



Australian Dairy Industry Council Inc.

19 August 2010

Dairy industry water principles

On-going climate variability across Australia will ensure water reform remains a high priority for all Australian governments. As a significant user of water (both through the volume of water used and the wealth generated) the Australian dairy industry is a major stakeholder in the debate on water usage and allocation. The industry will continue to actively engage in the negotiations and opportunities associated with water reform agenda at regional, state and federal levels.

The Australian Dairy Industry Council (ADIC) has established a set of high level Principles that:

- Outline the current needs and future expectations of the dairy industry;
- Recognise the needs of others involved in water reform; and
- Provide a basis for assessing policy options and negotiating towards optimal outcomes.

Through the process of water reform, the Dairy industry is seeking:

1. Security of water entitlements

- Water entitlements must be accorded the same rights as associated with land;
- Without security, farm property values will decline and business viability and farm management planning will be compromised.

2. Transparent and efficient water markets

- We recognise that the environment has specific water entitlements and should have the same governance and processes as other participants;
- Trade within and between districts and jurisdictions must be facilitated;
- Water pricing must be accountable, transparent, and based on lower bound/ comprehensive cost-recovery principles;
- All water diversions must be transparent; and
- Rules that apply to water trading must allow market forces to operate, providing for innovative but sound solutions, and requiring increased coordination between Government buyback programs and infrastructure reforms.

3. Consistent and balanced water policies and strategies

- A clear goal for any water policy must be sustainable outcomes for consumers, industry and the environment;
- Specifically, water trade limits allow for an orderly transition of water between irrigation districts and the environment and consumptive use while safeguarding rural communities;
- Uniformity of policy intent between states is imperative for any water strategy or policy to work; and
- The likely social impacts of proposed water reforms, such as loss of jobs, services, business and facilities, must be examined, reviewed and openly reported.

4. Consistent rules for allocating irrigation and environmental water

- Environmental outcomes must be clearly defined and based on sound scientific principles;
- Apply the same efficiency expectations to irrigators and the managers of environmental water;

- Public reporting standards (regarding water usage and outcomes, either financial or environmental) must apply equally to irrigation and environmental entitlement;
- Waste, spillage and loss of water must be equitably attributed and accounted for;
- Charges and the storage and delivery costs associated with managing the water system must be shared fairly across all users, including the environment.

5. Support for farm adaptation to water reform

- Governments, in consultation with the local communities, should prioritise strategic investments to improve water delivery infrastructure to maximise water use efficiency.
- Farmers must be given sufficient time and support measures to enable transition to new water policies.

6. Fair compensation

- Reductions in entitlement by government must be done in a manner which minimises the impact of any intervention and protects the existing market structure and function.
 - Compensation should be assessed on the cost to the whole farm business.
 - Rural communities must be safeguarded through any legislated transition between environmental and consumptive uses;
 - All compensation payments to be free of tax.
-

Contacts:

Wes Judd
ADIC Chair
Ph: (03) 8621 4200
Mb: 0407 132 854

Adrian Drury
ADIC Natural Resources Chair
Mb: 0428 569 245

Beverley Wallace
Policy Manager
Ph: (03) 8621 4200
Mb: 0404 462 832