National Irrigators' Council
Food · Fibre · Future

27 July 2026

Ms Joanne Chong, Commissioner
Mr Paul Wyrwoll, Associate Commissioner
Productivity Commission

Online Submission

RE: National Irrigators' Council response to the National Water Reform 2026 Interim Update

Dear Commissioners,

The National Irrigators' Council (NIC) is the peak industry body for irrigated agriculture in Australia, representing irrigation entitlement holders, irrigation delivery operators and industries involved in food and fibre production nationally. We welcome the opportunity to respond to the Productivity Commission's (PC) interim update, National Water Reform 2026: Preliminary Assessment, and thank the Commission for its work to date.

This response should be read alongside NIC's earlier submissions and note the interim update itself references NIC's May 2026 submission (sub. 65).

Our feedback has focused on the information requests within the Interim Report.

General comments on the interim update process

NIC again notes that this consultation is occurring within an extremely compressed timeframe with submissions on a wide-ranging and technical interim update due within weeks of its release, and the PC must deliver its final report to Government by 4 September 2026. We recognise the PC did not set these timeframes, however, we reiterate the concern raised in our May 2026 submission that the current environment of concurrent, overlapping reviews – this inquiry, the Murray–Darling Basin Plan Review, the Water Act 2007 review, the Menindee Lakes Review, the Inspector-General of Water Compliance review, and the parallel development of the NWA – is placing a significant resourcing burden on stakeholders and risks a lack of considered engagement. A shortage of detailed submissions from water users to any one of these processes should not be read as a lack of interest or concern.

NIC also reiterates our concern that this NWI assessment is occurring while the future of national water policy itself remains unresolved. At the time of writing, the status of the NWA remains unclear, with only the Commonwealth Government signing and no shared understanding among stakeholders and jurisdictions of what the final agreement includes, how binding its principles are, or what financial support will accompany implementation. We recognise the PC captured elements of this in its interim report, we ask the PC to use its final report to set out how the transition between an NWI assessment, and any future NWA assessment will occur, and what happens if adoption of the NWA is inconsistent across jurisdictions i.e. provide guidance on the future role of the PC.

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Response to Information Request 1 – overall feedback on the interim assessment

NIC largely supports the PC's interim assessment ratings – unchanged from 2024 – which broadly reflect the state of national progress; however, we recommend providing clarity on a state or regional basis (such as the Murray Darling Basin) to highlight where progress has occurred. We offer the following evidence and observations to inform the final assessment on key areas of differences between the PC assessment and our own position.

Overallocation and overuse:

Overallocation and overuse are no longer a problem for water management in Australia, the lessons learnt from the Murray Darling Basin are clearly articulated in risk-based planning and monitoring systems around Australia. We acknowledge not all jurisdictions have the same approach nor separate entitlements to land with allocation systems, and there is a small number of at-risk systems. However, a great outcome of the NWI is that all do have a planning process that considers yield, inflows and extraction and environmental and human needs, before setting sustainable limits and have monitoring and review systems in place. Yet the PC assessment remains as partially achieved.

In the Murray Darling Basin, three decades of reform and more than $13 billion investment, have delivered a substantial rebalancing of water shares. Reforms lead through the NWI now mean in the Murray Darling Baisn new Sustainable Diversion Limits (SDLs) set at an Environmentally Sustainable Level of Take (ESLT) are in force and with annual compliance reporting, meaning 72 percent of inflows remain in rivers for the environment, with only 28 percent available for consumptive use and extraction.

NIC's analysis of the MDBA's initial Sustainable Diversion Limit assessments found that 92 percent of environmental indicators across all Basin water sources showed no improvement from further water recovery, and of the 8 percent that did show a change, this was frequently from an already positive baseline and with low or medium confidence.

