



QUEENSLAND FARMERS' FEDERATION

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Submission

19 October 2017

Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

To Whom It May Concern

Re: Submission on National Water Reform - Productivity Commission Draft Report

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 primary producers 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)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Bundaberg Regional Irrigators Group (BRIG)
- Flower Association
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Pork Queensland Inc.
- Queensland Chicken Meat Council (QCMC)
- Queensland United Egg Producers (QUEP).

QFF welcomes the opportunity to provide comment on the Draft Report on National Water Reform and provides this submission without prejudice to any additional submission provided by our members or individual farmers.

This submission will address each of the Recommendations made by the Commission except for those recommendations in Chapter 6 - Urban Water.

The united voice of intensive agriculture



Chapter 3 - Water entitlements and planning

DRAFT RECOMMENDATION 3.1

State and Territory Governments should ensure that entitlement and planning reforms are maintained and improved.

Priorities are:

- a. **Western Australia and the Northern Territory should establish statutory-based entitlement and planning arrangements that provide for water access entitlements that are long-term, not tied to land, and tradeable**

No comment.

- b. **State and Territory Governments should ensure that water entitlement and planning arrangements explicitly incorporate extractive industries, such as by ensuring entitlements for extractive industries are issued under the same framework that applies to other consumptive users unless there is a compelling reason otherwise.**

Over the past 4 years successive State Governments have taken steps to better manage the take of groundwater for petroleum and gas and mining projects. This is in keeping with a risk based approach which recognises that these projects have the potential to impact on groundwater through the take of water:

- Associated with petroleum and gas and mining operations (termed 'associated water'). For example, groundwater taken to release coal seam gas or dewatering to allow continued mining activity
- Required for petroleum and gas and mining operations (non-associated water). For example, groundwater taken for use in mining camps, dust depression and fracturing.

Changes were necessary to the *Water Act 2000*, *Mineral Resources Act 1989* and the *Environmental Protection Act 1994* to implement an adequate regulatory framework which includes regulation for:

- Monitoring and assessment of the impact of groundwater take and procedures to 'make good' for any impacts.
- Preparation of groundwater impact reports.
- Cumulative impacts from multiple operations.
- Impact assessment as part of an environmental authority.

The most recent changes to the legislation address the inclusion of mining operations within the framework to address concerns that mining operators had an unlimited right to take groundwater without adequate regulatory scrutiny. Measures include:

- Environmental impacts of groundwater extraction by any mining operator are to be assessed through an environmental authority rather than through a water licence avoiding having multiple approval authorities.
- Linking the underground water impact reports performed under the *Water Act 2000* with the requirements of the environmental authority to provide better oversight during the operational phase of mining operations.

Those mining projects which are well advanced in obtaining project approvals will have to obtain an associated water licence which will involve an environmental impact test comparable to that required for new projects. Third party appeal rights are to apply in this process.

While there may be a need for further refinement, implementation of this framework should allow for the effective management of the impact of petroleum and gas and mining on groundwater resources. These reforms also recognise the need to better coordinate regulation through relevant legislation to avoid unnecessary duplication and make sure regulation is 'fit-for-purpose'.

- c. **State and Territory Governments should develop a process to regularly assess the impact of climate change on water resources. Where this is considered to have been significant and detrimental, they should ensure that the next water plan review fundamentally reassesses the objectives of the plan (including environmental and consumptive) and the consequent balance between environmental and consumptive use of water, to ensure it is suited to a drier climate.**

Each water plan review involves an updating of the hydrological record as part of the investigations undertaken to assess the performance of the plan. Reviews can be undertaken at the end of each 10-year term or there may be requirements for more frequent reviews every five years. The Minister may decide to extend the term of a plan if it is assessed that the plan does not need to be adjusted. If a review is conducted the updated hydrology is investigated to assess the impact on the objectives of the plan for both environmental and consumptive needs. The Department of Natural Resources and Mines (DNRM) has advised that in addition to investigating and consulting on updated hydrological data in current water plan reviews, it will examine the implications of climate change forecasts as a matter of good water planning practice.

