National Farmers Federation

NFF Submissions: 2026 Murray-Darling Basin Plan Review Discussion Paper and The Menindee Lakes Review

May 2026

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.

NFF Member Organisations

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Executive Summary

Overview

The *National Farmers' Federation* (NFF) welcomes the opportunity to provide a submission to the *Murray-Darling Basin Authority* (MDBA) *2026 Murray-Darling Basin Plan Review: Discussion Paper* (Discussion Paper)[1]. As the national peak body representing Australian farmers and the broader agricultural sector, NFF represents the interests of Basin communities and seeks policy settings that deliver a genuinely balanced outcome across social, economic, and environmental objectives consistent with the objectives underpinning the *Water Act 2007* (Water Act) (Cth). While these elements are recognised within the legislative structure of the Murray-Darling Basin Plan (Basin Plan), the experience of Basin communities after more than a decade of implementation is that socio-economic considerations have not been considered as an equal partner in, or a defining constraint against decision-making (reflecting broader policy settings and implementation approaches).

Notwithstanding this, NFF recognises that the Discussion Paper represents a necessary and constructive step forward. It is one of the first Government documents to move away from the prevailing narrative of reliance on further water acquisition and instead adopt a smarter and more balanced system-based approach to achieving environmental outcomes. This shift is strongly welcomed and reflects the long-standing position and lived experience of Basin communities and industry representative bodies.

This document responds to the key themes identified in the Discussion Paper alongside other critical issues to the farm sector including but not limited to:

- *Initial assessment of Sustainable Diversion Limits* (SDLs).
- *Water for the environment.*
- *River connectivity in the Northern Basin.*
- *Floodplain and wetland health.*
- *Native fish decline.*
- *Water quality.*
- *Water infrastructure and critical human water needs.*
- *Regulatory design.*
- *Science and knowledge.*
- *Indigenous participation in decision-making and management actions.*

Progress and Achievement of Key Basin Plan Objectives

A core objective of the Basin Plan was to establish SDLs, and this has largely been achieved with success. Original SDLs (excluding the Sustainable Diversion Limit Adjustment Mechanism (SDLAM) offsets) have already been substantially met, and the Basin continues to operate within and comply with defined extraction limits while maintaining Environmentally Sustainable Levels of Take (ESLT) as per official reporting.

[1] Murray-Darling Basin Authority, February 2026: *2026 Murray-Darling Basin Review Discussion Paper*

Since the SDL framework came into full effect on 1 July 2019, the Basin has remained compliant with SDL requirements with water-use consistently being below legal limits and, in many cases, generating a growing credit balance[2]. These outcomes are independently audited by the Inspector-General of Water Compliance (IGWC) which oversees compliance across 109 surface and groundwater units.

Where concerns regarding the effectiveness of SDLs have been raised in the Discussion Paper, the MDBA makes clear in its preliminary analysis that these are driven by non-flow related factors including system constraints, invasive species (specifically European carp which must be eradicated with priority), habitat condition and health, water quality, patterns of flow, and river connectivity rather than a lack of total water volume. The evidence clearly articulates that these factors (and not water volume) as the primary barriers to achieving environmental outcomes under the current operating framework.

A Clear Inflection Point

This Review represents a critical inflection point. The MDBA acknowledges that the default approach of 'simply adding water' will not resolve the Basin's remaining objectives and challenges, and that a more targeted and smarter management approach is required to deliver and maximise environmental outcomes and value for money. This reflects what Basin communities and farmers have been consistently saying for many years and must now be translated into clear and practical policy action. Policy settings must support and provide a positive future for Basin communities, deliver long-term certainty, and avoid further reliance on water acquisition (including through destructive buybacks) and a rebalancing of SDLs.

In this context, the next phase of reform must focus on maximising environmental outcomes from the existing Held Environmental Water (HEW) portfolio. This means shifting the management approach to measures that prioritise system-based interventions focussed on outcomes that maximise value of held and planned environmental water while addressing key degradation drivers. NFF emphasises that this can be achieved through the following complementary measures. We seek $2.0 billion over four-years to support implementation.

- *Progressing community supported constraints and complementary measures that enhance the effectiveness and value of environmental water (i.e., fish ladders/diversion screens, habitat restoration, revegetation, and erosion control).*

- *A national fish strategy focussed on real outcomes for native fish, fish kills, and the eradication of invasive species especially including European carp.*

- *A planned approach to repairing or replacing ageing infrastructure, some of which is a century old, including progressing SDLAM projects that improve environmental outcomes and retain water within the consumptive pool.*

[2] Australian Government, Inspector-General of Water Compliance: *Reviews and Reports – Sustainable Diversion Limit Compliance*

- *Enabling more flexible and efficient water trading arrangements with the Commonwealth Environmental Water Holder* (CEWH)*, including facilitating trade between environmental and willing consumptive users where it improves environmental outcomes and market efficiency, and allows water to be used at the right time and in the right location.*

- *Avoiding rules-based changes and 'acquisition by stealth' that reduce access to water for productive use.*

- *Careful examination of changes to river operations that have no third-party impacts on entitlement holders.*

These alternatives must be actively progressed as a priority consistent with prior Commonwealth commitments and supported by appropriate policy and investment settings. We note that this approach builds on more than 1,000 GL buyback-free, community-identified options (which remain viable) first put forward by NFF in 2023 in response to Minister Plibersek's call for *Innovative Ideas to Deliver the Murray-Darling Basin Plan in Full*[3].

Taking Stock: Stepping Back from Water Recovery

At this stage of implementation, the central issue for the Review is no longer whether additional volumes of water can be recovered through voluntary water purchase, but whether further recovery is justified given the disproportionate and cumulative socio-economic costs already incurred, and the uncertain environmental benefits of additional water recovery in a constrained and highly regulated system. The evidence is clear and shows that further recovery is unlikely to deliver commensurate environmental gains while imposing additional costs on regional communities and agricultural production. We cannot continue down a path of committing significant taxpayer resources (including those contributed by farming communities) without clear and demonstrable returns. Further acquisition from the consumptive pool will only exacerbate pressures on food and fibre production (at preciously the wrong time) given current input cost pressures.

