ADIC, [Third Review of the Water for the Environment Special Account, 2025](#)

7. Water markets

7.1. Government purchasing is distorting the market

The most significant structural distortion in the southern Basin water market is government purchasing. The WSP Southern MDB Water Markets Report 2025-26 records that entitlement markets remained supported by Commonwealth buybacks through a year in which water made available fell 32 per cent, the annual volume-weighted average allocation price reached \$346 per ML (up 126 per cent, against a 20-year average of \$177), allocation prices in the Murrumbidgee and Goulburn exceeded \$400 per ML in the peak irrigation period, and some annual croppers judged the season unviable.²² This is market distortion in the direct sense. A government buyer, purchasing to a policy target rather than a production budget, adds demand that does not respond to price, and every megalitre it acquires is withdrawn permanently from the pool available to productive users. The report also records the inefficiency this produces, with some participants repurchasing entitlements previously sold under buyback programs.

The outlook compounds the concern. WSP expects 2026-27 to be a second consecutive year of reduced availability, opening with zero allocations to general security entitlements and 293 GL (20 per cent) less water allocated than at the same point last year, with allocation prices likely to trend upwards if the below-average rainfall outlook eventuates. Commonwealth buybacks are expected to remain prominent in entitlement demand as the 31 December 2027 contracting deadline approaches.²³ Government purchasing at this scale, into a tightening market, competes directly with productive users at the point of maximum scarcity and can transmit higher input costs and reduced production through downstream processing supply chains. Any shortfall identified through the SDLAM reconciliation that is recovered through further purchase would compound these effects, and the ADIC's position that buybacks must cease (Recommendation B.1) applies with full force to any reconciliation response.

The 2023 reforms provide the instrument for addressing this transparently. The ACCC now holds enforcement and monitoring functions in water markets, and the Part 5A announcement obligations apply to government water markets decisions. The ADIC recommends the ACCC be tasked with monitoring and publicly reporting the market impacts of government water purchasing, including price effects by valley and by product, so that the socio-economic assessment recommended in B.8 rests on published market evidence.

Recommendation B.11. Task the ACCC with monitoring and publicly reporting the market impacts of government water purchasing, including price effects by valley and by product, with sufficient information to enable assessment of impacts on agricultural production and downstream industries.

7.2. No expansion of the Commonwealth role

The Review has excluded water markets from detailed examination while the 2023 Restoring Our Rivers market reforms are implemented. The ADIC agrees with that exclusion and recommends no expansion of the Commonwealth role in markets. The intermediaries code, the insider trading prohibitions and the water markets information framework should be completed and evaluated before further change is considered.

Recommendation B.12. Make no expansion of the Commonwealth role in water markets. Complete and evaluate the implementation of the 2023 reforms before further change is considered.

²² Southern Murray–Darling Basin Water Markets Report | WSP

²³ Restoring Our Rivers: Delivering the 450 GL Implementation Plan – July 2026 Update

7.3. Two gaps in the market framework

First, there is no mechanism for resolving water trade disputes. The intermediaries code governs broker conduct, but disputes between trading counterparties have no forum short of the courts, which is disproportionate to the value of most allocation trades. The ADIC recommends an independent dispute resolution mechanism for water trade disputes. Second, the Minister may make or change the Water Market Rules and Water Charge Rules, but no mechanism exists for their periodic review, a gap the discussion paper itself concedes. The ADIC recommends one be introduced.

Recommendation B.13. Establish an independent dispute resolution mechanism for water trade disputes.

Recommendation B.14. Introduce a periodic review mechanism for the Water Market Rules and the Water Charge Rules.

Part C: The proper limits of Commonwealth involvement

Water management is a state responsibility. The states hold the planning, allocation, licensing and delivery levers that determine water security, water quality and the information systems that support both. The Commonwealth's role under the Act is properly confined to the Murray-Darling Basin framework agreed with Basin states, together with the specific functions the states have agreed it should hold.

The Review canvasses extension of the Commonwealth role in four directions, and the ADIC opposes each of them for the same reason. A Commonwealth framework adds process, reporting and cost without adding water, and no additional Commonwealth powers should be created. The Terms of Reference direct the Reviewer to recognise the primary role of states and territories in water management. Part C asks that this direction be given full effect.