Furthermore, the evidence within the MDBA's Basin Plan Evaluation, Sustainable Rivers Audit, and the Initial Sustainable Diversion Limit assessments, highlight the drivers of environmental outcomes in the Basin are less about rebalancing and more about non-flow measures. Indeed, the evidence in the SRA is clear the flow-based indicators are generally performing well, and non-flow based indicators are the ones which are not. These can't be fixed by 'just adding water'.

This evidence should be considered in the PC's final assessment including: the systems in place nationally to achieve sustainable levels of extraction must be recognised, and that further water recovery or rebalancing is not the answer to the outstanding elements within the Murray Darling Basin for the NWI's rebalancing / sustainability agenda.

The NIC noted in other stakeholder submissions to the PC Inquiry that the EPBC listing in the Macquarie Marshes and the Murray River downstream of the junction, is a sign of the need for further water recovery. However, these claims ignore the scientific recommendations within the listing regarding non-flow factors affecting the wetland's condition – including invasive species, altered flow timing and connectivity, and catchment-scale land-use change – which the listing identifies as requiring management responses beyond further water recovery from the consumptive pool. NIC recommends the PC treat this listing as

reinforcing, rather than undermining, the case for redirecting effort toward non-flow measures, and test any claim that ecological decline signals a need for further recovery against the specific threat factors identified in the relevant listing advice.

The final report should recognise this progress and encourage jurisdictions to redirect focus and resources to non-flow, complementary measures – such as addressing invasive species, barriers to fish passage, and habitat degradation – which the evidence suggests are now the more significant constraints on environmental outcomes.

NIC recommends

The PC's final report formally recognise the national systems in place to establish sustainable water extraction, and in the Murray Darling Basin that sustainable diversion limits and environmentally sustainable levels of take have been achieved. Redirect the NWI's remaining sustainability principles toward integrated catchment management and complementary, non-flow measures rather than further water recovery.

Climate change and water policy nexus:

The Murray Darling Basin Plan review and submission into this inquiry have had an underlying theme regarding Australia's preparedness for climate change. One of the strengths of Australia's water management system, is the foundations planning systems that consider climate and entitlements and allocations, and the water market that allow for adaption to climate variation and risk management tools for water users, which are often misunderstood.

Water allocations are already a self-adjusting climate response mechanism: the volume of water allocated against a water access entitlement varies each year based on actual water availability. As the MDBA itself has observed, 'the allocations system is therefore naturally adaptive to climate variations and adjusts year-to-year.' Under scarcity, this system already prioritises critical human water needs and the environment ahead of lower-priority consumptive users such as general security entitlement holders, consistent with statutory priority hierarchies in state water management legislation. This is not a gap in the framework to be addressed through new principles; it is the framework – as designed by the NWI - already operating as intended.

Extreme events are already planned for: one of the risks of climate change is the potential for great uncertainty and more frequent dry periods or droughts (and wet periods as below). Planning requirements already include emergency response options for these extreme events, and particularly in the Murray Darling Basin valley-based Incident Response Guides (IRGs) are also established as a key part of the Water Resource Plan (WRP) required of States by the Basin Plan.

On the opposite end of the climate spectrum, flood watch and flood management protocols have developed over-time and sit with multiple planning documents and operational systems, including dam safety, community safety, communication of risk and property development requirements.

These provide mechanisms to manage the risk of drought and floods, providing a transparent and clear set of rules and steps, beyond the usual water allocation system.

The system also has adaptive management built in with statutory 10-year reviews of the Basin Plan and Sustainable Diversion Limits, statutory reviews of the Water Act 2007, periodic renewal of Water Sharing Plans, as well as ongoing monitoring, evaluation and reporting. These instruments are deliberately designed to be reviewed and adjusted within their working lifespan, rather than locked against long-range forecasts decades into the future with high uncertainty. NIC agrees with the MDBA's own position that it is not proposing changes to Sustainable Diversion Limits to respond to a wide range of plausible 2050 climate futures through the current Basin Plan review and considers the same approach should inform this NWI assessment.

