

Submission

30 October 2020

Mr Mick Keogh OAM
Murray-Darling Basin Inquiry
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Submitted online: waterinquiry@acc.gov.au

Dear Mr Keogh

Re: ACCC, Murray-Darling Basin water markets inquiry, Interim report (30 June 2020)

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 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
- Mallowa 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)

The united voice of intensive and irrigated agriculture

QFF welcomes the opportunity to provide comment on the ACCC, Murray-Darling Basin water markets inquiry, Interim report (30 June 2020). We provide this submission without prejudice to any additional submission from our members or individual farmers.

Summary

This inquiry which was instructed by the ACCC was to examine the markets for tradeable water rights in the Murray-Darling Basin, with the aim to look at options to enhance markets and for tradeable water rights, which includes transparency, regulation, competitiveness and efficiency.

The Murray-Darling Basin consists of a large area that occupies various states within Australia and is governed by different regulatory frameworks and water accounting methods in each state. The water trading market is still in the infancy phase in Queensland and with the the complexity of the different state regulations, that border Queensland, water trading needs to be done without adverse consequences to irrigators which has already occurred in southern states.

Key points:

- Any reform must be both effective and cost effective.
- To not overregulate or be bound to the confinement of other state regulatory and policy frameworks which have various arrangements pertaining to water entitlements.
- Recognise that there are significant differences between the Southern and Northern connected basin market and the rest of Australia.
- Recognition of the lack of hydrological connectivity between the regulated surface water systems in the Northern Murray -Darlin Basin, and how these systems are managed to ensure streamlined, transparent accounting so that these systems are not depleted to unsustainable levels.
- A holistic approach needs to be implemented when flood / drought events are declared that have a direct impact on various water sources in the Murray Darling Basin and adjoining state regulatory bodies.
- Efficient water management is paramount to ensure water trading is adjusted to reflect the change in climatic conditions.
- Effective governance of efficient water trading is needed to ensure ongoing efficient and sustainable water management.

Northern Murray-Darling Basin

The Murray-Darling Basin water markets inquiry – interim report throughout its findings has acknowledged the past and current ineffective management and non-transparent accounting methods and framework used for water entitlements and trading, is what is creating problems in water markets. An integrated user-friendly management system, that is governed by federal regulation, but with transparency, efficiency and the competitiveness is necessary for water to not only remain a viable asset, but also a sustainable one.

The ACCC Murray-Darling Basin water markets inquiry acknowledged that the inquiry was necessary to make water more visible and equitable in a constantly changing market. The ACCC identified throughout its investigation that there are significant issues in the markets for water rights in the Basin that do need to be addressed. This is currently undermining the efficiency of water markets and industries that are dependent upon them.

Governance arrangements

The current complexity of governance arrangements detailed in this report outlines how fragmented the various agencies that occupy the water trading markets are. This includes the variety of water authorities, compliance agencies and regulators that in the most part provide conflicting policies that underpin the ineffective decision making and management of Australia's most valuable resource.

Given that a variety of jurisdictions occupy the Murray Darling Basin, and with the ACCC acknowledging the current governance issues are impacting water markets it is vital that the current ineffective decision making,

fragmentation of roles within the governance frameworks and conflicting roles and functions of the different agencies do not stifle the role of water trading for Queensland farmers located in the Northern Basin region.

A clear, efficient effective regulatory framework is needed and required to ensure that water markets remain competitive and cost effective that give farmers and industry occupying the Northern Basin the trust required to maintain confidence in water trading. To date, Queensland has a relatively structured management plan that has had farmers in the Northern Basin area compliant, and free of the constrictive and complicated regulated framework in adjoining states. It is imperative that Queensland does not follow in the same demise that has occurred elsewhere that has undermined the confidence in water trading from misleading information, inadequate advice and exorbitant prices that have allowed for exploitation.

For Queensland farmers occupying regions in the Northern Basin, a concise up to date regulatory framework exists, that has taken into account overland flow, and uptake from bores, with water entitlements managed effectively to date, without the constrictions of a multitude of governance arrangements that have led to the current complicated issues arising from the findings in the ACCC report. The majority of water in the Northern Basin region of Queensland is highly dependent on semi-arid ephemeral river systems, and it is in the best interest of farmers and industry in this region to not be overregulated by a framework that will not be suitable to the river systems that are located there.

The current status of water plans in Queensland takes into consideration climate variables, overland flow, groundwater, and adjoining river systems that may be impacted from water uptake, which to date has not been fully integrated in states adjoining the Northern Basin. Not only is this vital for water compliance, it enables a more effective and efficient framework for water users, that integrates a holistic approach incorporating the environment and reporting methods, monitoring and reviews that are underpinned by the latest scientific information, that is vital for sustainable water trading in all states.

Final Consideration

Queensland's agricultural sector occupying the Northern Murray-Darling Basin, requires a commitment from the Commonwealth Government that the problems outlined in the ACCC report will be addressed and integrated to form a transparent and coherent policy approach to address the issues, without obstructing or impacting on the progress Queensland has already undertaken to address tradeable water rights in the Murray-Darling Basin.

QFF fully supports the aim to look at options to enhance markets and for tradeable water rights, which includes transparency, regulation, competitiveness and efficiency, but also ensuring allocations and entitlements are not overregulated, which will lead to the eventual erosion of the very aims that this report seeks to achieve. To achieve these outcomes a more aligned and consistent legislative framework is needed for those that are trading water, to ensure a fair and equitable market, that also factors in the existing water planning framework of Queensland.

Without consistency, transparency, efficiency and cost effective trading, Queensland farmers will continue to see a lack of confidence in the future of water markets, which could possibly push a valuable resource to unsustainable levels, as has already been shown in southern states.

If you have any queries about this submission, please do not hesitate to contact Ms Sharon McIntosh at sharon@qff.org.au.

Yours sincerely

Dr Georgina Davis
Chief Executive Officer