

**IMPACTS OF THE WATER AMENDMENT (RESTORING OUR RIVERS) ACT
2023 ON NSW REGIONAL COMMUNITIES**

Organisation: Namoi Water

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Submission

Impacts of the Water Amendment (Restoring our Rivers) Act 2023¹ on NSW regional communities

14 April 2025

Namoi Water stands as a cornerstone of water governance and advocacy in regional New South Wales, recognised as a respected and influential peak industry body representing water entitlement holders across the Peel, Upper Namoi, and Lower Namoi valleys in the heart of the state's North West. With a long-standing and proud legacy of leadership, Namoi Water has consistently played a pivotal role in shaping the future of water management in the dynamic and diverse Namoi catchment.

As an independent, apolitical, not-for-profit organisation, Namoi Water operates with unwavering integrity and commitment, representing the collective voice of irrigators, local government, and the communities which are sustained by these which depend on secure, equitable, and sustainable access to water. We are deeply embedded in these communities we represent and passionately advocate for policy and legislation that not only upholds the property rights of our members but also promotes a balanced and science-based approach to water management—one that genuinely supports environmental health, agricultural productivity, regional economic resilience, cultural values, and the long-term social wellbeing of communities.

Our work is driven by a belief in collaborative, scientific evidence-based reform, and we actively strive contribute to Government inquiries, technical reviews, stakeholder consultations, and public policy debates. Through informed advocacy, transparent communication, and a strong network of partnerships, Namoi Water remains at the forefront of ensuring that the voices of regional water users are heard, respected, and acted upon—now and into the future.

The members which Namoi Water represent may provide separate submissions to this inquiry, however it is to be noted this submission is on the behalf of all irrigation and local government entitlement holders and it should be weighted as such in consideration of its content. This submission covers issues in both the Namoi and also common issues across NSW. It was developed in discussion with Namoi Water members and other industry and community groups and bodies. Namoi Water is a member of the NSW Irrigators Council

¹ <https://www.legislation.gov.au/C2023A00111/asmade/text>

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(NSWIC), and unless otherwise stated directly, Namoi Water supports any submissions by NSWIC.

The following provides the responses and recommendations to the Terms of Reference (TOR)²:

a) the social, economic and environmental impact of repealing limits to the cap on Commonwealth water purchases

b) the risks to the effective implementation of the Federal Water Amendment (Restoring Our Rivers) Act 2023 including unlicensed take of water and options to address these risks such as rules for floodplain harvesting

c) the impact of Planned Environmental Water rules on the reliability of water allocations in NSW and the Commonwealth's environmental water holdings

d) the impact of rules-based changes on the reliability of water allocations in NSW, including their impact on different water license categories

e) the effectiveness and impacts of past water reforms, including community-based water reduction adjustment programs such as the Strengthening Basin Communities program and Murray-Darling Basin Economic Development Program

f) options to improve future community-based reduction adjustment programs including next rounds of the Sustainable Communities Program

g) any other related matter

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[https://www.parliament.nsw.gov.au/ladocs/inquiries/3089/Terms%20of%20reference%20for%20the%20inquiry%20into%20the%20impacts%20of%20the%20Water%20Amendment%20\(Restoring%20Our%20Rivers\)%20Act%202023%20on%20NSW%20regional%20communities.pdf](https://www.parliament.nsw.gov.au/ladocs/inquiries/3089/Terms%20of%20reference%20for%20the%20inquiry%20into%20the%20impacts%20of%20the%20Water%20Amendment%20(Restoring%20Our%20Rivers)%20Act%202023%20on%20NSW%20regional%20communities.pdf)

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(a) the social, economic and environmental impact of repealing limits to the cap on Commonwealth water purchases

Namoi Water is unequivocal: the Commonwealth's decision to repeal legislated caps on water buybacks under the Restoring Our Rivers Act 2023³ is deeply flawed. This move fails to account for overwhelming and longstanding evidence that water buybacks have caused, and will continue to cause, severe harm to regional economies and social cohesion in the Murray-Darling Basin.

Economic modelling commissioned by the Productivity Commission⁴, Australian Bureau of Agricultural and Resource Economics (ABARES)⁵, and other independent bodies has consistently shown that water buybacks drive up entitlement and allocation prices, reduce water availability for production, decrease on-farm investment, and lead to the hollowing out of irrigation-dependent communities. These effects are not speculative—they are well documented, ongoing, and worsening with each successive buyback.

The 'Swiss cheese' effect that results from buybacks—where water is removed in a patchwork across irrigation districts—undermines the viability of infrastructure operators and leaves remaining users with unsustainable service costs. In many areas, irrigation infrastructure was designed around economies of scale that no longer exist. As participation shrinks, those left behind bear escalating costs for water delivery, maintenance, and operations, further eroding profitability and driving further exits.