In light of past experience, this Review must not only focus on future reform but also take an evidence-based view of what has already been achieved and at what cost. A Basin Plan must be capable of operating effectively in real-world conditions. After more than a decade of implementation, over 2,100 GL has been recovered and more than $13 billion has been invested. Basin communities have undertaken a substantial share of the adjustment burden while also adapting to other pressures including water reform, drought, changing markets, and ongoing uncertainty. Future reform must recognise the substantial contribution already made by the farm sector, avoid imposing additional socio-economic costs, and provide a stable and predictable policy environment in the face of ongoing pressures and uncertainty.

[3] National Farmers' Federation, August 2023: *Delivering the Murray-Darling Basin Plan Submission*

Basin Fundamentals: Supporting Australian Agriculture

A Key Stakeholder and $100 Billion National Priority

Australian agriculture is central to the nation's economic performance and future growth. The sector has set a clear ambition (as outlined in the NFF's 2030 Roadmap) to exceed $100 billion in farm-gate output by 2030, reflecting a coordinated national effort to grow the value and productivity of Australian agriculture[4]. Achieving this target depends on maintaining a stable, profitable, productive, and internationally competitive natural resource base, particularly in the Murray-Darling Basin.

Figure 1: *NFF 2030 Roadmap 2025 Annual Report Card summary statistics (showing sector performance across key indicators as of 2025)*[5].

While a significant proportion of Basin land use is dedicated to grazing and dryland agriculture, water remains the critical enabler across all production systems, and the Basin is Australia's most significant irrigation region. Water is the lifeblood of the Basin system as it underpins production, employment, and regional water security and critical human needs. Over one-third of the nation's total agricultural produce is produced within the Basin, and the sector employs at least 76,000 direct jobs (not including secondary employment) and is a major economic driver, supporting nearly 10,000 agricultural businesses (representing 40% of all farms) and generating approximately $30 billion in output each year[6]. Policy settings that affect water reliability and/or cost therefore have direct and material impacts on the sector's ability to achieve its 2030 growth ambition.

The agriculture sector is on track to achieving this target ahead of schedule with latest forecasts from the *Australian Bureau of Agricultural and Resource Economics* (ABARES) estimating agricultural production will reach a record $101.4 billion in 2025-26 and $107.4 billion when combined with fisheries and forestry[7]. This milestone reflects the innovation and productivity of Australian farmers supported by improved market access conditions and removal of key trade barriers.

[4] National Farmers' Federation, 2018: *2030 Roadmap: Australian Agriculture's Plan for a $100 Billion Industry*
[5] National Farmers' Federation, 2025: *2025 Annual Report Card: Measuring Our Progress Towards $100 Billion*
[6] Murray-Darling Basin Authority, September 2024: *Our Reliance on the Basin for Water*
[7] Australian Government, The Hon Julie Collins MP, Minister for Agriculture, Fisheries and Forestry: *Joint Media Release: Australia's Agricultural Production on Track to Exceed 2030 Industry Target*

However, this trajectory is not guaranteed. ABARES forecasts show that the gross value of farm production is expected to fall by around 6% to $95 billion in 2026-27, driven by below-average rainfall across Southern Australia, declining global commodity prices, and continued uncertainty in international markets[8].

This outlook reinforces the importance of stable and complementary policy settings. Hard-won gains in productivity and output must not be undermined by poor policy decisions that reduce water availability, impact water markets and introduce further uncertainty into the system (i.e., sudden Commonwealth announcements of additional Expressions of Interest (EOI) and tenders for buybacks), and increase costs**.**

The NFF continues to develop the Australian Agricultural Sustainability Framework (AASF)[9]. The AASF has identified 19 principles and 53 criteria to assist in communicating the sustainability of agriculture in Australia. Work yet to be done will include data governance and ongoing governance regime. This will be an important contributor to the status of Australian agriculture globally.

The Need for a Balanced Policy Framework

A Basin Plan that does not actively support a viable and productive agricultural sector risks undermining the very socio-economic foundations of the Basin itself. Policy settings that reduce water availability, increase input costs, erode productivity, and/or introduce ongoing uncertainty will constrain the sector's growth potential by driving many into permanent exit. The net-effect of this will be to weaken Australia's competitiveness in global markets and undermine our reputation as a leading, reliable, low-emissions producer of high-quality food and fibre.

Environmental outcomes must therefore be pursued in a way that supports ongoing production and long-term community prosperity with a focus on achieving real outcomes rather than simply pursuing water volumes, consistent with a genuinely balanced and sustainable approach. A policy framework that progressively diminishes the productive capacity of the Basin without clear and demonstrable environmental benefit risks eroding the long-term sustainability of both the agricultural sector and the communities that it nourishes. This is particularly important in the context of the remaining Basin Plan obligations under the 'Bridging the Gap' and 450 GL targets where the MDBA makes clear (both in this document and *2025 Basin Plan Evaluation*) that the focus must shift to smarter management and achieving environmental outcomes rather than pursuing a 'just add water' approach. On this point, we note that delivery of the 450 GL is subject to a 'best endeavours' obligation rather than a strict compliance requirement (this is discussed in the proceeding sections below).

[8] Australian Government, Department of Agriculture, Fisheries and Forestry, March 2026: *Agricultural Commodities Report – March Quarter 2026 (Research by the Australian Bureau of Agricultural and Resource Economics and Sciences), Volume 16, Issue 1*

[9] National Farmers' Federation, 2026: *Australian Agricultural Sustainability Framework*

Implementing The Murray-Darling Basin Plan

After more than a decade of implementation and more than $13 billion invested, key elements of the Basin Plan remain incomplete. Specifically, delivery against the SDLAM and the 450 GL Target for Additional Environmental Water have not been achieved. Official Department implementation updates including findings from the *Third Review of the Water for the Environment Special Account* (WESA) all point toward a common theme that being anticipated shortfalls for both targets under realistic funding, market, and delivery conditions.

Bridging The Gap Target

The 'Bridging the Gap' (BTG) target is a Basin-wide recovery mechanism designed to transition from historic water use to sustainable levels and is operationalised through local and shared SDL resource units encompassing 29 surface water and 80 groundwater targets across the Basin. The Basin Plan requires 2,750 GL/year of surface water to be recovered from the consumptive pool to achieve specific environmental outcomes (the original BTG target). However, the required recovery was reduced by 70 GL/year as a result of the *Northern Basin Review* and a further 605 GL/year to 2,075 GL/year, contingent on the implementation of a package of supply and constraints measures in the Southern Basin to achieve equivalent environmental outcomes with less water, known as SDLAM.

