AUSTRALIAN Grape & Wine



Submission

Water Act Review

August 2026

About Us

Australian Grape and Wine Incorporated (Australian Grape & Wine) is Australia's national association of grape and wine producers, recognised as the representative organisation for the sector under the *Wine Australia Act 2013* and incorporated under the *SA Associations Incorporation Act 1985*. Our role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian grape and wine businesses. To do this, our activities focus upon the objective of providing leadership, strategy, advocacy, and practical support. We represent small, medium and large winemakers and winegrape growers Australia-wide.

Wine is grown and processed in every state of Australia and there are over 5000 grape growers across Australia. The sector has traditionally been a leader amongst agricultural industries in promoting locally grown and value-added production. Wine's strong connection to, and reliance on, the land makes it unique in beverage manufacturing. It contributes $51.3 billion gross output to the economy and particularly to regional economies supporting employment of over 200, 000 people in winegrape growing and production, regional exports and food and wine tourism. [1] There has been a significant reduction in vineyard surface area over the last five years, with anecdotal evidence suggesting up to 20% having been removed from inland regions. Traditionally, over 80% of total irrigated grape production has been from the Murray-Darling Basin and rivers, lakes or irrigation channels and pipelines remain the primary source of irrigation water. [2] Others include groundwater (9%), on-farm dams or tanks (4%), town or country mains (2%) and off-farm recycled (1%). [3]

Australian Grape & Wine recognises the importance of a sustainable water supply. It is not only essential to the viability of Australian wine businesses, but to the health of water resources and water-dependent ecosystems. To wine and grape producers, water security means security of multi-decade capital investments in vineyards and winery infrastructure. As such, Australian Grape & Wine advocates that all members of the wine sector demonstrate good water stewardship in both winemaking and viticulture practices. Further information on our policies is available on the Australian Grape & Wine website. [4]

Our formal submission to the 2026 Murray-Darling Basin Plan Review, lodged in April 2026 provides further context detailing our comprehensive policy positions on the socio-economic impacts of water policy decisions on regional communities, as well as the critical necessity for market transparency. [5]

Executive Summary

This submission outlines key legislative reform priorities to ensure the Water Act 2007 (The Act) facilitates sustainable, productive water use while securing multi-decade capital investments in permanent plantings. The Act should avoid ambiguity and ensure that environmental recovery is balanced with socio-economic neutrality, ensuring the burden of restoring the water balance does not disproportionately compromise the agricultural sectors and regional economies that rely upon it. All policy response options must be explored before implementing interventions that distort water markets, necessitating strict guardrails and enhanced market transparency. The statutory framework must transition from blunt volumetric recovery to management approaches that support industry-led efficiency gains, incentivise climate-resilient practices and address resilience to extreme weather events, including both floods and droughts, through innovative, loss-minimising infrastructure solutions.

[1] Gillespie Economics (2025) https://www.wineaustralia.com/market-insights/australian-wines-economic-contribution
[2] ABARES (2016) Grape farms in the Murray-Darling Basin - DAFF
[3] https://www.awri.com.au/wp-content/uploads/2019/05/AWRI_Practices_Survey_Final_Report.pdf
[4] https://www.agw.org.au/policy-and-issues/biosecurity-environment-and-sustainability/water-for-irrigation-production/
[5] https://www.agw.org.au/wp-content/uploads/2026/08/AGW-Submission-2026-Basin-Plan-Review-.pdf

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1. To what extent have the objects of the Water Act been achieved?

The objects of the Act, specifically those seeking to optimise economic, social, and environmental outcomes (Section 3c) and maximise economic returns while protecting the ecological values within sustainable extraction limits (Section 3d) and improve water security for all uses (Section 3e), have only been partially achieved. We acknowledge the significant progress that has been made on environmental recovery. However, the economic, social, and water security objectives have not received the same level of attention. This highlights that the focus now should be on making better use of the water already recovered, rather than simply recovering more.

