QUEENSLAND FARMERS' FEDERATION
Primary Producers House, Level 3, 183 North Quay, Brisbane QLD 4000
PO Box 12009 George Street, Brisbane QLD 4003
qfarmers@qff.org.au | 07 3837 4720
ABN 44 055 764 488

Submission

24 March 2021

National Water Reform Inquiry
Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 8003

Submitted online: www.pc.gov.au/inquiries/current/water-reform-2020

To Whom It May Concern

Re: National Water Reform 2020 - Productivity Commission Draft Report (February 2021)

The Queensland Farmers' Federation (QFF) is the united voice of intensive, semi-intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of 21 peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 farmers across the state. QFF engages in a broad range of economic, social, environmental, and regional issues of strategic importance to the productivity, sustainability, and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Queensland United Egg Producers (QUEP)
- Turf Queensland
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Fairbairn Irrigation Network Ltd
- Mallawa Irrigation Ltd
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd
- Eton Irrigation Scheme Ltd
- Pork Queensland Inc
- Tropical Carbon Farming Innovation Hub
- Lockyer Water Users Forum (LWUF)

QFF welcomes the opportunity to provide comment on the National Water Reform 2020, Productivity Commission Draft Report (February 2021). We provide this submission without prejudice to any additional submission from our members or individual farmers.

Summary

QFF note the key areas that we wish to address in this submission are detailed below and can be summarised as:

- Identifying gaps in the water policy framework which incorporate climate change challenges and as such also acknowledges that policies do not cause adverse impacts for the future of the food, fibre, and foliage sector.
- Greater water resource opportunities need to be encapsulated under the Water Reform, which currently do not acknowledge the beneficial use of water from the CSG industry, which is regulated under the *Environmental Protection Act 1994,* and does not vary the requirements of the *Water Act 2000.*
- The disconnect between state and federal governments is affecting investment in new water infrastructure that needs to be fixed.
- Governance that reflects National water policy leadership, with more accountability within state governments that aligns with water reform principles needs to be promoted and strengthened.
- Water measurement requires a greater evidence-based approach.
- Identifying indigenous cultural values and objectives under the current water reform, seeks to identify a greater understanding of cultural water and that new policy affecting indigenous people would be negotiated prior to implementation.

National Water initiative (NWI) renewal

Since the inception of the NWI in 2004, the facilitation of incorporating environmental sustainability into all areas of water use, including agriculture, water planning and water accounting has seen a higher value placed on water. The national water reforms have also seen the foundations of efficient and sustainable resource management be established in the development of water planning and entitlement frameworks. Water trading and markets are a vital component for business in the irrigated sector, and for that reason the creation of separate water entitlements from the land, enables land holders with greater certainty when dealing with changing market conditions and greater flexibility for their businesses.

Over the past seventeen years, since the reform, governments have placed greater emphasis on water efficiency programs, that have also enacted legislation and we have seen a continuing improvement of river systems to ensure healthy waterways. Relationships between governments as noted in the report, does need to be strengthened, to ensure all state management practices relating to water are aligned to the NWI principles and do not hinder development in regions where river systems are managed under different states or territories, that can affect water entitlements.

QFF represents irrigated agriculture in Queensland that have varying irrigation schemes, some many different to other regions within Australia, and subsequently there is not a sinle policy or single accounting approach that fits all. This recognition needs to be acknowledged in future climate change policy development under the water reform.

Building in good governance for a renewed NWI

QFF supports the development of strengthened governance that reflects National water policy leadership, with more accountability within state governments that aligns with water reform principles needs to be promoted and improved. The NWI underpins a lot of good governance in Queensland, however Queensland does not consistently implement recommendations of the NWI that would otherwise help contribute to a faster and more comprehensive process of water policy governance between different government departments.

A request for strengthened governance was one of the major points outlined in the Water Reform Draft Report 2020, and a renewed agreement that reflects national water policy leadership and good management practices needs to be included to ensure the future sustainability and availability of water in a changing climate. Queensland's legislation acknowledges the impacts of climate change and permits climate changes to be incorporated into the water planning framework.

It has been shown through the context of the National Water Reform Draft Report, that states are not connected and implementing recommendations outlined in the NWI, will help with the future direction of water management for the agricultural sector. With the OECD and NWI aligned, the relationship between the economics and science related to water use, will help provide a secure framework that will help all states improve their governance.

Water resource management – a fit for purpose framework

Existing guidelines and frameworks are designed to support a fit for purpose approach for some elements in water resource management, and only target some areas of water resource management which to date have not been transparent. QFF supports the further development of a fit for purpose framework for water resource management in the renewed NWI, that not only balances the expected costs and benefits of different actions, but also identifies 'at risk' water that identifies trade-offs between consumptive users and the environment. Identifying regions that are at greater risk of being of being depleted, through overallocation or associated development in areas that place a greater demand on water and the environment, is vital for the longevity and sustainable use of water for irrigation and help to identify future development for new water infrastructure.

