

**National
Farmers
Federation**

Draft Framework for Delivering the 450GL of Additional Environmental Water

March 2024



National Farmers Federation

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NFF Members



About the NFF

The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade, and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

Overview

The NFF membership welcomes the opportunity to provide a formal submission to the Department to outline industry perspectives and policy concerns regarding the *Draft Framework for Delivering the 450GL of Additional Environmental Water*. This is a subject of critical impact and significance to the agriculture sector. The Draft Framework has been segmented into several subject areas; our submission is structured accordingly.

450GL Delivery Approach

Federal Government's approach to recovering the 450GL of additional environmental water is underpinned by three guiding principles: **enhanced environmental outcomes, minimising socio-economic impacts, and achieving value for money**. The Minister for the Environment and Water has repeatedly stated that these principles will shape the approach of water recovery, these must be strictly adhered to and implemented.

As outlined, Federal Government will deliver the 450GL target through three programs, supported by a large suite of competing options:

1. **Resilient Rivers Program** (infrastructure projects, rule changes, Land and Water Partnerships, other water recovery options).
2. **Voluntary Water Purchase** (water entitlement purchases from willing sellers by the Commonwealth).
3. **Sustainable Communities Program** (community adjustment assistance for Basin communities impacted by voluntary water purchase).

The options outlined above involve the purchasing or effective purchasing of water entitlements away from the consumptive pool to the detriment of food and fibre production.

Consultation Process

It is completely inappropriate for the Department to be consulting primary producers, Basin communities, industry, and local Government on a significant policy matter of consequence with only five weeks for consideration.

There is a considerable volume of material to digest, if the Department is genuine and serious about listening to and receiving feedback – it must commit to undertaking another consultation on this Framework prior to undertaking any water recovery measures toward delivering the 450GL. The rushed nature of this approach appears to mirror previous action by the Department on previous consultations (e.g. the short period between the closure of the Community Ideas Consultation and introduction of the *Water Amendment (Restoring Our Rivers) Bill 2023* to Parliament). There has also been no effective consultation in co-design processes with industry and Basin communities despite Government rhetoric to the contrary. Further, the NFF is not yet convinced the policy design fully reflects amendments to the legislation in the Senate. For example, a detailed mechanism that would allow consumptive users to lease water to the environment, and have it recognised in the environmental pool whilst it is available to the environment must be sensibly resolved.

Engaging Basin Partners

‘Delivering the full suite of water recovery tools will be reliant on strong cooperation with our Basin state partners.’

The NFF is of the position that the success of the Murray-Darling Basin Plan and delivery of the 450GL target is contingent upon whether Federal Government is willing to engage collaboratively with all Basin State Governments. NSW and Victoria are significant Basin stakeholders that have expressed strong opposition to buybacks, with Victoria refusing to sign the renewed Murray-Darling Basin Plan. It is the responsibility of Federal Government to bring all Governments onboard toward a common objective, successful water recovery that delivers win-win outcomes for communities and the environment requires a whole-of-approach mentality. If all options are indeed on the table, then non buyback options need much more consideration than they currently seem to be receiving.

Transparency

Funding for water infrastructure projects, voluntary water purchase, and community adjustment assistance will not be made available for publication due to ‘market sensitivities’. What continues to be lacking is evidence of a commitment to explore solutions with high environmental outcomes, like fish ladders in Menindee, that do not directly transfer water entitlement. It cannot be beyond the capacity of policy makers to design for actual outcomes, rather than simply for volume. Despite transparency undertakings, Government has still not published sufficient information from its recent water tender process attributed to ‘Bridging the Gap’ targets. This is a significant concern as Government is the largest and most influential player in the national water market.

Enhanced Environmental Outcomes

Resilient Rivers Program

It is important to recognise that volumetric outcomes do not simply achieve better environmental outcomes. The Murray-Darling Basin a complex natural ecosystem. Simply throwing water toward a target is not necessarily the most efficient or cost-effective solution; it also does not guarantee a commensurate increase in enhanced environment outcomes is observed. Other solutions that deliver enhanced environmental outcomes include, for example, the protection of environmental assets such as carp management.

In line with the policy intent of the *Restoring Our Rivers Bill 2023*, all options must be considered for evaluation to deliver the 450GL. To ensure enhanced environmental outcomes are achieved and key degradation drivers are targeted, ‘complementary measures’ must be allowed to count toward the 450GL target. Held water entitlements should not be a prerequisite of this water recovery program.

NFF supports the proposal for Land and Water Partnerships (LWPs) to count toward the 450GL target as it will ensure more options towards delivery. However, it is anticipated that significant time will be required for these LWPs to be designed, developed, and negotiated to ensure they are robust. LWPs will also be a key mechanism in the toolbox to

support alternative water recovery opportunities. NFF stresses that public consultation on this matter is undertaken with priority. The fact that this has not occurred means that LWPs are not currently a useable option on the table.

The Framework has also stated that where water is recovered, it will be based on advice from experts including the Commonwealth Environmental Water Holder and Murray-Darling Basin Authority. NFF requests Basin communities and the agriculture sector are also adequately and effectively engaged and consulted, and their views given equal consideration. To do anything less will be negligent and significantly compromise the policy process.

Voluntary Water Purchase

All options must be considered, evaluated, and exhausted prior to any voluntary water purchase being conducted.

In line with feedback raised by irrigation and agriculture bodies, the Resilient Rivers Program must be prioritised as the first option and solution to maximise non-water purchase recovery options.