In rural towns such as Collarenebri, Wee Waa, Coleambally, Moree, Deniliquin, and Warren, the loss of productive water has translated directly into job losses, school closures, population decline, and economic stagnation. These impacts are not adequately addressed by community adjustment programs, which have typically been poorly targeted, underfunded, and incapable of addressing the scale of economic disruption caused by buybacks.

Adding insult to injury, recent buyback tenders have been conducted in complete secrecy. There has been no transparency over volumes, prices, or geographic distribution. This violates fundamental principles of market integrity, erodes confidence among water market participants, and provides no opportunity for communities to plan or respond. It is a governance failure of the highest order.

³ <https://www.legislation.gov.au/C2023A00111/asmade/authorises>

⁴ <https://www.pc.gov.au>

⁵ <https://www.agriculture.gov.au/abares>

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Further, there are serious technical limitations to the environmental benefits claimed by these buybacks. The additional 450 GL⁶ targeted under the Restoring Our Rivers Act 2023 is unlikely to deliver the intended environmental outcomes due to real-world constraints such as channel capacity limits, flooding risks, and lack of coordination with existing environmental water holdings.

Many catchments already face physical and operational barriers to delivering large-scale flows, yet these limitations have not been resolved.

There has been an over recovery of water from some catchments.

The Macquarie Valley has been the subject of Over Recovery under the Murray Darling Basin Plan since 2014. This means the Federal Government has purchased more water from the Macquarie Valley than was needed.

The amount over recovered is 40 Gigalitres of water. This is the equivalent of 16,000 Olympic swimming pools and equates up to \$90M of lost production per annum just at the farm gate. But this harm goes across the community, from lost local employment, population decline in small regional towns, difficulty maintaining businesses and local community services like schools and doctors.

It also jeopardises local town water security as we saw in the last drought from Dubbo to Cobar.

Federal Government must immediately engage with key stakeholders in the over recovered catchments to commence the process of the immediate return of the over recovered water to these catchments.

Namoi Water strongly opposes the repurposing of any over recovered water under the Murray-Darling Basin Plan other environmental programs such as the 450GL additional Environmental Recovery that it was never intended for. Any repurposing of over recovered water would be water theft by the same Federal Government agencies claiming to protect against it.

In summary:

- Buybacks impose deep and lasting economic harm.
- Buybacks have resulted in over recovery – this water must be returned to productive use.
- They provide no certainty to irrigators or communities.
- They are being implemented without transparency.

⁶ <https://www.dcceew.gov.au/water/policy/implementing-the-plan/450-framework>

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- They are unlikely to deliver their promised environmental outcomes.

Namoi Water demands the reinstatement of legislative caps on buybacks, or, at minimum, the introduction of strict criteria that require demonstrable socio-economic neutrality, full transparency, and independently verified environmental effectiveness before any purchase proceeds.

It is the position of Namoi Water, that water recovery must proceed only via investment in infrastructure and complementary measures that enhance environmental outcomes without destroying the productive base of regional Australia.

(b) the risks to the effective implementation of the Federal Water Amendment (Restoring Our Rivers) Act 2023, including unlicensed take of water and options to address these risks such as rules for floodplain harvesting

Namoi Water is deeply frustrated by the continued circulation of misinformation claiming that unlicensed water access and floodplain harvesting pose a risk to the implementation of the Restoring Our Rivers Act 2023. These claims are not only factually incorrect—they are politically motivated and damaging to public trust in legitimate and lawful water users.

Floodplain harvesting is now fully licensed in nearly every Northern Basin valley. It is subject to strict volumetric caps, metering requirements, environmental conditions, and legal frameworks that are among the most comprehensive of any water extraction regime in Australia. The licensing of floodplain harvesting has resulted in material reductions in water availability for many water users—up to 30% in the Gwydir—yet the sector has absorbed these changes in good faith to provide a legal, transparent, and enforceable framework.

Illegal water take is extremely rare. The Natural Resources Access Regulator (NRAR)⁷ reports that less than 1% of all water licence holders are subject to enforcement actions in any given year, and most of these are administrative or technical in nature—not theft. This is not a system in crisis. It is a system functioning with high compliance and strong oversight.

Furthermore, unlicensed take—where it occurs—is rapidly addressed. The NSW Government has implemented reforms to metering, telemetry, and floodplain harvesting that give regulators unprecedented visibility over when, where, and how much water is taken. These reforms are delivering tangible improvements in accountability and trust.