8. Water security

The Review will consider whether additional Commonwealth water security arrangements or information frameworks are required outside the MDB. The ADIC's position is that they are not, and that none should be created. The ADIC does not support Commonwealth intervention in the water market, and it does not support Commonwealth water security frameworks overlaying state arrangements. Water security for users is determined by state planning frameworks, state allocation policy, state licensing design and state delivery infrastructure. A Commonwealth framework overlaying these arrangements would add a layer of process and reporting without adding a megalitre of water, and any Commonwealth prioritisation framework would risk intervening in allocation questions that are properly matters between states and their water users.

Recommendation C.1. Do not extend Commonwealth water security arrangements or frameworks beyond the Murray-Darling Basin and confer no additional Commonwealth powers.

Within the existing MDB framework, the MDBA's 2025 evaluation found duplication in the critical human water needs provisions across the Act, the MDB Agreement and the Basin Plan. The ADIC supports rationalisation of these provisions within the existing framework.

Recommendation C.2. Rationalise the duplicated critical human water needs provisions within the existing MDB framework.

Finally on water security, the design of water rights themselves. The Commonwealth should not drive convergence toward a single model of water rights, whether through national frameworks or through funding conditions. Jurisdictions differ in the form of rights they confer, from statutory entitlements

constituting shares of a consumptive pool through to time-limited administrative licences, and the balance between security of tenure and tradeability is a matter for each jurisdiction in consultation with its water users. The ADIC does not advocate a uniform national model. Experience in the southern connected Basin demonstrates that separating water from land delivers flexibility but also enables water to move permanently out of irrigation districts and industries, with consequences for delivery economics, district critical mass, regional production and the utilisation and viability of processing infrastructure dependent upon that production, that were not fully anticipated when those reforms were designed. Any jurisdiction considering changes to its water rights framework should weigh these outcomes for itself.

Recommendation C.3. Leave the design of water rights to jurisdictions. The Commonwealth should not drive convergence toward a single model of water rights through national frameworks or funding conditions.

9. Water quality

Water quality management is a state responsibility, exercised through established regulatory frameworks, catchment programs and investment, with national coordination already provided through the National Water Quality Management Strategy and associated guidelines. States are also responsible for water delivery, and water quality management is inseparable from delivery and river operations. A Commonwealth role would duplicate existing arrangements without adding capability, and the ADIC opposes its establishment.

The useful Commonwealth contribution to water quality lies within the framework it already administers. As set out in section 8, held environmental water is increasingly drawn on reactively for water quality events. Recognising water quality response as a legitimate use of environmental water and of temporary trade proceeds (Recommendation B.2) would improve water quality outcomes in the Basin without any expansion of Commonwealth jurisdiction, operating within state delivery arrangements. Consistent with the industry's approach across this submission, any action taken in the name of water quality should be justified by a measurable outcome. The test is what is achieved, not what volume is applied or what program is announced.

Recommendation C.4. Do not establish a Commonwealth role in water quality management. Support water quality outcomes within the MDB through environmental water flexibility (Recommendation B.2) and complementary measures, with all actions justified by measurable outcomes.

10. Water information

Part 7 of the Act, the national water information framework administered by the Bureau of Meteorology, is the only element of the Act applying across all of Australia, and the discussion paper canvasses its expansion into an outcomes-based framework drawing on broader data sources. The ADIC does not support expansion. State water information systems are established, trusted and used daily by water users to make allocation, trade and planning decisions. The Bureau's national products are, by comparison, of limited practical use to water users. Before any expansion is contemplated, the usefulness of the existing national products should be reviewed against the needs of the people who actually use water information, and investment should be prioritised toward the state systems that serve them. Water information obligations also carry costs, which flow through water corporations to users. No new data collection or reporting obligations should be imposed without assessment of their cost and demonstrated benefit to primary and downstream water users.

Recommendation C.5. Do not expand Part 7 of the Act. Review the usefulness of the Bureau of Meteorology’s water information products to water users and prioritise investment in established state water information systems.

11. The National Water Agreement

The ADIC opposes alignment of the Act with the National Water Agreement. The opposition is firm, and it rests on a ground that precedes any view about the Agreement’s content. The Agreement does not exist in settled form. The Commonwealth has signed. The states and territories that would implement it have not. Stakeholders have had no visibility of its text. The consultation that produced it compares poorly with the extensive public process that preceded the National Water Initiative, and an agreement developed without stakeholder visibility is a weak foundation for legislation, whatever its content proves to be.