Water recovery is a poor tool for drought resilience: purchasing consumptive entitlements for climate adaptation purposes is unlikely to be effective, because an entitlement generates little or no allocation in precisely the dry periods it would be intended to serve – in effect, purchasing an empty asset. NIC agrees with the MDBA's own assessment that under a range of future climate scenarios it will not be possible to manage or protect all assets in ways that achieve current Basin Plan outcomes, making prioritisation and targeted, evidence-based actions essential. Building genuine drought resilience requires targeted infrastructure and supply-management investment, not further reductions in the consumptive pool.

NIC recommends

The PC's final report must recognise (1) the existing adaptions and responses to climate change within state-based policy settings, and (2) that with current uncertainty, more information is needed to ensure a proper evidence base for further adaption.

It is recommended that a Commonwealth-led audit of critical water infrastructure (particularly for town water supply) is undertaken to assess and invest in climate-readiness – to capture and store and deliver water as efficiently as possible to a range of users, when further information is obtained about the plausible risk to this infrastructure and its capacity to meet future demands.

Evidence base:

NIC is concerned by the interim update's repeated finding of "no update on progress since 2024" across several important sub-elements, including triggers for rebalancing, adaptive management of water plans, and cost recovery for planning and management. We ask the PC to consider, in its final report, whether this pattern reflects a genuine absence of activity by jurisdictions, no 'new' information but ongoing work programs, genuine gaps in jurisdictions' reporting to the Commission, or is the product of the short timeframe for this review. It could be more appropriate to say 'N/A' or equivalent in those circumstances, as it is not necessarily the case that there is no progress, rather just that the progress may not be captured at this point in time.

Response to Information Request 2

Water access entitlements and planning frameworks (section 3)

Triggers for rebalancing environmental and consumptive uses: NIC does not support further rebalancing of the consumptive pool and does not consider new rebalancing

triggers a national priority (or even necessary), given the progress described above. Where jurisdictions do develop triggers for extreme events, these must operate symmetrically – addressing both dry and wet extremes – rather than being oriented only towards further reductions in consumptive water. NIC's position, including in our feedback on the draft NWA, is that Australia's water entitlement, allocation, carryover and trading systems already provide the primary mechanism for adapting to climate variability, and that additional 'precautionary' or trigger-based mechanisms risk creating uncertainty for entitlement holders (and substantial cost for Governments) without a clear evidence base for their necessity.

Improvements to monitoring, evaluation and reporting of water plans: NIC supports improvements to monitoring and evaluation that build public and industry confidence in water planning. However, we caution the PC against conflating 'adaptive management' with a mechanism for further, uncompensated reallocation of the consumptive pool. Any adaptive management framework must operate consistently with the NWI's risk assignment framework – changes arising from government policy decisions, however described, remain fully compensable.

Overallocation, overuse and interception: NIC considers the task of returning overallocated and overused systems to sustainable extraction limits complete, particularly in the Murray–Darling Basin. We support continued, transparent reporting on the systems still working through this task, but do not support this being used as a basis for reopening settled allocations elsewhere. NIC supports licensing and metering for major extraction activities, consistent with our longstanding position that all consumptive water use should be transparently licensed, measured and accounted for, to protect the integrity of the entitlement framework for all water users. The accuracy and capacity of this measurement and reporting should be aligned to the potential risk of extraction and other users and therefore, is not a one size fits all solution around Australia.

Climate change

We note our above commentary on climate change which outlines:

- Water allocations are already a self-adjusting climate response mechanism;
- Extreme events are planned for, as required by the Basin Plan;
- Adaptive management is built in; and
- Water recovery is a poor tool for drought resilience.

There is uncertain risk associated with future water availability that must be reduced via further information, before immediate action. For example, modelling shows declining reliability under dry scenarios, but genuine uncertainty remains on these scenarios, and results also vary geographically.