⁷ <https://www.nrar.nsw.gov.au>

To suggest that these activities are undermining the Restoring Our Rivers Act 2023 is both misleading and offensive. It discredits the enormous efforts by irrigators who have invested heavily in compliance and who operate within a tightly regulated framework.

Namoi Water states for clarity that:

- Floodplain harvesting is now lawful and metered.
- It is included in Sustainable Diversion Limit (SDL)⁸ accounting.
- Compliance rates in NSW are high and improving.
- Delays in implementation have been administrative, not stakeholder-driven.

Blaming irrigators for delays caused by government under-resourcing or hardware supply constraints is unjust. The responsibility lies with government agencies to provide the tools and timelines necessary for effective reform delivery.

Namoi Water calls on the Committee to dismiss any claims that floodplain harvesting or unlicensed take threaten the implementation of the Restoring Our Rivers Act 2023. These activities are regulated, lawful, and under continuous review. It is time for policy and commentary to reflect the facts—not outdated narratives designed to inflame public perception.

(c) The impact of Planned Environmental Water rules on the reliability of water allocations in NSW and the Commonwealth's environmental water holdings

Namoi Water has long warned that the way Planned Environmental Water (PEW) is defined, interpreted, and applied is creating growing uncertainty and inequity in water allocation frameworks across NSW. The inconsistent application of PEW rules—particularly the mismatch between NSW legislation and Commonwealth interpretation—has profound implications for allocation reliability, entitlement value, and long-term investment certainty.

The core issue is this: NSW law defines PEW as water above extraction limits that is set aside for specific environmental purposes. However, the Murray-Darling Basin Authority (MDBA)⁹ and the Commonwealth Government have adopted a broader interpretation, treating all water above the Cap or Sustainable Diversion Limit (SDL) in NSW as PEW—regardless of its purpose or how it is managed under state legislation.

⁸ <https://www.mdba.gov.au/water-use/water-limits/sustainable-diversion-limits/sustainable-diversion-limit-accounting-and>

⁹ <https://www.mdba.gov.au>

The way Planned Environmental Water (PEW)¹⁰ is defined and calculated remains a key issue, previously raised by Namoi Water in multiple submissions.

Currently, the Murray-Darling Basin Authority (MDBA) is treating all water above extraction limits in NSW—defined as PEW under NSW law—as PEW under the Commonwealth’s Basin Plan. Although both use the term “PEW,” the definitions differ between jurisdictions. This mismatch creates a serious risk: water above NSW extraction limits could be wrongly classified as Murray-Darling Basin Plan PEW, subjecting it to federal rules like “no net reduction” and the effectiveness test—far beyond what the Murray-Darling Basin Plan originally intended or what the States agreed to.

For instance, NSW allows water savings from delivery efficiency improvements to be reallocated to consumptive use. The Commonwealth does not—its PEW definition prohibits this, seeing it as a breach of the no net reduction rule.

Namoi Water has made three key requests:

1. That the MDBA and Commonwealth Government acknowledge this terminology conflict and clarify their expectations—ideally through a formal position statement.
2. That NSW be assessed using the same standards applied to other Murray-Darling Basin States when identifying PEW under Commonwealth law.
3. That NSW adopt new terminology—such as “above-diversion-limit water,” similar to Victoria’s “above-Cap”—to avoid confusion and ensure consistency.

Additionally, Namoi Water notes that the role of translucency and transparency flows has been examined after stakeholder concerns. A 2018 review¹¹ found that removing PEW increased general security allocations by 3% in the Murrumbidgee, 5.1% in the Lachlan, and 10.6% in the Macquarie. However, reducing translucent flows would require alternative environmental water to compensate. Under the no net reduction rule of the Murray-Darling Basin Plan, removing these flows could place NSW in breach of its legal obligations.

Inconsistent interpretation of PEW limits flexibility and innovation in environmental water delivery and undermines entitlement reliability for productive users. Namoi Water strongly urges resolution of this definitional mismatch as a matter of priority.

This divergence in definitions has cascading implications. It means that water which NSW considers potentially available for reallocation (for example, through efficiency savings or better river operations) is classified by the Commonwealth as PEW, thereby locking it away under “no net reduction” requirements and the Murray-Darling Basin Plan’s environmental effectiveness test. As a result, even genuine opportunities to improve water delivery or

¹⁰ [https://water.dpie.nsw.gov.au/our-work/projects-and-programs/environmental-water-management-in-nsw/what-is-water-for-the-environment#:~:text=Planned%20environmental%20water%20\(PEW\)%20is,or%20'non%2Ddiscretionary'](https://water.dpie.nsw.gov.au/our-work/projects-and-programs/environmental-water-management-in-nsw/what-is-water-for-the-environment#:~:text=Planned%20environmental%20water%20(PEW)%20is,or%20'non%2Ddiscretionary').