All alternatives must be evaluated and exhausted before consideration of voluntary water purchase options with the least socio-economic impact can occur. Irrigation communities and surrounding areas impacted by earlier buyback programs in many cases have not fully recovered, particularly communities in Northern Victoria and the NSW Murray Valley. As stated by the Productivity Commission in its recently published *Final Report into the Murray-Darling Basin Plan: Implementation Review 2023*, any return to buybacks in these areas is seen as a probable ‘tipping point for their long-term survival’. This paints a picture on the damaging consequences of voluntary water purchase programs. Such impacts must be minimised or avoided entirely. There are mixed messages coming from Government and the Department which cause further confusion around anticipated timeframes, providing no certainty to Basin communities.

Additionally, the inability of Federal Government to achieve the original target volume of 44.3GL in its recent tender process to help ‘Bridge the Gap’ for the Murray-Darling Basin clearly demonstrates a poor appetite amongst productive users and primary producers for voluntary water entitlement purchases. This sends a clear irrevocable signal; communities do not support buybacks.

Draft Community Adjustment Assistance Principles

The NFF have previously advised Government that describing these programs as ‘community adjustment’ is inherently defeatist. What is needed are robust solutions that create long-term, viable jobs that provide commensurate economic multipliers to that which the irrigation sector currently provides to regional communities and townships. This is complex and difficult – it is about so much more than just throwing money at communities – it goes to community pride and vibrant regional economies.

Community adjustment assistance must be designed and executed by Basin Governments, especially the Commonwealth, and not local Governments who are ill-equipped and do not have the infrastructure in-place to support such delivery. There is a concern that similar

to previous buyback experiences, community assistance funding will be used to paint more silos to no material benefit (i.e., lost income substitution) to impacted communities, primary producers, and irrigation industries (for example, 60% of the dairy industry are reliant on purchasing water entitlements from the temporary water market).

There has been considerable change to the language of Draft Community Adjustment Assistance Principles since they were last exposed to peak industry groups in November 2023. Specifically, to Draft Principle 1 (Support Diversification and Resilience), language has been adjusted as follows:

- **From:** *‘Support long-term economic diversification and transition of regional communities to achieve a wide range of community socio-economic outcomes’.*
- **To:** *‘Support transition of regional communities to prepare for a future with less water’. ‘Focus on job creation and sustainable economies’.*

The broadening of language from ‘wide range of community socio-economic outcomes’ to ‘job creation’ and ‘sustainable economies’ reflects an apparent attempt to dilute safeguards for impacted communities. Language like ‘sustainable’ and ‘job creation’ are broad meaning and do not guarantee funding will be sufficiently targeted toward minimising and offsetting the direct impacts of voluntary water purchase. It can easily be interpreted as simply ‘painting silos’. This is reinforced by the seemingly non-relevant program streams proposed to guide community adjustment in Basin communities outlined in the Draft Framework. This is a significant concern to NFF and is elevated by the detail that language for the six remaining principles is either identical or slightly adjusted to no material difference. That all said, if the words ‘focus on job creation and sustainable economies’ were added to the original wording of Principle 1, then that would be even more robust.

Principle 3: Proportionality

NFF supports the principle of proportionality, the idea that investment in each State is proportional to the volume of water purchased. Care will need to be taken to not be too literal and ignore then interrelationship of impacts and benefits on the shared resources on the Southern basin, or indeed the downstream impacts which might occur in a an entirely separate jurisdiction. However, whether investment will provide the necessary support for, especially impacted, communities will depend on the total pool of allocated funds by Government. If insufficient, all communities will not be appropriately supported or compensated. Government must commit to transparency and release information about its purchase strategy. The same could be argued for irrigation industries who have a higher reliance on temporary water trade with the Government buying water from the consumptive pool.

Principle 4: Co-Design

Principle 4 must be expanded in scope to include co-design across Government, community, and especially impacted industries. This program has been specifically designed to support impacted Basin communities; we must be provided a seat at the table. There does appear to be a current reluctance to fully engage peak representative bodies.

Principle 5: Strategic Alignment

First Nations interests must not be prioritised to the detriment of primary production or agricultural water-use and interests within the Basin.

Principle 7: Evidence-Based

Language is subjective, it is unclear how community adjustment assistance will be guided by 'agreed evidence and data'. This is a significant concern, considering several industry groups have provided evidence on previous and anticipated impacts of voluntary water purchase into the formal record in the Senate Inquiry process, to either be rebuked or dismissed entirely. Additionally, as outlined in the Restoring Our Rivers Senate Inquiry Report, it was stated that buybacks have 'proven to be the most reliable and cost-effective and efficient form of water recovery'. NFF is concerned that this may be used as the evidence base to prioritise voluntary water purchase above other options.

The Framework states that program documents and guidelines relating to determining the cost for other approaches will be provided, but to-date, do not appear to have been released. It is not best-practice for Government to be consulting on this Framework if significant supporting elements, including LWPs which public consultation has yet to commence, has not been provided or is the process of being designed. Progress toward meeting the 450GL should not commence until these key elements are finalised.

Conclusion

The NFF will provide further input and engagement in this process. While there is lots of discussion around various ways of meeting this target, there seems to be undue over-emphasis and focus on direct to market purchases at the expense of other water recovery options. Please do not hesitate to contact Warwick Ragg, General Manager NRM via e-mail: WRagg@nff.org.au at the first instance to progress this discussion or to seek further clarification.

Yours sincerely,



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