To help BTG, the Commonwealth has at its expense three key mechanisms that being:

- *Pursuing (now uncapped) voluntary water purchase from willing sellers through open tender.*
- *Infrastructure investment to fund projects that improve water efficiency on farms or in delivery networks through the Sustainable Rural Water Use and Infrastructure Program* (SRWUIP).
- *SDLAM or supply-measures projects that deliver environmental outcomes with less water.*

In 2017, Basin States and the Commonwealth agreed on a package of 36 SDLAM projects across the Southern connected Basin with the aim of recovering 605 GL of water each year for the river system. The deadline for infrastructure and supply measures has been extended to 31 December 2026 and all SDLAM supply and constraints projects are required to be operational by then to be included in the MDBA's Final Reconciliation. Despite this extension, delivery remains significantly off track. The *2025 MDBA Assurance Report* indicates that nearly half of all projects are unlikely to be completed on time, with a projected shortfall of between 255 GL and 355 GL. This represents a material failure in the delivery of agreed reform measures and raises serious questions as to how the shortfall will be addressed by the *Minister for the Environment and Water* following Reconciliation in 2027.

The Third WESA Review further underscores that delays and non-delivery of SDLAM projects are not simply administrative issues but go directly to the effectiveness of the Basin Plan itself, leaving critical environmental infrastructure incomplete. Failure to deliver these projects undermines the intended 'supply measure' pathway and shifts the burden of recovery back onto water acquisition. The WESA Review highlights that such a shift, should it be pursued, will occur alongside a massive fiscal challenge that being a $1.3

billion cost blowout specifically to meet the shortfall under the 450 GL Target (on top of the original WESA allocation of $1.575 billion). This is clearly not a viable pathway either from a public value-for-money perspective or in terms of the socio-economic impacts on Basin communities.

NFF maintains that any reconciliation shortfall must not be used to advance further water recovery or the rebalancing of SDLs. A shortfall is not a basis for further water recovery; it reflects the need to introduce greater flexibility into the delivery of SDLAM projects. This includes extending timeframes and expanding eligible project types to enable practical, community-supported solutions to proceed. There is a clear precedent for such actions, notably the extension provided by the *Restoring Our Rivers Act 2023* which extended the SDLAM deadline to 31 December 2026. The evidence base underpinning the Basin Plan Review including the *Constraints Relaxation Implementation Roadmap*[10]*, 2025 Basin Plan Evaluation,* and *MDBA 2025 Annual Assurance Report* (as examples) confirm that delays are driven by significant implementation complexity, the need to secure durable social license, physical system constraints such as channel capacity, and the technical challenges of modernising ageing infrastructure (of which some is nearly 100-years old) rather than a lack of viable proposals. In this context, extending timeframes and expanding the suite of eligible measures to a more realistic timeframe would be both consistent with the evidence base and necessary to achieve Basin Plan outcomes in a cost-effective and socially sustainable manner.

Further, we note that under the SDLAM framework, only 62 GL of additional water is strictly required for legal compliance to facilitate the full 605 GL offset. The recovery of water beyond what is required for SDL compliance (i.e., additional HEW beyond the 62 GL) is not commensurate with the scale and scope of Basin Plan implementation and should not be pursued at the expense of productive capacity.

450 GL Target of Additional Environmental Water

The delivery of the additional 450 GL is being pursued primarily through water buybacks as evidenced by recent *Department of Climate Change, Energy, the Environment and Water* (DCCEEW) implementation updates and successive open-tender purchasing programs. While NFF acknowledges the Government's move to credit over-recovered water from the BTG program toward this target (noting that 79.6 GL has been credited as of March 2025), we maintain that over-recoveries should be subject to genuine consultation, including consideration of returning water to the consumptive pool rather than being used as an automatic accounting mechanism toward the 450 GL. On this point, we reiterate that the 450 GL is not a strict compliance requirement but is subject to a 'best endeavours' obligation in legislation. This reflects the reality that environmental outcomes are governed by physical, social, and economic constraints – a position that is well recognised including by the MDBA.

[10] Australian Government, Murray-Darling Basin Authority, December 2024: *Constraints Relaxation Implementation Roadmap – A Guide for Governments to Progress Constraints Relaxation Projects*

In this context, funding directed toward the 450 GL should be prioritised toward constraints relaxation and complementary measures, rather than buybacks, which continue to impose significant socio-economic costs on Basin communities. This approach is consistent with the MDBA's recognition that 'simply adding water' will not resolve the Basin's remaining challenges, and that a more targeted and smarter management approach is required to deliver environmental outcomes and value for money. This includes progressing high-impact and outcome focussed complementary measures through existing WESA funds including but not limited to:

- *Progressing community supported constraints and complementary measures that enhance the effectiveness and value of environmental water (i.e., fish ladders/diversion screens, habitat restoration, revegetation, and erosion control).*
- *A national fish strategy focussed on real outcomes for native fish, fish kills, and the eradication of invasive species including and particularly European carp.*
- *A planned approach to repairing or replacing ageing infrastructure, some of which is a century old, including progressing SDLAM projects that improve environmental outcomes and retain water within the consumptive pool.*
- *Enabling more flexible and efficient water trading arrangements with the CEWH, including facilitating trade between environmental and willing consumptive users where it improves environmental outcomes and market efficiency, and allows water to be used at the right time and in the right location.*
- *Avoiding rules-based changes and 'acquisition by stealth' that reduce access to water for productive use.*
- *Careful examination of changes to river operations that have no third-party impacts on entitlement holders.*

Sustainable Diversion Limits

Since the SDL framework came into full effect on 1 July 2019, the Basin has remained compliant with SDL requirements with water-use consistently being below legal limits and, in many cases, generating a growing credit balance. These outcomes are independently audited by the IGWC. Again as stated above, where concerns regarding the effectiveness of SDLs have been raised in the Discussion Paper (see Figure 2 and Figure 3 below), the MDBA makes clear in its preliminary analysis that these are driven by non-flow related factors including system constraints, invasive species (specifically European carp which must be eradicated with priority), habitat condition and health, water quality, patterns of flow, and river connectivity rather than a lack of total water volume. On this point we seek to understand what is meant specifically by *"patterns of flow"* as this is not defined or described in any detail.