For the objects of the Act to be fully achieved, the legislative framework should transition from a proxy of volume-based compliance into a model where the Commonwealth Environmental Water Holder (CEWH) and state environmental managers are compelled to become more adaptive and outcomes-focused. The legislative framework should encourage modernisation of water infrastructure, support on-farm innovation, and provide an enabling environment for growers to transition to climate-resilient practices. Backing grower-led sustainability protects both valuable agricultural investments and the natural environments that depend on healthy catchments.

Heavy reliance on volumetric cuts as the primary lever for water resource has resulted in a failure to adequately protect the economic stability of irrigation-dependent communities. Permanent crops such as winegrapes are highly exposed to increasing water prices, and allocation reduction severely impacts multi-decade capital investments that cannot simply be turned off during dry years. Encouraging States to strengthen high security entitlement reliability and expanding flexible carryover and under-use accounting framework rules will prevent irreversible damage to perennial crops when overall allocations must be heavily reduced.

Management of the Act should shift to encouraging that environmental objectives be met using adaptive approaches, whilst avoiding mechanisms that shift goal posts or introduce uncertainty. It should, for example, promote implementation of innovative, complementary non-flow interventions to improve river health, optimisation of environmental flows, and loss-minimising water storage solutions, such as upgrading infrastructure to reduce evaporation and transmission losses.

The Act should also pave the way for more sophisticated and flexible market mechanisms that promote efficiency without solely relying on permanent removal of water from the regional communities that rely on it to prosper. Options such as the short or medium-term leasing of water by the Commonwealth have the potential to achieve targeted environmental outcomes without permanently removing water from the consumptive pool, thereby reducing long-term impacts on regional communities.

As climate change brings drier conditions and more extreme weather, governments must recognise that growers cannot simply save more water through efficiency alone. Winegrape growers are already leaders in water efficiency. The sector has invested heavily over decades in smart irrigation such as drip systems, micro-spray, soil moisture monitoring, regulated deficit irrigation, and drought-tolerant rootstocks. Through these practices and environmental continuous improvement programs like Sustainable Winegrowing Australia, most growers have become extremely efficient in their use of water, meaning further reduction will come at the expense of vineyard health and productivity.

2 . What are the opportunities for the Water Act to improve the delivery of First Nations economic, environmental, social, spiritual and Cultural outcomes?

The Water Act can improve First Nations outcomes by establishing frameworks that facilitate meaningful participation and the integration of First Nations land and water management models into broader catchment planning. Formalising consultative processes can better recognise traditional ecological knowledge and ensure First Nations cultural values are actively considered in environmental watering strategies. However, it is critical that these

implementation mechanisms are practical, transparent, and do not create unintended regulatory complexity or administrative burdens for landowners. To maintain confidence in the water market and agricultural sector, the delivery of these outcomes must occur alongside strict guarantees that existing property rights, water entitlements, and the operational certainty of irrigators are preserved.

3. What are the opportunities for the Water Act to promote the principles set out in UNDRIP?

The Act can promote UNDRIP principles by ensuring that frameworks for First Nations consultation and participation are transparently developed and focused on collaborative, shared stewardship. Crucially, the alignment with these principles must be balanced with maintaining absolute certainty for existing entitlement holders and avoiding unworkable regulatory burdens on regional businesses.

4. Are the institutional and governance arrangements under the Water Act effective in ensuring accountable, efficient and transparent decision-making? If not, how can they be improved?

The Act's governance arrangements should deliver greater accountability across all jurisdictions through strengthened reporting requirements, transparent public consultation processes, independent oversight of water recovery outcomes, and the integration of nationally agreed water reform measures. The Act should prevent any state or territory from gaining a competitive advantage particularly where decisions regarding regulation of use and interception impact water users elsewhere in the Basin.

Decision-making processes should incorporate meaningful input from irrigators and regional communities, whose practical experience and local knowledge provide valuable insights into water management outcomes. A more formalised adaptive management approach to environmental watering should be adopted, with clear targets established, outcomes continuously monitored, and both flow optimisation measures and non-flow interventions considered where necessary. This approach would promote greater transparency, improve accountability, and support more effective environmental outcomes.