It is also recognised and as a basis for developing the NWI that water is a difficult resource to manage, due to frequency of droughts and floods, and as such the ongoing partnership with state and territory governments to continue to develop water reform is paramount to the sustainable management of water and the environment. The scientific evidence that has outlined the future impacts of climate change including longer periods of drought, and more periods of intense rainfall events, has yet to be fully encapsulated into government policy. As outlined in the Water Reform Draft Report 2020, the country overall will be drier into the future, however an individualised state approach needs to be adopted that does incorporate the NWI principles but acknowledges that some regions will see greater variability than what has been stated in the report.

This will impact on water planning and water accounting in those regions, with Queensland identifying as one of those regions in Australia that will see distinct differences in water variability compared to the rest of Australia. Queensland is a very diverse state, which will see greater extremes in climate due to the latitudinal location and proximity to the equator, which will have impacts upon our food, fibre, and foliage sector. A climate change policy framework has yet to be developed and be included in the NWI. The relationship between climate change, water planning, and continuing to provide consumers with food,

fibre and foliage requires stakeholder involvement and an evidence-based approach to ensure neither the agricultural sector nor environmental water is eroded in the development of future policies.

Securing Aboriginal and Torres Straight Islander peoples interests in water.

Climate change and indigenous water is recognised in this NWI and also in Queensland's legislation. QFF supports the role of cultural water under the plan, in line with environmental objectives, whilst identifying that water for economic purposes should be sourced on the market and all other cultural water should be utilised in line with environmental water.

Identifying indigenous cultural values and objectives under the current water reform, seeks to identify a greater understanding of cultural water and that new policy affecting indigenous people would be negotiated, which also includes indigenous responsibilities for water related commitments that incorporate cultural, spiritual, physical, and economic relationship with their land and waters as proposed in the Australian Governments and Coalition Peaks, 2020.

QFF supports the transparency as outlined in the National Water Reform Draft Report 2020, that 'governments should regularly report publicly on water provided for economic development and the outcomes supported by those allocations given to Traditional Owners'. Subsequently, as outlined in the report, given the value of water to other users, which includes environmental governance arrangements, the establishment of a clear and measurable policy approach would be supported.

Ensuring the integrity of water resource management.

QFF acknowledges and recognises the difference in water availability in different regions. Water that utilises the same infrastructure to distribute water should not have differential pricing applied in respect to crop type, and as such applying a different pricing methodology dependent on crop type within Queensland undermines the underlying principles of the NWI.

Metering in Queensland does not align with a nation-based approach, as one size does not fit all approach, and is dependent on the nature of the irrigation scheme. In respect to groundwater systems, it is highlighted that there is a need for telemetry in static groundwater systems to help identify areas that are stressed from overuse, or when aquifers are not replenished in times of drought. The Murray Darling Basin (MDB) although used as basis in many of the discussion points for metering and resource management in the Water Reform Report 2020, does identify issues associated with different metering standards in different areas and the issues that flow from mismanagement.

It is recognised that in 2018, that the MDB did not want to reduce accuracy standards of water measurement, and as the NWI is more of an advisory role to the states, it was however, involved in the MDB review on metering standards. The subsequent effects from the inconsistency in the measurement of water in this region through metering standards, has been not managed to a standard that reflects the outcomes of equitable and sustainable water management in the irrigation sector under the NWI. Further investigation is needed in the area of integrity of water use management for the underlying identifiers of water pricing and metering.

Water reform for rural Australia

Identifying the efficient use of water has allowed rural users to move to higher-value crops, which has strengthened rural communities through the development of new irrigated industries. However, it must be noted that although the reforms have enabled greater on-farm efficiency of water and enabled local

ownership of rural water in some schemes which has allowed for accountability and increased productivity, the ongoing increasing costs to supply water to both locally managed areas and bulk water supply schemes is becoming unsustainable.

The current water reform notes the increase in productivity of agriculture despite variable water use throughout wet and dry years due to the changes made from reforms, however it is important to mention that this does not identify rural areas as one component of the associated GDP used in the figures. The report fails to mention the pressures placed upon rural communities in times of severe weather events to maintain production, which has been highlighted in both the current drought in Queensland and skills and labour shortage as a result of COVID 19.

A long-term sustainable approach for water reform in rural Australia including economic viability, water sustainability whilst supporting environmental values requires a more diverse policy framework that benefits both agriculture and rural communities. A renewed NWI requires a more in-depth approach placed into the decision making for water in rural areas, that recognises and supports ongoing development of irrigation in rural communities via stakeholder engagement to ensure any future funding is tailored to the region and supports economic growth in these regions.