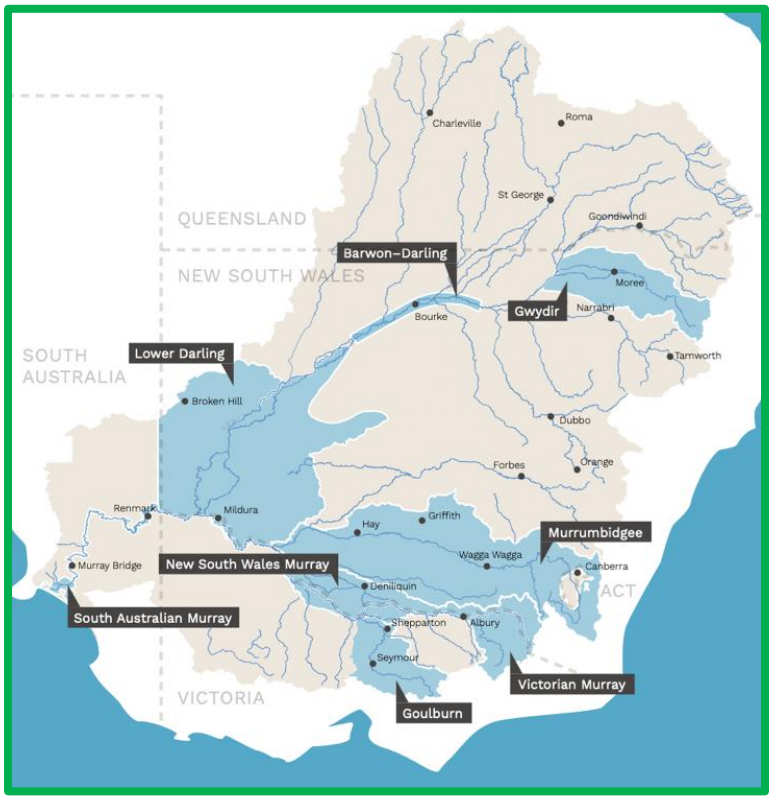

Figure 2: *MDBA map outlining surface water SDL units at risk (preliminary assessment).*

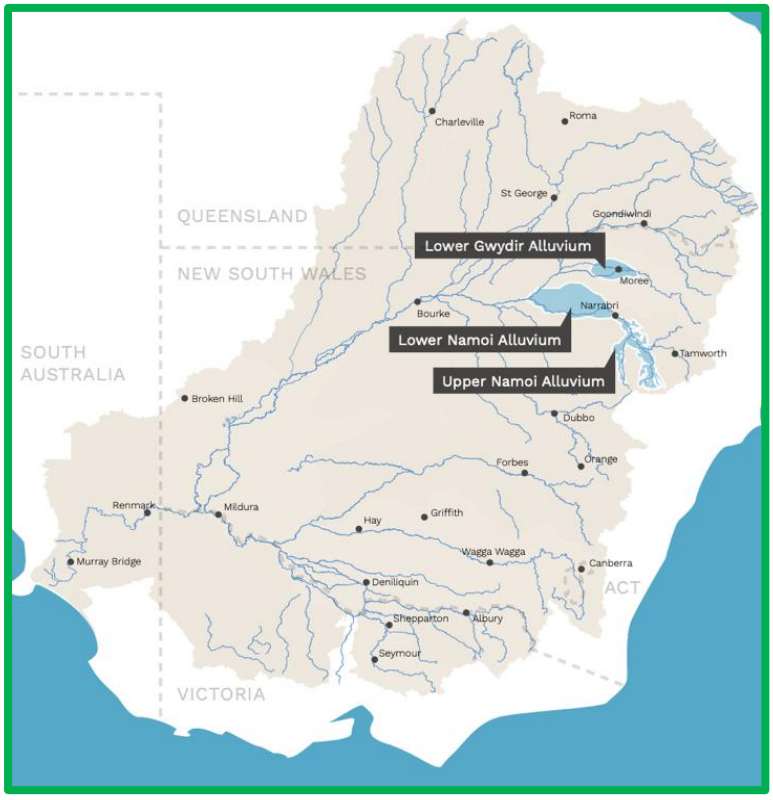

Figure 3: *MDBA map outlining groundwater SDL units at risk (preliminary assessment).*

NFF does not support further climate related adjustments to SDLs. Australian agriculture is already a highly climate-adapted sector, with variability effectively managed through established allocation frameworks. Furthermore, the way in which SDLs and State Water Plans are constructed already incorporates climate variability and NFF is not aware of any plans that do not. Where SDLs have not been achieved, appropriate mechanisms already exist within State-based planning frameworks to address and manage these issues.

In this context, further reductions to SDLs would represent a duplication of risk already borne by water users, without addressing the underlying drivers of environmental underperformance or being supported by evidence. As stated by the MDBA, potential challenges observed in a small subset of SDLs are largely non-flow (and not climate) related, and the solution is not to rebalance permitted levels of take or to add more water, but to maximise outcomes in an already constrained system. SDLs must therefore remain stable to provide the certainty required for ongoing agricultural investment and long-term water planning. We note the MDBA's commitment to maintaining a stable policy environment and that it is not currently considering adjustments to SDLs.

Recognising The Heavy Lifting Undertaken by Basin Communities and Regional Economies

The Basin Plan has delivered substantial environmental water recovery over more than a decade and there is clear evidence that where water can be effectively delivered, environmental outcomes are improving. There are many local success stories to be proud of, and the Discussion Paper recognises that declines have been halted and, in some cases, reversed with nature repair outcomes observed at internationally important sites including in the Barmah-Millewa Forst, Lower Lakes, and Ramsar-listed wetlands such as the Macquarie Marshes. Environmental water has also supported critical waterbird and fish breeding events, with outcomes improving over time as the understanding and use of targeted environmental flows has matured.