Draft amendments to the Water Act 2000 are currently before the Qld Parliament. The proposed changes make an explicit requirement for the Minister 'to consider water related effects of climate change on water availability in drafting a water plan and on water use practices and the risk to land and water arising from use of water on land in drafting a water use plan' - (Draft Water Bill 2017 (version reference: B17_0028_v17)).

QFF's submission on the proposed legislation drew attention to the need for adequate consultation with stakeholders on the application of climate change forecasting before any formal water plan reviews commence. It was also submitted that the impacts of any changes to water plans and water use plans because of climate change forecasting must be fully and transparently assessed. QFF expects that any changes would impact particularly on water sharing rules and seasonal allocation rules included in the plans. Accordingly, there must be adequate provision in the plans for adjustment to significant impacts on reliability of water access. For example, it is likely that there will be a need for improved information on water availability and revisions to seasonal announced allocation procedures. Also, changes may have implications for the allocation of costs for pricing purposes between medium and high reliability customers in water supply schemes.

- d. **State and Territory Governments should ensure that, as water plans reach the end of their planning cycle, suitable review processes are undertaken that allow optimisation of water use and system operation across all users, include explicit consideration of Indigenous cultural values and involve adequate community and stakeholder engagement.**

Changes were made to the Water Act 2000 in 2015 by the Labor State Government following amendments tabled by the outgoing LNP State Government in 2014. The changes introduced by both governments changed the water planning process significantly but substantially retained the process involved in the preparation and consultation for water plans.

Adjustments made to the water planning framework included:

- The purposes of the Act were redefined to focus on 'sustainable management for the planning, allocation and use of water and the allocation of quarry material and riverine protection'. Sustainable management was defined to incorporate the principles of ecologically sustainable development together with other amendments giving specification to sustaining the health of ecosystems, recognition of the interests of Aboriginal and Torres Strait Islander peoples and the provision of water resources and quarry material to support economic development. The definition also recognises the need to increase community understanding of the sustainable management of water.
- Provided for a process for assessment of the need to undertake a full review of second generation water plans every 10 years

- Replaced the separate resource operations plans (ROPs) with three defined elements which were the key components of the ROPs to provide a more integrated and coordinated process to reduce complexity and constraints imposed on the planning process by the conduct of the separate ROP process.

QFF supported these changes but implementation is being monitored. The process for the conduct of the water plan reviews is transparent and consultative. Some decisions to defer plan reviews have been questioned, but the issues raised, while important for a local area within the plan, were unlikely to put the outcomes of the plan at risk.

Comments on the explicit consideration of indigenous cultural values in the Queensland planning process are provided in response to Draft Recommendation 3.2

e. State and Territory Governments should ensure that their entitlement frameworks can incorporate alternative water sources, such as stormwater, wastewater, and managed aquifer recharge, so they do not present a barrier to efficient investment in these supply options.

As outlined in the QFF submission on the Issues Paper, there are case examples in many parts of the state where alternative sources of water have been made available for irrigation as separate water products. These cases include treated CSG water, recycled water and plant waste water recovery. These projects appear to be working well under contractual arrangements between the relevant parties. It is unclear what benefit would be achieved through the implementation of a water entitlement process. It is considered that the implementation of an entitlement process could be a barrier to the use of these alternate sources of water.

DRAFT RECOMMENDATION 3.2

State and Territory Governments should ensure that:

- a. Indigenous cultural objectives are explicitly identified and provided for in water plans, and progress in achieving Indigenous cultural objectives is regularly monitored and publicly reported on**
- b. there is public reporting of how Indigenous cultural objectives have been considered in the management of environmental water - both held and planned.**

Progress has been made in water plans for a few Queensland catchments to make water available for the economic needs of Indigenous communities. However, it is not widely understood how indigenous cultural, environmental and economic outcomes can be appropriately addressed in the water planning process.