NSW Government modelling shows that under a dry future climate scenario, the proportion of time general security allocations reach 100 percent could fall materially, for example, from around 40 percent of the time to around 6 percent in the Murrumbidgee, and from around 60 percent to around 20 percent in the NSW Murray. At the same time, CSIRO and Bureau of Meteorology climate data (My Climate View) shows that, for several Basin case-study locations, both future times spent in drought and total future rainfall are assessed as

inconclusive against the historical record with change more evident in the seasonal pattern of rainfall (some increasing, some decreasing) than in an overall drying trend. Climate change scenarios for the northern Basin in particular point to potentially wetter, not drier, conditions. This underlines that climate change is not simply 'less water', and that any policy response must be built on region-specific evidence rather than a uniform assumption of drying.

New climate triggers: some stakeholder submissions to the current inquiry have called for new, explicit climate risk assessment and adaptive management triggers, arguing that recognition of climate change has not consistently translated into enforceable safeguards. NIC disagrees that new triggers are the appropriate response and is concerned there is limited understanding of the status quo informing those perspectives. There are adaptable allocation systems, monitoring and review as well as, extreme and emergency response mechanisms already in place. Introducing new, separate climate triggers ahead of consistent, national implementation of the existing risk assignment framework would add a further layer of uncertainty for entitlement holders rather than resolve one.

NIC recommends

The PC's final report should not support new principles, triggers or further water recovery under the guise of managing climate change.

The final report should contribute to identifying the range of measures already in place, including those arising from the NWI.

Integrated management of water for environmental and other public benefit outcomes (section 6)

Consistency of water plan outcomes with community expectations: NIC's principal concern in this area, as noted in the interim update itself, is the lack of transparency around the rules-based changes to water allocations for irrigation. Where water plan reviews or rule changes have the effect of reducing the reliability or volume of water available to consumptive entitlement holders, this must be conducted through the same transparent, evidence-based and (where applicable) compensable processes that apply to other forms of water recovery. NIC does not consider it appropriate for water plan review processes to be used as a substitute for structured, market-based water recovery. The NWI outlines clear methods to address 'overallocation' or to achieve other public benefit outcomes, which must be followed. This includes full compensation where risk is the result of a change in government policy, which is the cause of rules-changes.

Accountability for environmental and other public benefit outcomes: NIC supports improved accountability for environmental water managers, including independent audit and review, applied consistently across jurisdictions. We reiterate our long-held view that environmental water holders should be subject to the same standards of transparency in their trading and allocation decisions as other entitlement holders, and that variations to trading rules affecting environmental water should be subject to the same public scrutiny as other regulatory changes, justified on a case-by-case basis.

Water resource accounting (section 7)

Timely, transparent and accessible information on water allocations: NIC supports improvements to the timeliness, transparency and accessibility of information on water allocations, to support entitlement holders in making informed water-use decisions. Continued investment in consistent national water accounting infrastructure that is fit for purpose, and costs are limited, can support further transparency if designed and implemented appropriately. We have had concerns with the approach and cost-benefit of the water market rules changes and consider it appropriate the review the rules, their adoption against costs and benefits.

Public reporting on planned and rules-based environmental water: this is an area where NIC considers additional public reporting (or a repurposing of exiting report for clarity) is genuinely needed. As raised throughout our submissions to this and related inquiries, decisions to vary rules-based or planned environmental water arrangements can have the practical effect of reducing water available for consumptive use, without the transparency, process or compensation that would apply to an equivalent change affecting a held entitlement.

Furthermore, given the range of environmental water holders and types of environmental water it is difficult to clearly articulate how much environmental water may be in a system, let alone how much has been used and where. Clear and concise accounting of environmental water is needed to present a complete picture of water use – for all users, then is currently provided. Part of this is the need to provide simple data on the proportion of total water that is diverted and not-diverted in systems such as the MDB. NIC has been concerned that there is a tendency to just focus on the amount of water recovered from water users, without looking at the full water balance, which leaves people unsure of just how much water is available for the environment. Given this was the core purpose of the reform agenda, there is a need for a simple statistic to reflect this – analysis by NIC shows this is 72 percent remaining in rivers, not diverted.