Governance arrangements could be further strengthened by promoting competitive water markets and improving interoperability and consistency between state-based rules where possible. Active water markets, particularly within the Murray-Darling Basin, are increasingly influenced by large market participants, including non-irrigator investors, whose scale and resources can provide advantages in navigating complex regulatory arrangements. This has contributed to price volatility and uncertainty for regional communities. Reforms to improve transparency and reduce regulatory complexity would help create a more level playing field and reduce the risk of active irrigators being disadvantaged by regulatory complexity.

5. Is the role and administration of Water Resource Plans (WRPs) clear and fit for purpose?

The role of Water Resource Plans (WRPs) remains clear, but their administration could be strengthened to ensure they remain fit for purpose in a changing environment. The Act should require that WRP decisions are informed by the best available science, robust data and modelling, while also incorporating the practical knowledge and experience of water users, landholders and local communities. Effective water management depends not only on scientific evidence, but also on a sound understanding of local hydrological conditions and how water actually moves through a catchment or aquifer. Over-reliance on triggers or modelling assumptions that do not adequately reflect local circumstances can lead to unintended and inequitable outcomes. WRPs should also be administered in a manner that considers and minimises adverse socio-economic impacts while continuing to achieve environmental objectives.

6. What are the opportunities for the Water Act to optimise the use of environmental water to achieve additional environmental outcomes, especially in the face of a changing climate?

The primary focus should be on optimising existing environmental water holdings rather than relying on further volumetric recovery. Inflexible approaches to water recovery threaten the economic sustainability of communities, particularly those that support high-value permanent plantings. Environmental water holders can generate shared benefits by strategically participating in water markets, such as trading allocations in high-water years to reduce spill risk. Robust socio-economic safeguards should be enshrined into the Act, backed by independent cost-benefit analyses that weigh environmental gains against regional economic impacts.

In the Murray-Darling Basin, addressing physical constraints, such as the Narrows (formerly Barmah Choke), will increase the system's delivery capacity and ensure water reaches critical environments efficiently. Alternative recovery mechanisms such as short or medium-term leasing of water by the CEWH could satisfy immediate environmental needs whilst allowing time to assess the impacts and/or explore other permanent solutions without permanently removing entitlements from the consumptive pool. To protect against unintended market distortion and price volatility, any expansion of the CEWH's participation in the market must be governed by strict, legislated guardrails ensuring complete transparency and mitigating third-party impacts on active irrigators, particularly during drought years.

7. What are the opportunities for the Water Act to support social and economic outcomes, including for First Nations?

The importance of meaningful inclusion of First Nations people in Basin planning to achieve shared outcomes is acknowledged and accepted. It is important that engagement maintains clarity around water security and does not displace the water rights of entitlement holders.

8. To what extent are arrangements under the Water Act appropriate to ensure resilient communities and provide water security?

The Act currently lacks adequate mechanisms to protect regional economies that are highly exposed to reduced water availability and rising water prices. Existing policy settings do not adequately account for the risks faced by long-term investments in perennial agriculture or provide sufficient flexibility to respond to extreme drought conditions.

Climate-driven water security threats occur across the majority of Australian wine regions. While the Barossa faces a projected 23% demand increase by 2050 under a mid-range climate change scenario, [6] high-volume inland regions face parallel compounding pressures. Riverland vineyard irrigation requirements, for example, have been modelled to rise by 4.2% between 2020 and 2039 and up to 17% by the end of the century due to a projected 27% drop in seasonal rainfall. [7] Vineyards are particularly vulnerable to prolonged water scarcity because they require a reliable annual water supply to protect productive assets that have investment horizons measured in decades. The governance framework should therefore place greater emphasis on drought resilience, protection of perennial plantings and the avoidance of irreversible economic losses in irrigation-dependent communities.