Draft amendments to the Water Act 2000 that are currently before the Queensland Parliament allow for the specification of cultural outcomes for Aboriginal peoples and Torres Strait Islanders separately from economic, social and environmental outcomes for implementation in subsequent water plan reviews.

QFF recognises the importance of this measure however, at this stage, it is unclear how these reforms would be introduced through the reviews of water plans where cultural outcomes include ensuring that water is available for indigenous businesses that rely on taking water from a river or bore. The statutory right is already in the Act. There will also be concerns how water for cultural needs will be provided, particularly in catchments/sub-catchments where water resources are fully committed for environmental and consumptive needs.

QFF supports the implementation of Draft recommendation 3.2 b to ensure there is an adequate explanation of the implementation of these objectives.

DRAFT RECOMMENDATION 3.3

Where State and Territory Governments provide access to water for Indigenous economic development they should:

- a. source water within existing water entitlement frameworks, such as by purchasing water on the market or as part of transparent processes for releasing unallocated water
- b. ensure adequate supporting arrangements (such as training and business development) are in place to enable Indigenous communities to maximise the value of the resource
- c. involve Indigenous communities in program design
- d. ensure future governance arrangements are specified and implemented.

QFF supports this Draft Recommendation.

Chapter 4 - Water trading

DRAFT RECOMMENDATION 4.1

Australian, State and Territory Governments should maintain trade reforms to date and improve arrangements to facilitate open and efficient water markets.

Priorities are:

- a. **State and Territory Governments should remove those residual trading rules, policies (whether or not explicitly stated) and other barriers that prevent water being traded, or otherwise transferred, between the irrigation and urban sectors**

QFF questions the benefits that might be achieved by removing trade restrictions that are applied to manage hydrological constraints and environmental issues. It would be expected that removal of hydrological constraints in Queensland's extensive unsupplemented rivers would involve significant provision for losses at a substantial cost. The impact for environmental flows of removing restrictions would have to be investigated at a subcatchment level for each plan review.

It is submitted that more could be done to promote trading and transferring water between the irrigation and urban sectors. As this form of trading is very limited it is important to gain a better understanding of what might be restricting the implementation of these trades. For example, in some catchments factors for to allow conversions between priority classes may not have defined or urban authorities may just be reluctant to purchase rural water entitlements because it may impact on the local farming.

- b. **the Australian Government should commission an independent review of the effectiveness and efficiency of service standards for trade approvals. The review should consider whether the standards should require shorter approval times**

It is questioned whether a national investigation of this nature would be of any benefit. The State jurisdictions should keep this matter under review.

- c. **the role of governments in providing water market information should be focused on ensuring the quality and accessibility of basic trading data. In fulfilling this role, State and Territory Governments should improve the quality and accessibility of trade data in water registers.**

QFF has discussed with the State Government opportunities to improve water market information. These discussions focus on the need for a commercial response rather than public investment.

Draft amendments to the Water Act 2000 that are currently before the Qld Parliament propose to apply a condition in a resource operations licence requiring the water supplier to collect and publish the sale price of each temporary trade. While QFF recognises the value of reporting on temporary trades particularly

within irrigation distribution schemes, concern has been expressed about the costs of implementing this initiative. It has been submitted that authorities such as SunWater must examine cost effective ways of implementing this initiative.

Chapter 5 - Environmental management

DRAFT RECOMMENDATION 5.1

Australian, State and Territory Governments should ensure that their policy frameworks provide for the efficient and effective use of environmental water to maximise environmental outcomes, and where possible, provide additional community outcomes relating to water quality, Indigenous values, recreation and economic benefits.

Water plans for Queensland catchments aim to achieve general and specific ecological outcomes for identified environmental assets and ecosystem functions within and downstream of each plan area. Operational planning apply water sharing rules, infrastructure operating rules and flow management rules to achieve these outcomes by implementing defined environmental flow objectives at selected nodes within each river catchment while maintaining consumptive requirements. Extensive technical assessments and stakeholder consultation is undertaken during the preparation of the water plans to define the environmental assets, ecosystem functions and associated environmental flow requirements. This rule based process is well suited to planning for environmental needs in catchments with highly ephemeral water courses and wetlands and limited opportunities to regulate flow through instream storages. There are limited opportunities to implement specific watering programs for priority environmental assets and ecosystem functions.