However, this progress has come at a significant and often under-recognised cost to Basin communities. After a decade of implementation and water recovery, the Commonwealth has recovered a substantial share of the Basin's consumptive pool (approximately 20%), and this, together with other environmental water holdings, accounts for around 27% of the total pool. This represents a massive structural shift. The fact that key environmental performance objectives remain unmet despite this significant heavy lifting clearly demonstrates that the approach of 'simply adding water' is no longer a viable or logical solution.

The Destructive Impact of Buybacks to Communities

The impacts of Commonwealth water buybacks have been significant, unevenly distributed and concentrated in irrigation-dependent regions, and well-documented across multiple reviews and independent socio-economic analyses. These impacts are visible in reduced economic activity, declining confidence, population loss in smaller communities, and sustained pressure on regional resilience (issues consistently articulated by industry groups and those with lived experience).

While the Discussion Paper acknowledges that water recovery has been *"tough"* for regional and remote irrigation communities, it fails to provide the necessary scrutiny or accountability regarding the scale of this damage. For example, as noted on Page 4, MDBA frames the decline of small towns such as Dirranbandi, Collarenebri, Wakool, and Cohuna because of compounding pressures in addition to buybacks which in our view overlooks the core issue that being buybacks are the primary catalyst for economic instability. It is our view that the significant heavy lifting undertaken by communities after a decade of implementation has not been fully acknowledged, and we must now focus on maximising outcomes from existing environmental water rather than pursuing further recovery or the rebalancing of SDLs.

Independent industry analysis strengthens the conclusion that more work needs to be done, and these findings must be considered as part of the broader evidence piece by the MDBA. This includes evidence from the 2025 Ricardo Report commissioned by Dairy Australia, which found that buybacks materially decrease the consumptive pool in the Southern Basin. This reduction results in increased allocation prices and diminished farm profitability, alongside devastating flow-on effects to local suppliers and regional employment. We note that there is no mention of this important evidence piece in the Discussion Paper.

Further, evidence from the *2025 Ricardo Water Markets Report* confirms that Commonwealth water buybacks have re-emerged as a major destabilising force in the Basin, driving significant upward pressure on both water entitlement and allocation prices. Following years of decline, as stated in the Report, the Ricardo Entitlement Index (REI) reversed its trend to increase by 5.7% in 2024-25 driven largely by the Commonwealth's re-entry into the market[11]. This renewed buyback activity triggered a 'replacement buying' surge with entitlement trading volumes jumping 47% as irrigators scrambled to secure remaining supply. This competition for a shrinking pool of water has been most acute in the allocation market where prices in major Southern Murray-Darling Basin zones surged by 89% to 159% compared to the previous year. While dry climatic conditions and record drawdowns on water storage have tightened supply, the Report nevertheless highlighted a *"self-fulfilling prophecy"* where investors and producers buy ahead of anticipated Government interventions which further inflates costs.

For high-water-use sectors like dairy, Ricardo's modelling warns that buyback scenarios under the 450 GL could reduce consumptive water availability by 7.0% to 16.0% and drive allocation prices up by a further 17.5% to 40.0%[12]. The financial flow-on impacts at the farm-level are substantial, particularly for those with low water entitlement ownership, as Ricardo forecasts average farm earnings to fall by at least 37% under a moderate recovery scenario, with far more severe impacts in dry years where losses can exceed $400,000 per farm. The Report also makes clear that these impacts are not limited to the farm gate as reduced water availability is projected to drive a decline in milk production across the Southern Basin of between 3% and 15%, equating to 270 million litres annually and upward

[11] Ricardo Australia, August 2025: *2025 Ricardo Water Markets Report*
[12] Ricardo Australia (Report for Dairy Australia), June 2025: *Impact of Water Buyback on the SMDB Diary Industry – Potential Impacts for Dairy Farms, Processors and Suppliers*

of $500 million in foregone value of processed dairy production (notwithstanding flow-on impacts to local suppliers, contractors, and service providers.

These findings are further reinforced by the *Department of Agriculture, Forestry and Fisheries* (DAFF) which recognises that buybacks reduce irrigation supply and drive-up allocation prices, undermining investment and regional economic activity. These factors together highlight the very real danger of the current implementation plan to recover a further 300 GL in the Southern Basin[13], especially when the MDBA itself has acknowledged the need to move beyond a 'just add water approach'.

No Further Acquisition

In light of the above evidence, it is clear that the central issue for the Review is no longer whether additional volumes of water can be recovered through voluntary water purchase, but whether further recovery is justified given the disproportionate and cumulative socio-economic costs already incurred, and the uncertain environmental benefits of additional water recovery in a constrained and highly regulated system. The evidence is clear and shows that further recovery is unlikely to deliver commensurate environmental gains while imposing additional costs on regional communities and agricultural production.

NFF therefore does not support further acquisition in any form to achieve Basin Plan objectives. The Review must prioritise and fully exhaust all non-water measures, as there is substantial evidence that complementary measures and the better targeting of existing environmental water can deliver environmental benefits without removing water from productive use. Placing further pressure on the consumptive pool without first exploring these alternatives is irresponsible and risks undue economic harm while failing to address the underlying drivers of environmental decline.

Acquisition by Stealth Through Rules-Based and Operational Changes

Our opposition to further acquisition extends to indirect recovery through rules-based and operational changes. These acquisition by stealth measures are not supported where they diminish the consumptive pool, erode property rights, and/or result in third-party impacts.

A critical concern in this regard is the shift toward increased river connectivity rules in the Northern Basin. Policy settings that mandate higher flow targets or connectivity triggers often act as de-facto water recovery, restricting extraction that would otherwise be legally available under existing entitlements and frameworks. Such changes narrow upstream access through downstream rules, delivering environmental water gains without transparency and compensation to those impacted.

Furthermore, any reduction in flow reliability or uncoordinated shifts in operational rules can disrupt the timing of water delivery. This has the potential to compromise water quality and agricultural production outcomes for downstream regions that depend on

[13] Australian Government, Department of Climate Change, Energy, the Environment and Water: *Restoring Our Rivers: Delivering the 450 GL Implementation Plan – March 2026 Update*

predictable flow regimes. When policy settings reduce water access through rules-based changes, they create the same economic impact as buybacks. This creates profound uncertainty and undermines confidence in the system particularly when implementation is delayed by underlying modelling assumptions that remain hotly contested.