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[6] Department for Environment and Water (2022). Barossa Water Security Strategy. Government of South Australia.
[7] Phogat, V. and Petrie, P. cited by One Basin CRC (2024) https://onebasin.com.au/predicting-irrigation-demand-in-response-to-climate-change-in-the-murray-darling-basin/

With 80% of Australia's irrigated grape production reliant on the Murray-Darling Basin, water security is determined not only by allocation volumes but the ability to physically deliver water when and where it is required. This requires maintenance and modernisation of critical water infrastructure. For many irrigators, deliverability constraints are now as significant a risk as water availability itself. The Act should therefore recognise the need for measures that improve deliverability and system efficiency, and ensure Basin governance supports reliable and predictable trade by appropriately accounting for physical delivery constraints. The 3-4 week time lag between release from storage and physical availability of water creates delivery shortfalls that could be alleviated with better long-range forecasting and advance planning of water releases. Adequate resourcing for the Bureau of Meteorology (BOM) is critically needed to assist with accurate forecasting and better preparedness for delivering water to irrigators during extreme weather events such as heatwaves.

Finally, downstream irrigators in the Southern Basin are severely impacted when upstream interception reduces end-of-system flows. Full metering and volumetric accounting of all floodplain harvesting is essential for protecting southern connected Basin irrigators.

9. To what extent are arrangements under the Water Act appropriate to address current and future challenges in relation to water quality?

The Act could better recognise and manage the downstream water quality consequences of water management decisions across connected systems. The 2022-23 River Murray floods highlighted the importance of considering how water is stored, managed and released across connected systems. There is a lack of understanding of the cumulative impacts of significant flow events and nutrient movement and their link to algal blooms that affect both the Murray and Darling rivers, and more recently, South Australia's coastline.

Water quality policies should be designed to protect against harmful flood events whilst achieving environmental objectives in a manner that minimises unintended economic impacts on irrigators and regional communities. Incentive-based and collaborative approaches to addressing water quality challenges should be favoured over burdensome regulatory measures. Any intervention should be supported by robust science, and measures that impose undue compliance costs should be avoided.

10. To what extent is water information management under the Water Act appropriate to inform current and future decision making, especially in the face of a changing climate?

Water information management under the Act remains fundamentally important and broadly fit for purpose, but significant improvements are required to support decision-making in an increasingly variable climate with greater frequency of extreme events. Water information management should continue to evolve beyond a predominantly volume-based compliance framework toward an outcomes-based approach grounded in science, data and measurable environmental, economic and social indicators. Scientific modelling must better reflect real-world complexity, incorporate updated climate scenarios and transparently communicate uncertainty. Equally important is the integration of practical, on-ground knowledge to validate modelling outputs and identify system inefficiencies, local conditions and unintended policy consequences that may not be apparent from data alone. Evidence relied upon for regulatory decision-making must be broad, tested, rigorous, capable of replication, and subject to transparent and contestable assessment.

Water information must be readily accessible, understandable and communicated in a timely manner to those who rely on it. Irrigators often make significant long-term investment decisions and face substantial financial consequences from changes in water availability, reliability and resource condition. The Act should support the

provision of clear, forward-looking information on current conditions and credible short, medium and long-term scenarios so that water users can make informed risk management and investment decisions.

Greater transparency and consistency in water information is also required across jurisdictions so that irrigators have equitable access to information necessary for risk management and investment decisions. While significant monitoring and reporting systems already exist, differences in datasets, reporting methodologies and data accessibility can make it difficult to assess outcomes consistently across the Basin. Governments should continue to improve reporting frameworks, enhance interoperability between data systems, and provide transparent reporting on environmental, economic and social outcomes. The National Water Data Hub should provide real-time, cross-jurisdictional information on market prices, trade restrictions, carryover arrangements and other key market settings.

11. What are the opportunities for the Water Act to align with the objectives set out in the National Water Agreement?

Aligning the Act with the National Water Agreement provides a critical opportunity to address the holistic management of interconnected surface and groundwater systems. The Act should strengthen reporting obligations where water interception impacts resources crossing state or planning boundaries, exposing jurisdictions that fail to adopt sustainable principles to greater public scrutiny.

Contacts

We would be delighted to discuss this submission further should this be required.

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