DRAFT RECOMMENDATION 5.2

State and Territory Governments should ensure the management of environmental flows is integrated with complementary waterway management at the local level.

To achieve this:

- a. **State and Territory Governments should ensure that consistent management objectives for rivers, wetlands and floodplains govern the use of environmental water and complementary waterway management activities**

It is understood that coordinated legislative reform undertaken over at least the last five years has aimed at achieving consistency in environmental management across catchments. Legislative changes to implement water planning reform has been coordinated with other resource management and environmental legislation to ensure the requirements of water plans are taken into account as part of wider planning activity. The Queensland Government submission should respond in more detail on this issue.

- b. **where possible, one planning process should be used to set objectives for both activities, but if not, State and Territory Governments should ensure planning at the local level is aligned and coordinated. Planning processes should also provide explicitly for other public benefit outcomes where these are compatible with environmental outcomes.**

QFF submits that the implementation of localised and integrated catchment environmental planning and management process in Queensland would involve a major reform commitment and resourcing. Any such commitment across Queensland catchments must carefully consider scale of planning activity that would need to be put in place and the costs and benefits of such an approach.

DRAFT RECOMMENDATION 5.3

Where governments own significant environmental water holdings, they should ensure that decisions on the use of the holdings are made by independent bodies at arm's length from government.

The Australian and New South Wales Governments should review current governance arrangements for held environmental water to ensure holdings are managed:

- a. independently of government departments and political direction**
- b. by statutory office holders with an appropriate range of expertise.**

There is insufficient 'held' environmental water in the Queensland Murray-Darling catchments and elsewhere in the state to justify the establishment of independent organisation to hold and manage this resource

DRAFT RECOMMENDATION 5.4

Australian, State and Territory Governments should ensure there are clear roles and responsibilities for managing environmental water in shared resources, with no duplication.

Consistent with this principle, The Living Murray program should be disbanded as there is no clear rationale for its continued existence in the context of the Murray-Darling Basin Plan. Each Basin jurisdiction should manage its share of former Living Murray entitlements as part of its broader portfolio of held environmental water. The Murray-Darling Basin Authority should complete the divestment of its holdings.

No comment.

DRAFT RECOMMENDATION 5.5

Where capable partners are available, Australian, State and Territory Governments should devolve the use of held environmental water to the lowest practical level, consistent with the principle of subsidiarity.

QFF questions how this recommendation could be implemented for held environmental water in the Qld Murray- Darling catchments.

DRAFT RECOMMENDATION 5.6

Australian, State and Territory Governments should improve monitoring, evaluation, auditing and reporting to demonstrate the benefit of allocating water to the environment, build public trust in its management, keep managers accountable and make better use of environmental water over time.

Priorities are:

- a. Australian, State and Territory Governments should increase their focus on monitoring environmental and other public benefit outcomes - not just flow delivery - where additional effort would be commensurate with the risk to, and value of, those outcomes.**

The Queensland Government conducts an Environmental Flows Assessment Program for each water plan which involves monitoring of ecological assets that have a known critical link to certain flows. The monitoring program runs typically for 1 to 3 years and data provided is used in the review of the water plan to assess if revised operating rules are required. DNRM and DSITI have also developed a Water Planning Science Plan as a guide for investment through to 2019. The priorities address five themes: asset requirements and threats; landscape eco-hydrology; groundwater dependent ecosystems; environmental assessment and evaluation and hydrology.

Other ecological monitoring programs include Q-Catchments which is a complementary ecosystem condition assessment program that provides a risk profile for each catchment and is prepared by DSITI on a rotational basis across the state. The assessment ranks the relative risk from a range of threats to riverine ecosystems which are ranked to prioritise the parameters and locations for monitoring design.

To extend this beyond these programs involves linking to environmental management roles implemented under other legislation by other departments.