Legislative reform must not proceed on the basis of draft intergovernmental policy. The established sequence is policy development, agreement, then legislative implementation, and it exists precisely so that parliaments legislate settled commitments rather than aspirations under negotiation. The ADIC recommends that this Review assess the Act against the existing legislative framework, and that any amendments required to implement a final National Water Agreement be considered only after governments have concluded stakeholder engagement and negotiations and the Agreement has been endorsed by all jurisdictions. The ADIC takes no position on the content of the Agreement’s objectives and will engage on them when the text is public and settled.

Recommendation C.6. Review the Act against the existing legislative framework. Consider amendments to implement a National Water Agreement only after the Agreement has been settled and endorsed by all jurisdictions.

Part D: Governance and First Nations outcomes

12. Institutional and governance arrangements

The discussion paper cites Productivity Commission findings that MDB governance is complex, confusing, difficult to navigate and in places duplicative.²⁴ The industry’s experience is consistent with those findings, and the burden falls with particular weight on farmer and industry-funded representative bodies engaging across many concurrent processes. The ADIC supports consolidation of reporting and removal of duplicated functions across the MDBA, DCCEEW and the Inspector-General of Water Compliance.

Recommendation D.1. Consolidate reporting and remove duplicated functions across the MDBA, DCCEEW and the Inspector-General of Water Compliance.

The governance reform the industry most wants is accountability for outcomes. No single body is accountable for whether the Basin Plan is delivering environmental results commensurate with the water recovered, and there is no public accounting of environmental water use and outcomes comparable to the obligations imposed on consumptive users. Consistent with Recommendation B.3,

²⁴ [Inquiry Report - Murray-Darling Basin Plan: Implementation review 2023 | Productivity Commission](#)

the ADIC supports independent assurance of environmental water use and outcomes, with public reporting. The function matters more than its institutional location. Whether it sits with the Inspector-General or elsewhere is secondary to it existing, being independent, and reporting publicly.

Recommendation D.2. Establish independent assurance of environmental water use and the outcomes achieved, with public reporting. The function matters more than its institutional location.

The discussion paper does not contain specific governance proposals, and concluded positions cannot be formed on proposals that have not been made. The ADIC asks that specific governance reforms be exposed for consultation in the draft report.

Recommendation D.3. Expose specific governance reform proposals for consultation in the draft report before recommendations are settled.

13. First Nations outcomes

The ADIC supports the recognition of First Nations water interests and supports First Nations participation in the water economy. The industry's positions align with the National Farmers' Federation Indigenous Water Policy.²⁵ Water for cultural uses should be delivered through existing held and planned environmental water on a co-benefits basis. Water for contemporary economic use should be acquired through market mechanisms from willing sellers, as the Aboriginal Water Entitlements Program does, with no new entitlements issued outside the market and no delivery of outcomes through rule changes. Water acquired should retain the characteristics of the pool it came from, water acquired for productive use remaining in productive use, with delivery to off-river sites carrying associated losses on the same basis as other users. First Nations participation in the water market should be on equal commercial terms, and the ADIC notes constructively that First Nations water applied to productive purposes within irrigation districts supports district delivery economics and regional production.

Recommendation D.4. Deliver First Nations water outcomes consistent with the principles of the National Farmers' Federation Indigenous Water Policy. Cultural water should be delivered through existing environmental holdings on a co-benefits basis, water for economic use acquired on market from willing sellers, the characteristics of acquired water retained, participation on equal commercial terms, and no delivery of outcomes through rule changes.

On the statutory UNDRIP question the Review must address (s 253(1A)), the ADIC makes one observation about legal character. The United Nations Declaration on the Rights of Indigenous Peoples is a declaration of the UN General Assembly, not a treaty. It creates no binding obligations in international law, and Australia endorsed it in 2009 as an aspirational statement. This differs in kind from the conventions to which the Act gives effect, which are binding treaty commitments. In identifying opportunities to promote UNDRIP principles, the Review should preserve that distinction. Promotion of principles through policy and program design is consistent with the Declaration's character. Importing its principles as operative legal obligations under the Act would not be. The ADIC also notes that cultural heritage protection in relation to water places is substantially provided through existing state legislation, and coordination with those frameworks should precede any new Commonwealth mechanism.

²⁵National Farmers' Federation, Indigenous Water Policy, May 2025.