Measurement of water: notwithstanding the above section regarding transparency on environmental water, NIC also notes that some jurisdictions remain behind on rolling out AS4747 compliant non-urban water meters. Whilst measurement and accuracy is needed for public confidence, there should be more consistent reporting on the variety of measurement approaches and metering options. It is perhaps timely to reconsider objective of national metering standards and whether adoption of AS4747 is the most effective means of achieving consistency in measurement and reporting.

NIC recommends

The PC's final report call for nationally consistent, public reporting requirements for environmental water including planned and rules-based environmental water, and held environmental water, so that the full picture of water use for all users can be presented. The PC's final report should consider the suitability and effectiveness of the AS4747 national metering standards for non-urban water metering to seek to improve consistency and transparency of metering and measurement of rural water.

Knowledge and capacity building (section 9) and water interests of Aboriginal and Torres Strait Islander people (section 11)

NIC recognises the importance of Aboriginal and Torres Strait Islander peoples' interests and values in water, and supports meaningful, well-resourced engagement with Aboriginal and Torres Strait Islander communities in water planning and management on a collaborative, not siloed, basis. Australian irrigators have long-standing partnerships with First Nations communities in many of the regions in which they operate, and NIC supports continued progress in this area.

NIC acknowledges the range of participant views on this topic and many participants in this inquiry have called for substantial reform, including stronger, statutory cultural water objectives and a shift from advisory to shared-authority governance models.

NIC's comments below focus on the specific matters where, from an irrigator perspective, additional clarity, transparency or safeguards would help ensure any reform is durable and well understood and does not create unintended consequences for existing water users – First Nations and non-Indigenous alike.

Accurately documenting the status quo: NIC is concerned that public consultation materials across current reform processes risk understating the existing legal and policy arrangements already in place for Aboriginal and Torres Strait Islander water interests. These include the NWI itself (clauses 25 and 52–54 on indigenous access and native title), the Water Act 2007 (Cth) (paragraph (fa) and Subdivision B(2)(da) of the objects, and Part 14 of the Basin Plan on Indigenous values and uses), and state instruments such as the NSW Water Management Act 2000 (native title rights under Division 3, and Aboriginal cultural access licences, which receive a 100 percent water allocation). NIC recommends the PC's final report comprehensively document these existing arrangements at both Commonwealth and state level, so that progress is assessed against an accurate baseline and the right problem is defined before further change is considered.

Entitlement ownership statistics: NIC has queried the commonly cited statistic that Aboriginal and Torres Strait Islander people hold approximately 0.2 percent of Australian water entitlements. By its own stated methodology, this figure excludes native title rights, water held for multiple purposes (including by environmental water holders), planned environmental water, and temporary trade. NIC recommends the PC fact-check and, if used, appropriately contextualise this and similar statistics in its final report, and cautions against treating the proportion of water entitlement ownership as the primary indicator of progress in this area, given the diversity of cultural, social, economic and environmental objectives First Nations peoples have identified.

Interaction with existing entitlement frameworks: any increase in Aboriginal and Torres Strait Islander water holdings, and associated governance changes, should occur in ways that do not erode the foundations of the water management system, particularly the reliability or value of existing entitlements held by other users, consistent with the NWI's foundational risk assignment and property right principles. In already highly allocated systems such as the MDB, options for increasing Indigenous water access need particular care to avoid undermining existing rights. NIC supports the Aboriginal Water Entitlements Program's stated principle that entitlements purchased through the program remain in the consumptive pool with unchanged characteristics and considers this a key safeguard for the integrity of the NWI's entitlement framework.