Conducting a thorough assessment and developing operational rules for environmental flows requires significant technical and institutional capacity. A comprehensive framework for implementation requires that relevant laws, policies, regulations and institutions be in place across a wide range of water resource management functions. Historically, much of the available resource has been focused to just flow delivery.

Environmental flows are, by nature, inherently interdisciplinary, and may involve agencies that plan and manage dams, agriculture, land use, industrial development and natural resources. The potential for conflicts of interest only intensify on transboundary rivers.

b. monitoring and evaluation should involve collaborative and complementary partnerships, consistent methods that enable the synthesis of outcomes across different temporal and spatial scales, and long-term investment. In the Murray-Darling Basin, governments should develop a strategy to coordinate monitoring and evaluation of the outcomes of environmental flows, both planned and held.

Development and implementation of better coordination of the monitoring and evaluation of environmental flows should be addressed as a component of the implementation of the Basin Plan and other catchment planning.

c. all managers of environmental flows should publicly report on whether outcomes have been achieved or not, and the reasons why.

See comment for Recommendation a.

d. Australian, State and Territory Governments should establish arrangements for independent auditing of environmental flow outcomes to support transparency.

It is submitted that independent auditing of environmental flow outcomes should be considered as part of a formal review process for the Basin Plan and be considered by state jurisdictions for other catchment plans.

e. managers of held environmental water should use the results of monitoring, evaluation and research to improve water use as part of an adaptive management cycle. To achieve this, managers should clearly allocate responsibility and provide adequate resourcing for adaptive management.

No comment.

Chapter 7 - Water infrastructure for agriculture

DRAFT RECOMMENDATION 7.1

State and Territory Governments should ensure the delivery of government-owned irrigation infrastructure services is underpinned by full cost recovery and economic regulation that is proportionate to the scale of the regulated service.

Priorities are:

- a. **any terms of reference issued to the Queensland Competition Authority by the Queensland Government for advice on the pricing of irrigation infrastructure services should be aligned to the National Water Initiative Pricing Principles. The reason(s) for any Government decision to diverge from price recommendations based on those principles should be published.**

QFF for some time has sought clarity about the feasibility of implementing above lower bound pricing for Queensland irrigation schemes. The initial brief set for the Queensland Competition Authority for the 2012-17 price path for bulk and distribution schemes did not specifically preclude full cost pricing. However, QFF understands that advice from QCA preliminary investigations questioned the viability of implementing full cost pricing for this price path. In response, the Queensland Government refined the terms of reference for the inquiry to exclude this issue.

QFF remains concerned about the ongoing uncertainty over the interpretation of the NWI principle of applying above lower bound pricing on irrigation supply assets. We are in no doubt that our schemes cannot cope with full cost pricing particularly considering the impact of electricity pricing and other lower bound cost increases since 2012. Other substantial priorities for the forthcoming price path include recovery of major dam safety upgrades and recovery of flood monitoring and management costs arising from the impacts of flood and cyclone impacts from 2011.

It is unclear what an unconstrained brief would achieve for the next bulk pricing round given the significant list of lower bound cost priorities that need to be dealt with going forward. We consider that the current policy framework and assessment of prices for irrigation schemes in this state is equivalent to and consistent with pricing in both NSW and Victoria. However, continued debate on the implementation of full cost pricing creates significant uncertainty amongst irrigation customers about the longer-term viability of bulk and distribution schemes.

- b. **the Western Australian Government should amend the role of the Economic Regulation Authority (ERA) so that irrigation bulk water customers can request the ERA to review the infrastructure prices and / or services proposed by Water Corporation (WA) as part of bulk water supply contract negotiations.**

No comment.

- c. **the Tasmanian Government should amend the role of the Office of the Tasmanian Economic Regulator (OTTER) so that irrigation bulk water and distribution customers of Tasmanian Irrigation can request OTTER to review the infrastructure prices and / or services of Tasmanian Irrigation**

No comment.