Strengthened development objectives between both state and federal government that supports the vital role that food, fibre and foliage contribute to supporting the Australian economy, is paramount in both the protection of water and food security, as part of the renewed NWI. Prioritising the role that the irrigated sector plays in driving the economy for food, fibre, and foliage, requires more recognition placed on these commodities, to help support the future demands of agriculture under a changing climate.

Government investment in major water infrastructure

QFF recognises the future impacts of climate change and how more useable infrastructure is required to meet demands. It was noted in the current water reform process that some major water infrastructure projects have not demonstrated compliance with the NWI requirements, nor provided adequate justification on the future economic viability of these developments. The creation of the National Water Grid Authority should remain in order to address the Australian Government funded projects to help with the future of water security in the primary industry. Removing this limitation may reduce funding to be allocated to regions where new water infrastructure is required and increase compliance related issues. Under a renewed NWI, greater scrutiny needs to be applied to new water infrastructure projects under the National Water Infrastructure Development Fund (NWIDF) for projects that incorporates the projected growth and future use of water for the irrigated sector, that maintains and increases economic viability of rural communities.

Currently, the processes for the development of new water infrastructure are onerous, with government decision making identified as one of the processes that restricts and/ or delays development. As such, investment in new water infrastructure is disconnected between state and federal level, which impacts on the development of projects, causing long delays and in some regions eroding the future viability of agriculture, due to both state and federal governments acting autonomously and not in a unified manner.

Unfinished reform in the NWI

Not only is the demand for water increasing in both urban and rural areas, attributed to a rising population, so is the demand to increase productivity whilst ensuring water efficiency, and sustainability throughout periods of drought and floods. Currently a complicated relationship exists that governments need to address and requires further involvement in a renewed NWI to help create a more realistic best practice system in water policy, that identifies issues between productivity, climate change and

unallocated water. Efficient investment in evidence-based decision making, will help with improvement of water efficiency, and help support water planning and the formation of workable policies. To ensure that current NWI recommendations can be implemented, governments need to incorporate recommendations into their policy framework, that allows for future decision making to be made in an open and transparent manner with their stakeholders.

In many regions within Queensland, combined water and electricity costs for irrigation, is becoming unsustainable, thus leading to lower productivity, and an increase in unused water allocations. Some irrigation users are also unable to trade unallocated water due to the regions in which they are located, high pumping costs to distribute water and the lack of need for surplus water, compounded by a nascent water market. Pricing and compliance although addressed, still recognises greater governance is needed with policy development when some irrigators are paying well in excess of lower bound pricing. There is still a long way to go for greater transparency in water pricing, that acknowledges the intrinsic relationship between water pricing, productivity and changes in climate that effects irrigators. A more detailed and workable solution for our food, fibre and foliage producers is needed, to help in times of greater climate variability, which also needs to include all avenues of water supply, such as groundwater and associated infrastructure provided by water utility businesses.

Another issue not addressed in the current reform, is the management of water that utilises the same infrastructure to distribute water, should not have differential pricing applied in respect to crop type. Applying a different pricing methodology dependent on crop type within Queensland undermines the underlying principles of the NWI. Continuously improving on governance arrangements is vital so that issues currently addressed in Queensland (that has differentiated pricing based on agricultural commodity grown), does not see water pricing policies hinder agricultural development.

In planning for the future of water sustainability, greater water resource opportunities need to be encapsulated under the Water Reform. For example, the beneficial use of water from the CSG industry, which is regulated under the *Environmental Protection Act 1994,* and does not vary the requirements of the *Water Act 2000.* Addressing alternative water supplies is needed under a renewed NWI, that identifies beneficial use of this water from the CSG industry to agriculture, and as such QFF seeks to have this protected.

The lack of drought and flood planning in Queensland can cause inadequacies in water supply, however it is instrumental that climate change adaptation and mitigation strategies are incorporated into all aspects of the water planning process and future water policy framework. Identifying regions more susceptible to increased drought and floods, will help funding for infrastructure to be focused by a more evidence-based approach that will help mitigate climate change impacts and help manage the future challenges of water security in the agricultural sector.

Summary

In summary, the new water policy framework needs to incorporate climate change challenges and, as such, also acknowledges that policies do not cause adverse impacts for the food, fibre, and foliage sector. Greater alignment between both state and federal governments is needed to allow for not only greater transparency in future funding, but a smoother transition for the delivery of new water infrastructure projects to help support future water security.

QFF acknowledges that for the NWI to be instrumental for the future development of the agricultural sector, that scientific evidence is utilised as an evidence-based policy approach, and as such science and objective data used to help in policy making which recognises the relative differences between the end users of water.

If you have any queries about this submission, please do not hesitate to contact Ms Sharon McIntosh

Yours sincerely

Dr Georgina Davis
Chief Executive Officer