Northern Basin Connectivity

NFF is concerned by any proposal to revisit Northern Basin connectivity through rules-based or operational changes that would have the practical effect of reducing access to water for productive use. If the MDBA is determined to further consider Northern Basin connectivity as part of this Review, it must not rely on work undertaken by the *New South Wales* (NSW) *Independent Panel* or subsequent NSW Government processes as the evidentiary foundation for any Basin Plan response. Any further potential consideration must commence with a comprehensive, independent MDBA-led hydrological review and modelling process that properly accounts for all relevant system changes and water recovery already achieved across the Northern Basin.

This is essential because existing NSW work does not provide a sound basis for further reform. By the admission of NSW, that work has not adequately accounted for the environmental and connectivity benefits associated with CEWH water already acquired in the Northern Basin under the Basin Plan, the substantial reduction in take associated with the volumetric licensing of floodplain harvesting estimated at approximately 1,000 GL, or the contribution of inflows from Queensland into the Northern Basin system. Any assessment that fails to properly incorporate these matters risks materially overstating the need for further rules-based intervention and understating the environmental benefits already secured through Basin Plan implementation and State-based reforms.

Focussing on Outcomes Based Management

As stated earlier, a Basin Plan that does not actively support a viable and productive agricultural sector risks undermining the very socio-economic foundations of the Basin itself. Policy settings that reduce water availability, increase input costs, erode productivity, and/or introduce ongoing uncertainty will constrain the sector's growth potential by driving many into permanent exit. The net-effect of this outcome will be to weaken Australia's competitiveness in global markets and undermine our reputation as a leading, reliable, low-emissions producer of high-quality food and fibre. Environmental outcomes must therefore be pursued in a way that supports ongoing production and long-term community prosperity with a focus on achieving real outcomes rather than simply pursuing water volumes, consistent with a genuinely balanced and sustainable approach. By prioritising real-world outcomes such as river health and the resilience of farming communities, we can ensure a more balanced approach that accounts for the social and economic realities of water management.

Success should be measured Key Performance Indicators (KPIs) such as improved ecological condition, resilience, water quality, and the recovery of key environmental assets including eradication of invasive European carp. We must evolve beyond the 'just add water' mentality that has plagued implementation and Basin communities toward smarter, science-based measures. This is consistent with previous MDBA Audits and Reviews which highlight a poor scorecard for native fish due to the predation of European

carp,[14] and acknowledge that flow management is only a small part of a much broader and required toolkit to deliver improved outcomes for native fish condition and resilience.

Science and Knowledge

NFF recognises the importance of ensuring water management is supported by robust evidence-based decision-making underpinned by sound science and a commitment toward continuous improvement. While water use and compliance are subject to rigorous oversight, there is comparatively limited independent scrutiny of environmental outcomes, including the effectiveness of environmental water use. It is our view that environmental water must therefore be held to the same high standard of transparency, accountability, and performance assessment as consumptive use with a clear expectation that it demonstrates measurable and verifiable outcomes. This is critical to maintaining producer confidence and broader community trust in the Basin Plan.

Indigenous Science and Knowledge

While NFF acknowledges efforts to bring Indigenous knowledge, science, and research into the evidence-base, we reiterate the need for such evidence to be considered and treated individually on its merits in an equal manner to any other information, science, or input that is provided. It is important to recognise that not all evidence provided into a decision-making process (irrespective of the source) holds the same weighting, importance, or validity. Evidence must be scrutinised. To this effect, NFF does not support approaches that would require Indigenous science and knowledge systems to be granted equal weighting in all circumstances, without regard to their relevance, application, and evidentiary basis in the specific decision-making context.

Indigenous Participation in Decision-Making and Other Related Matters

Indigenous Cultural and Intellectual Property

As stated on Page 8 of the Discussion Paper:

- *"We* [the MDBA] *are guided by our commitment to: … respect Indigenous Data Sovereignty and Indigenous Cultural and Intellectual Property and ensure culturally safe and enabling spaces for participation".*

NFF acknowledges the unique and significant complexity of Indigenous Cultural and Intellectual Property (ICIP) in agriculture, fisheries, and forestry, particularly relating to the intersection of ICIP with existing regulatory regimes. NFF notes that while the MDBA has

[14] Australian Government, Murray-Darling Basin Authority, July 2025: *Basin Plan Review 2025 Sustainable Rivers Audit*

an established policy position of how it interprets ICIP[15] – including both tangible and intangible cultural assets – there is currently no consistent or nationally agreed definition present, and this is reflected in the absence of (any) clear definition in the consultation material.

On this point, NFF notes that the Commonwealth has not yet introduced stand-alone legislation to address ICIP, and that broader policy development remains underway. As stated by the *Office for the Arts, "consultation will be conducted in a staged manner, later stages will address the broader rights relating to ICIP".* This reinforces that ICIP remains an evolving policy area, and that a national view is still being developed.

NFF acknowledges that the Discussion Paper refers to respecting ICIP, rather than establishing or expanding legal protections, and considers this distinction important. Given the significance of this reform, any future consideration of ICIP particularly in relation to scope, application, or potential protection must be developed in partnership with the broader public in an open and transparent manner. This will ensure diverse viewpoints from all stakeholder parties are captured and funnelled to reflect a final position. NFF will engage constructively in these processes and in the interim, welcome further discussion with the MDBA to seek clarity regarding scope and application from a policy settings and impact perspective.

Free, Prior, and Informed Consent

While there is no universally accepted definition of Free, Prior, and Informed Consent (FPIC), NFF refers to the definition outlined by DCCEEW in its August 2024 Consultation Paper on the *Draft Principles of a National Water Agreement*[16].

- *"Free, prior and informed consent is a principle protected by international human rights standards that states, 'Aboriginal and Torres Strait Islander Peoples have the right to self-determination' and – linked to the right to self-determination – 'Aboriginal and Torres Strait Islander Peoples have the right to freely pursue their economic, social and cultural development'".*

NFF supports the principle that Aboriginal and Torres Strait Islander peoples have the right to pursue their economic, social, and cultural development in concordance with the right to self-determination. However, the concept of FPIC engagement must apply broadly to all water users and not just to Indigenous peoples to ensure all water users and their interests are provided equal recognition and treatment under law and decision-making. In this sense, FPIC should be understood as a mechanism for best-practice community engagement, rather than providing special privileges or operating as a de-facto veto for certain interest groups over policy outcomes.