- d. **an equitable share of the cost of any price review requested by users should be treated as a regulatory cost and passed through to users at the discretion of the bulk water supplier in Western Australia and Tasmania.**

No comment.

DRAFT RECOMMENDATION 7.2

Relevant jurisdictions should ensure that the cost of River Murray Operations (RMO) are recovered from water users. RMO costs should also be subject to a periodic independent review. Specifically:

- a. **South Australia should pass through RMO costs to bulk water entitlement holders.**
- b. **RMO should be subject to transparent and independent five-yearly efficiency reviews overseen by the economic regulators in New South Wales, Victoria and South Australia. The next review should be completed by 31 December 2019.**

No comment.

DRAFT RECOMMENDATION 7.3

Governments should not provide grant funding for irrigation infrastructure, or that part of infrastructure, that is for the private benefit of irrigators. Rather, Australian, State and Territory Governments should ensure that:

- a. National Water Initiative-consistent water entitlements and planning are in place before any new irrigation infrastructure is considered (including infrastructure being financed under the Northern Australian Infrastructure Facility).**

QFF strongly disagrees with this recommendation that Governments should not provide grant funding for infrastructure that is for the private benefit of irrigators. However, we accept that investigations that are conducted must be rigorous and ensure that all relevant costs and benefits are adequately assessed and an adequate account is taken of potential future risks for the irrigation projects. Governments must have an ability to assist with any project developments where opportunities for economic development on a state or regional scale are confirmed. We would expect that projects that are assisted are properly geared to achieve consistency with NWI requirements within acceptable defined timeframes.

- b. government grant funding is limited to those projects, or parts of projects, delivering a public good. Any grant funding should be subject to an independent analysis of the project being completed and available for public comment before any government announcements on new infrastructure are made. The analyses should establish that the project will be:**

- **environmentally sustainable**
- **economically viable and deliver public benefits that are at least commensurate with the grant funding being provided.**

QFF is of the view that there is substantial work to be done to restructure irrigation in Queensland to allow the full implementation of the NWI. We would consider that this work would meet the public benefit test as lack of action could involve lost opportunities for making improvements to schemes and could result in added costs to communities if structural change is not adequately addressed. QFF submits that there is still significant investment needed in irrigation areas to address major constraints on the full implementation of NWI reforms. These investments may involve:

- Metering upgrading particularly in the irrigation schemes and the implementation of metering in unmetered surface and groundwater areas
- Improved irrigation scheme monitoring to assess opportunities for improving scheme management and operations. Improved monitoring is also a priority for schemes to adjust to cope with rapid and ongoing increases in electricity prices
- Investigation, planning and management of rising groundwater problems particularly in large distribution schemes
- Identifying opportunities for the use of recycled water products
- Coping with adjustments to the impacts of climate change
- Addressing issues in a number of irrigation schemes that are facing difficulties implementing water pricing reforms

Many of these issues have been raised in the investigations into the feasibility of transferring the eight major irrigation distribution schemes to local management.

While it is recognised that the Commission has not had a brief to address the impacts of energy policy changes and particularly rising electricity prices on the irrigation sector, it is important that this issue is examined as a matter of urgency. High electricity costs are having a major impact on the viability of irrigation farming and the schemes that supply irrigation water. These costs are generating structural problems which will seriously impact on the implementation of NWI.

The submission by CANEGROWERS discusses in more detail the connection between water and energy costs and outlines how policy settings for the efficient delivery of water is a major issue for irrigated

agriculture. In the sugar industry, the cost of electricity to pump irrigation water is higher than the cost of the water itself and this is now influencing investment decisions.

QFF believes implementation of the NWI will lag significantly without a targeted program and resourcing (including grants) to assist with the implementation of initiatives listed and to deal with the high and increasing costs of electricity. As outlined above, the priority in bulk water pricing over at least the next five years will go to recovering dam safety, flood management costs and coping with the current costs of electricity use. There will be a very limited capability to fund or implement further NWI reform without targeted assistance.

c. government financing (such as loans) for infrastructure generating private benefits should only be provided after:

- **an independent assessment has confirmed the finance can be repaid on commercial terms. The assessment should be released for public comment before any announcement on new infrastructure is made**
- **robust governance arrangements have been put in place to deliver merit-based decision making and the ongoing monitoring of (and public reporting on) the government's investment**
- **sufficient water entitlements have been sold to reduce the project's risk profile and provide assurance the finance will be repaid.**

The issues raised above require urgent consideration or it is unlikely that many irrigation projects (greenfield or existing scheme improvements) will proceed.