Free, prior and informed consent (FPIC): NIC supports meaningful consultation with Aboriginal and Torres Strait Islander communities but continues to seek clarity that FPIC and related consent-based principles are not interpreted as conferring a veto over water planning decisions for any one stakeholder group. Terms such as 'consent', 'self-determination', 'authority' and 'living entity' carry specific and varying meanings in this context that differ from common usage, and NIC recommends the PC's final report call for these terms to be clearly and practically defined wherever they are used in water policy instruments, so that all stakeholders share the same understanding of what is being proposed and agreed across a range of portfolios, not just water. It is acknowledged that the definitions may not be nationally-consistent, however, a definition for the purposes of the instrument to which it is used is critical. This has also been requested of the Water Act Review.

Recognising synergies with socio-economic outcomes: rural and regional communities with significant Aboriginal populations can be materially affected by reductions in consumptive water use for example, Bourke Shire Council has reported that up to 60 percent of its local economy was impacted by the implementation of surface water diversion caps, with a further 10 percent affected by water buybacks. NIC recommends the PC's final report recognise that further reductions in the consumptive pool can compound, rather than relieve, disadvantage in communities with large Indigenous populations, and that the social and economic role of irrigated agriculture should be considered alongside cultural water objectives, not in place of them.

Other matters relevant to this assessment

Water pricing and the financial sustainability of water services

NIC is concerned that the interim update, focused on the NWI's original best-practice pricing and institutional arrangements element, does not fully capture what NIC considers an emerging crisis in the financial sustainability of rural water pricing and long-term sustainability of shared delivery infrastructure. As detailed in our May 2026 submission, current cost-recovery and pricing models are approaching a tipping point: the volume of water used for consumptive purposes continues to decline, the reliability of that water is declining, and the capacity of the remaining customer base to absorb rising costs is falling – while the range of public-interest activities water businesses are expected to fund (environmental flow management, water quality monitoring, flood mitigation and compliance) continues to grow. NIC does not consider the current user-pays model, calibrated to a 'world without high consumptive use', fit for purpose going forward. NIC's concern here relates specifically to the sustainability of rural and bulk water pricing and cost-recovery arrangements, not to household affordability protections. NIC's recommendations are not in tension with, and do not seek to displace, the consumer protection and affordability measures sought by others rather, NIC considers greater public investment is needed precisely because the current model cannot sustainably fund both purposes from an increasingly narrow consumptive customer base.

NIC recommends

The PC's final report call for a dedicated review of NWI/NWA rural pricing principles, alongside consideration of a greater role for public investment in recognition of the public-interest outcomes water infrastructure and management now deliver.

Rural water infrastructure investment

NIC shares the concerns, echoed elsewhere in the interim update and in the MDBA's Basin Plan Review discussion paper, regarding the ageing condition of rural water infrastructure and the adequacy of current investment to sustain it. Underinvestment poses risks not only to water security for agriculture and critical human water needs, but to environmental water delivery and public safety. NIC recommends the final report give this matter a higher priority in its recommendations to Government than further water recovery activity.

Integrity of the water property right and risk assignment framework

Finally, NIC reiterates – as cited in the interim update itself – our concern that some jurisdictions are using rules-based changes as a de facto form of water recovery, without the consent, compensation or transparency that the NWI's risk assignment framework requires. Respecting the water property rights framework is critical for the long-term integrity of the water entitlement-based system envisaged by the NWI. It is a critical role of the PC to provide accountability to call out jurisdictions whom attempt to depart from this framework, as contrary to the broader objectives of national water reform and system of water management now in place.

Conclusion

NIC thanks the PC for the opportunity to provide this initial response to the interim update.

This response should be read alongside NIC's earlier submission. NIC has also actively participated in the range of concurrent inquiries and refers to our other submissions from NIC for further details on the specific matters raised in this submission.

We welcome the opportunity to discuss any of the above further. Given the compressed consultation timeframe, we may provide additional or supplementary evidence to support these points ahead of the PC's final report.

Kind regards,

Zara Lowien
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National Irrigators' Council