[15] Australian Government, Murray-Darling Basin Authority: *MDBA Indigenous Cultural and Intellectual Property (ICIP) Policy 2025-2028*

[16] Australian Government, Department of Climate Change, Energy, the Environment and Water, August 2024: *Consultation on the Draft Principles of a National Water Agreement – Discussion Paper*

NFF also acknowledges that the Basin Plan Review is being guided by the MDBA's commitment to *"support self-determination through processes that involve First Nations peoples in setting priorities and strategies, including through free, prior and informed consent"*. Further clarity is required as to how self-determination is to be interpreted and applied within the Basin Plan context, including how it will operate consistently within Australia's existing legal framework.

In this regard, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which Australia has endorsed, provides guidance. Article 3 states that *"Indigenous peoples have the right to self-determination, including the right to freely determine their political status and pursue their economic, social and cultural development"*[17]. NFF considers that self-determination in this context should be understood as the ability for one to freely pursue their own future (i.e., pick your adventure) within the parameters of the existing Australian legal framework. It does not confer a unilateral right to determine policy outcomes or exercise a veto over decision-making processes, and NFF seeks to ensure this interpretation is underpinning the MDBA's approach.

Indigenous Water

The *NFF Indigenous Water Policy* is attached at Attachment 1 and should be read in conjunction with this section.

In summary, NFF supports the recognition of Indigenous water provided that it is delivered in a manner that is consistent with existing water frameworks and does not result in third-party impacts on entitlement holders and/or otherwise undermine the integrity and reliability of the consumptive pool. This includes recognising that existing held and planned environmental water is utilised to support Indigenous water outcomes. We do not support the issuing of new entitlements for contemporary economic use or access to water through rules-based changes as this is inconsistent with property rights and National Water Initiative.

For contemporary economic use, NFF supports Indigenous participation through existing market mechanisms, including acquisition from willing sellers, ensuring participation occurs on equal commercial terms. Where water is acquired, it must remain in Indigenous ownership in perpetuity to deliver enduring benefits while maintaining the existing characteristics of the entitlement and the integrity of the pool from which it was derived.

[17] United Nations, September 2007: *United Nations Declaration on the Rights of Indigenous Peoples*

Commonwealth Environmental Water Holder

All CEWH activities must remain transparent, must not distort water markets, and must not undermine existing entitlement frameworks and property rights.

Any revenue generated through the management of CEWH assets should be reinvested into the maintenance and enhancement of environmental assets and complementary measures that improve environmental outcomes and system performance.

Cultural water should form part of the CEWH remit, including through the use of existing held and planned environmental water to deliver Indigenous water outcomes, consistent with NFF policy that such use occur without third-party impacts and within existing water frameworks. This approach must not involve the creation of new water entitlements or rules-based changes to access water and must maintain the integrity and reliability of the consumptive pool.

Other Related Matters

The Menindee Lakes Review Public Consultation: NFF Response

The NFF understands that the Department has advised that views regarding the *Menindee Lakes Review* may be incorporated within submissions to the Basin Plan Review. Accordingly, NFF includes the following response:

NFF maintains that any proposed changes arising from the *Menindee Lakes Review* specifically regarding operational arrangements or flow pathways must not come at the expense of entitlement reliability and property rights. It is critical that new operating rules (should they be considered and implemented) do not increase transmission losses or otherwise erode the volume and reliability of the consumptive pool, including for general security licence holders. These principles are fundamental to maintaining investment certainty and the ongoing viability of Basin communities.

Furthermore, any changes to environmental flow delivery arrangements must ensure that associated transmission losses are not socialised across entitlement holders or deducted from the consumptive pool. Where modified flow regimes result in increased transmission losses, these must be fully accounted for and managed by the relevant Governments or Environmental Water Holders (i.e., through offsets) rather than being transferred to productive users.

There is a clear and recent policy precedent for this approach. Under the *Upper Murrumbidgee Drought Operating Framework* (finalised in late 2025), the Australian Government explicitly mandated that transmission losses associated with specific environmental contingency releases during extended dry periods for instance must be accounted for as environmental use[18]. The Framework requires the CEWH to debit these

[18] Australian Government, Department of Climate Change, Energy, the Environment and Water, 2025: *Upper Murrumbidgee Drought Operating Framework*

losses from its own accounts, ensuring they are not socialised among other water users. NFF asserts that this principle (that environmental water must 'pay its own way' for transit) must be applied consistently to Menindee Lakes and the broader Murray-Darling Basin (Basin). Any operational changes that increase losses to achieve environmental outcomes must be fully offset by the proponent with additional water, ensuring the net-volume of the consumptive pool is not diminished.

Improving System Efficiency and Connectivity

NFF recognises that the current operation of Menindee Lakes is subject to several challenges including high evaporation losses and constrained connectivity between the Upper and Lower Darling systems. The *Issues Paper* highlights that declining inflows from the Northern Basin, increasing flow variability, and high evaporation rates coupled with climatic risks are driving a need for consideration of more efficient and adaptative operational arrangements throughout the Basin.

In this context, alternative operational approaches that improve system efficiency and connectivity warrant further detailed investigation provided they deliver real outcomes without inflicting further socio-economic cost upon communities. A primary example is the *Menindee and Cawndilla Wetlands Option*, which allows a greater proportion of inflows to bypass the Menindee Lakes. By reducing the time water spends stagnant and evaporating, this proposal has the potential to directly advance key Basin Plan outcomes including more natural flow regimes (i.e., patterns of flow) in support of end of-system outcomes, and improved longitudinal and lateral connectivity across the Lower Darling Baaka, Anabranch, and Murray systems. Improved bypass flows will also support native fish movement and recruitment, restore vital wetland functions and habitat in the lake beds of Menindee and Cawndilla, and enhance water quality by reducing the risk of stagnation. Together, these changes strengthen the overall resilience of the river system and improve the efficiency of environmental water delivery by ensuring water reaches its target destination with minimal loss. NFF considers that such proposals are consistent with a shift toward outcomes-based management and support broader Basin Plan outcomes, and should be rigorously assessed.