Chapter 8 - Other National Water Initiative elements

DRAFT RECOMMENDATION 8.1

Australian, State and Territory Governments should:

- a. identify the key knowledge and capacity building priorities needed to support the ongoing implementation of the National Water Initiative (including the revisions and enhancements recommended in this report).**
- b. develop mechanisms through which the jurisdictions can work cooperatively and share knowledge to build overall capability and capacity.**

The draft report lists significant knowledge and capacity building needs for the ongoing implementation of the NWI. A number of these needs are being addressed as part of ongoing programs subject to availability of resources. However, there is limited scope to implement recommendations from this work and further research given the ongoing cost of implementing priorities over the next five years as outlined in this submission.

DRAFT RECOMMENDATION 8.2

Where Governments consider there are significant and rapid adjustment issues affecting communities as a consequence of water reform, the response should:

- a. avoid industry assistance and subsidies.**
- b. consider all the factors impacting on the community (not just water reform).**
- c. target investment to developing the capacity of the community to deal with the impacts of structural adjustment.**
- d. be subject to monitoring and publicly reported evaluation of outcomes.**

There are still significant structural adjustment issues for the irrigation sector in Queensland in implementing core NWI reforms. This situation is exacerbated by the problems the irrigation sector is facing in coping with high and rising electricity prices.

Chapter 9 - Progressing reform

DRAFT RECOMMENDATION 9.1

Australian, State and Territory Governments should recommit to a renewed National Water Initiative through COAG by 2020. This should:

- a. **maintain the achievements in water entitlements and planning, water markets, water accounting, water pricing and governance, knowledge and capacity building, and community engagement delivered by the current National Water Initiative as the key foundations underpinning sustainable water resource management and efficient infrastructure service delivery.**
- b. **revise a number of policy settings:**
 - **incorporating extractive industries and alternative water sources into water entitlement frameworks**
 - **water planning to take account of climate change and enable ongoing optimisation**
 - **Indigenous access to water for economic purposes**
 - **arrangements for water trading between irrigation and urban sectors**
 - **better targeted adjustment assistance.**
- c. **significantly enhance policy settings relating to:**
 - **urban water management to ensure innovative and efficient provision of services in the future under the combined pressures of population growth and climate change**
 - **environmental water management to ensure maximum return on government investment in this area**
 - **decision making on building and supporting new infrastructure for agriculture.**

QFF would support the conduct of consultations to define the terms of reference for a renewed NWI. A priority for Queensland would be a focus on the critical issues in this State for the implementation of the core NWI principles as currently drafted. Priorities would be dealing with those issues which would facilitate implementation of current reforms over the next five years and adequate resourcing to support this effort.

DRAFT RECOMMENDATION 9.2

In developing the renewed National Water Initiative, Australian, State and Territory Governments should:

- a. **consult with relevant stakeholders, including by establishing an Indigenous working group to provide advice on the development of relevant provisions.**
- b. **ensure that progress with implementing a renewed National Water Initiative continues to be independently monitored and reported on every three years.**

QFF supports this Draft Recommendation.

In summary, QFF submits that Queensland is proceeding with the implementation of NWI reforms and has undertaken significant legislative changes in the past 4 years to address NWI priorities. However, implementation of the reforms is lagging as there is insufficient resources to deal with critical underpinning of



the reforms such as continued metering, attention to key obstacles and dealing with structural adjustment issues arising from the reforms and the energy reforms.

A renewed NWI is important but it must focus on the issues facing irrigation in this state.

Yours sincerely

Travis Tobin
Chief Executive Officer