Part E: Engagement and Consultation

14. A standard for consultation

The industry supports a consistent standard for consultation on water reform, applied to all affected parties. Consultation should be early, meaning engagement before options are formed. It should be informed, meaning access to the material on which decisions will be based, including draft text, analysis and modelling assumptions. It should be genuine, meaning feedback can change the outcome and reasons are given where it does not. And it should be proportionate, meaning time allowed reflects the complexity of what is proposed and the capacity of participants, noting that farmer and industry representative bodies engage across many concurrent processes with limited resources.

The National Water Agreement process, addressed in section 11, is the current example of this standard not being met. The ADIC asks that the standard be applied to the remainder of this Review. In particular, because there is no consultation stage between the discussion paper and the draft report, the options presented in the draft report in November 2026 must be set out in sufficient detail to be assessed, including what adaptive management would mean in practice and what safeguards would attach to it, with a genuine opportunity to respond.

Recommendation E.1. Apply a consistent consultation standard, being early, informed, genuine and proportionate, to the remainder of the Review, including presentation of options in the draft report in sufficient detail to be assessed.

15. Integration of consultation streams

The Review has run a dedicated First Nations consultation stream in parallel with general consultation. The ADIC supports First Nations participation in water policy and does not question the value of a dedicated stream, particularly where it enables engagement that would not otherwise occur.

The ADIC raises a process observation. Where consultation streams run in parallel without intersecting, the Reviewer receives positions that have not been tested against one another, and participants in each stream do not hear the evidence presented in the other. This disadvantages all parties. The industry does not hear First Nations perspectives directly, and First Nations participants do not hear the industry evidence on regional, supply-chain, processing, and production impacts that bears on how water outcomes might best be delivered. The ADIC would welcome opportunities for direct engagement between participants in each stream, and asks that the draft report set out how input from each stream has been weighed where positions differ.

Recommendation E.2. Set out in the draft report how input from the First Nations consultation stream and the general consultation stream has been weighed where positions differ and provide opportunities for direct engagement between participants in each stream.

16. Transparency of representation

Roundtables and stakeholder forums are an important input to this Review. To support confidence in the process, the ADIC asks that the Review publish the organisations engaged through roundtables and other forums, and the basis on which participants were selected. Where forums are convened to inform findings, the balance of interests represented affects the weight that can properly be placed on what is heard. Publication of participation is standard practice in comparable Commonwealth processes and allows all stakeholders to assess representativeness for themselves. This request is of a piece with the transparency the ADIC seeks throughout this submission, of environmental water use and outcomes (Recommendation B.3), of WESA expenditure (Recommendation B.10), and of the market impacts of government purchasing (Recommendation B.12). Decisions of consequence should be visible to those they affect.

Recommendation E.3. Publish the organisations engaged through roundtables and other forums convened by the Review, and the basis on which participants were selected.

17. Ongoing engagement

The dairy industry brings to this Review farm-level data, regional analysis, direct access to affected businesses, including dairy manufacturers, and an existing evidence base including commissioned economic modelling, annual industry statistics, farmer survey data and processor experience of the relationship between regional milk supply, plant utilisation, manufacturing investment and processing viability, all of which are available to the Review. The ADIC asks to be consulted on any option that would reduce consumptive access before that option is recommended and commits to engaging constructively on the draft report.

Recommendation E.4. Consult affected industries, including downstream processing and manufacturing sectors materially dependent on agricultural production, on any option that would reduce consumptive access before that option is recommended.

Conclusion

The Water Act 2007 was written to bring order, evidence and national purpose to the management of the Murray-Darling Basin. Nearly two decades on, the assessment in this submission shows a framework that has delivered volume without demonstrating outcomes, imposed lasting costs on the communities that feed the country, and grown complex enough that its own administrators cannot complete or enforce it. The answer is not a looser Act, and it is not a bigger Commonwealth. It is a framework that finishes what it started, accounts publicly for what it holds, protects the rights of the people who remain and the productive industries and regional supply chains dependent upon secure water access and leaves to the states the responsibilities that are theirs.

The dairy industry's recommendations are practical and implementable. Close the gap between the protected and unprotected pathways for reducing water access. Simplify plans without making them easier to amend. Match new flexibility for environmental water with real accountability for its outcomes. Ensure socio-economic assessment captures impacts across the whole dairy supply chain, including downstream processing and manufacturing. Keep the Commonwealth within the Basin framework the states agreed to and legislate the National Water Agreement only when it exists. The ADIC and its members stand ready to work with the Review on each of these and ask that no option affecting consumptive access or the water security and productive capacity of dairy farming and processing be settled without the industry at the table.