NFF notes that modelling of the *Menindee and Cawndilla Wetlands Option* indicates that impacts on average NSW Murray diversions are likely to be limited in most years, with little or no impact expected under typical conditions. The relatively small impact on Southern Basin reliability reflects a combination of three factors that being increased volumes of water reaching the Murray, improved timing of flows and interaction with downstream storages over multiple years, and the reduction of significant evaporation losses under current arrangements at Menindee Lakes.

However, reductions in allocations (general security access) may still occur during periods of drought when water availability is already constrained and reliability is most critical. These impacts should be considered in the context of the scale of water recovery that would and is otherwise being undertaken to achieve equivalent environmental outcomes through Commonwealth acquisition (buybacks).

Closing Remarks

The long-term success of the Basin Plan depends on its ability to support, resilient, and productive communities. This requires a clear shift away from acquisition toward a more stable policy environment underpinned by the following key actions:

- *Recognise the significant heavy lifting already undertaken by Basin communities after a decade of implementation.*
- *Focus on maximising environmental outcomes from the existing HEW portfolio including a shift toward system-based approaches that prioritise outcomes rather than total flow volumes.*
- *Progressing complementary measures that address key degradation drivers and deliver value for money. This includes examination of the more than 1,000 GL buyback-free, community-identified options first put forward by NFF in 2023.*
- *Avoiding 'acquisition by stealth' or policy settings that erode access to water for productive use.*
- *Avoiding further actions that impose additional socio-economic costs on producers and Basin communities to the detriment of public confidence in the Basin Plan.*

NFF stands ready to work constructively to realise this vision. By working in partnership with Basin communities, Governments can deliver a Basin Plan 2.0 that is not only fit-for-purpose and delivers real environmental outcomes, but is also underpinned by strong community support. Please do not hesitate to contact Warwick Ragg, General Manager, Natural Resource Management, via e-mail: WRagg@nff.org.au at the first instance to progress this discussion.

Attachments List

1. **NFF Indigenous Water Policy (May 2025)**

National Farmers Federation

Leading Australian Agriculture

NFF House
14-16 Brisbane Avenue
Barton ACT 2600

Locked Bag 9
Kingston ACT 2604

(02) 6269 5666
reception@nff.org.au
nff.org.au

Indigenous Water Policy

Preamble

The National Farmers' Federation (NFF) notes that the issue of Indigenous water property rights is gaining some momentum, with several positions espoused by different groups representing Indigenous water interests. While the NFF does not support any particular one of these, this policy is aimed at ensuring that the interests of stock and domestic water users and irrigated agriculture, including Indigenous farming interests, are protected under existing water legislation.

The NFF supports the recognition of Indigenous water provided that the following principles are met:

- It is recognised that the existing pool of held or planned environmental water entitlements can be used to meet cultural needs;
- It does not result in third-party impacts on existing entitlement holders;
- It is consistent with existing water planning frameworks and upholds existing entitlements;
- It maintains the integrity and reliability of the consumptive pool, which underpins Australia's food and fibre production systems; and
- It respects the principle of equal commercial participation, meaning Indigenous economic water use should operate under the same rules and market conditions as other entitlement holders.

Water for Indigenous use can be broadly categorised as:

- Water for cultural uses (including traditional economic activities for trade); and
- Water for contemporary economic purposes (such as water trade and the production of agricultural crops and livestock).

The NFF supports cultural water being delivered through existing environmental holdings to avoid third-party impacts. Issuing any new entitlement (i.e., not acquired from existing water entitlement holders) will have third-party impacts on all remaining uses of water, including the environment. There is support for held and planned environmental water entitlements to be used for multiple benefits, including Indigenous cultural water use, as this will ensure no third-party impacts to existing entitlement holders.

The NFF does not support the issuing of new water entitlements for contemporary economic use, as this is inconsistent with property rights and is not supported by the National Water Initiative (NWI), which was agreed to by all Australian Governments. The NFF, however, supports the use of market mechanisms to acquire water for Indigenous use from existing and willing water entitlement holders. Access to water through rule changes is not supported.

The NFF supports enabling Indigenous peoples to participate in the water economy on equal commercial terms, including the ability to access and trade water like any other entitlement holder in the consumptive pool.

The agricultural sector views the consumptive pool as referring specifically to water available for productive and commercial use. A consistent definition between Government and industry is critical to avoid confusion and misaligned expectations.

Policy

- The consumptive pool refers to water available for productive and commercial use.

- The NFF supports the provision of water for Indigenous use only where this does not result in third-party impacts to existing entitlement holders, including stock and domestic and leaves the existing characteristics of licenses unchanged.

- The NFF supports the use of existing held and planned environmental water entitlements for co-benefits, including Indigenous cultural water use.

- The NFF supports the use of existing market mechanisms to acquire Indigenous water entitlements from willing sellers for contemporary economic use, but the water has to stay within the definition and characteristics of the respective pool it was acquired from (so for water from the consumptive pool, the water stays there for production and commercial use only).

- All water entitlements acquired through Government held by Indigenous people remain in Indigenous ownership and are held in perpetuity to provide enduring benefit and ensure rights are not eroded over time through sales.

- The NFF acknowledges that the ownership framework for Indigenous water entitlements for contemporary economic use is varied and is a matter for Governments and Indigenous peoples.

- Water acquired from the consumptive pool must retain the same characteristics as when it was first acquired, including being utilised in the area of acquisition.

- The NFF seeks that the delivery of Indigenous water to off river sites includes the associated river losses for the off-river delivery.

- Indigenous water must not interfere with, or be used to veto, existing or proposed infrastructure works that meet current regulatory requirements.

- If the above framework were adopted, the current hierarchy of water entitlements, as enshrined in State legislation, would be respected and therefore unaffected.

The Department of Climate Change, Energy, the Environment and Water and Murray-Darling Basin Authority are leading national discussions on Indigenous water rights. While the NWI and proposed National Water Agreement provide the overarching framework, the NFF maintains a national perspective to ensure consistency across jurisdictions. Implementation must align, where appropriate, with Basin-specific mechanisms and planning processes while upholding the NWI's commitment to respect existing water access entitlements and other property rights. Any national and State-based process must be coordinated and mutually reinforcing to ensure consistency across jurisdictions.

May 2025