¹¹ https://water.dpie.nsw.gov.au/__data/assets/pdf_file/0004/169249/Translucency-rules-in-NSW-inland-rivers.pdf
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support production without compromising environmental outcomes are blocked by Commonwealth interpretation.

This has become particularly problematic in instances where:

- NSW seeks to use delivery efficiency gains for productive purposes;
- Translucency or transparency flows are adjusted or re-allocated; or
- Environmental outcomes could be achieved through more targeted and flexible arrangements.

These scenarios are increasingly common, yet Commonwealth policy frameworks make no room for nuance or innovation. The consequences are clear:

- Increased constraints on general security water allocation;
- Unnecessary retention of water that could be better managed for shared outcomes;
- Loss of flexibility in local water management decisions;
- Reduced incentive for investment in efficiency and innovation.

This definitional rigidity is undermining confidence across the irrigation sector. It is also inconsistent with the intent of the Murray-Darling Basin Plan, which was to deliver shared, adaptive outcomes across jurisdictions—not to create bureaucratic impasses that limit effective water management.

Namoi Water urges the Committee to recommend the following:

1. That the MDBA and Commonwealth formally acknowledge the definitional mismatch and clarify how PEW is identified and treated across jurisdictions.
2. That NSW be assessed under the same standard as other Basin States, particularly Victoria, which uses the term “above Cap water” rather than PEW.
3. That an intergovernmental position statement be developed to provide certainty on what constitutes PEW and how it interacts with environmental targets.
4. That opportunities to reallocate translucent and transparency flows be explored in good faith, with a view to increasing general security allocations where feasible, provided environmental outcomes are maintained or improved.

Namoi Water also reiterates findings from the 2018 stakeholder review into translucency flows, which showed that adjusting or removing these flows could lead to significant increases in general security allocations:

- 3% increase in the Murrumbidgee;
- 5.1% in the Lachlan;
- 10.6% in the Macquarie.

These are material gains that should not be dismissed. Provided equivalent environmental benefits can be achieved through other water holdings (such as those held by the CEWH),

rebalancing these rules could provide important relief for irrigators without compromising Basin Plan compliance.

In conclusion, unless the inconsistency between State and Commonwealth interpretations of PEW is resolved, water allocation reliability in NSW will continue to be eroded—not for environmental reasons, but because of policy and definitional rigidity. This is an avoidable outcome, and one that undermines the credibility of Basin water management overall.

(d) The impact of rules-based changes on the reliability of water allocations in NSW, including their impact on different water licence categories

Namoi Water holds grave concerns about the increasing use of rules-based changes as a method of environmental water recovery in NSW. These reforms are being applied with little consultation, no compensation, and often outside the scope of Basin Plan requirements. The result is a steady and unacknowledged erosion of water reliability and licence value—particularly for general security and supplementary access holders.

Rules-based reforms are now a preferred tool of governments seeking to avoid the political and financial costs associated with water buybacks. However, the cost is simply being shifted to irrigators in the form of reduced allocations, uncertainty, and long-term damage to production. This is water recovery by stealth, and Namoi Water cannot and will not support it.

The Commonwealth Government's own *2024 Framework for Delivering the 450GL*¹² claims that rules changes can be used to meet recovery targets in a way that avoids socio-economic harm. This is misleading. Changes to rules that reduce water access are no less harmful than direct buybacks—they just avoid the need to pay for it. That is not sound policy. It is the deliberate circumvention of compensation obligations.

The Northern Basin Connectivity Program¹³ has proposed rules changes that would result in the permanent reallocation of supplementary flows for the environment. Modelling indicates that supplementary licence holders in the Border Rivers could lose up to 8% of their current access. This reallocation is being pursued without compensation.

In November 2024, the NSW Government silently amended the trigger for allowing floodplain harvesting in the Namoi Regulated Water Sharing Plan—without any public notification. The threshold in Menindee Lakes was lifted from 195 GL to 250 GL. This change has serious consequences for Namoi Valley industry communities, yet it was

¹² <https://www.dccew.gov.au/water/policy/implementing-the-plan/450-framework>

¹³ <https://water.dpie.nsw.gov.au/our-work/projects-and-programs/northern-basin-connectivity-program>
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introduced without transparency or consultation. It is intended to be amended in the other Northern Basin Regulated Water Sharing Plans

The increase in the trigger was driven by the failure of the Pamamaroo Inlet Regulator, which is leaking water and causing unnecessary losses from the system. Rather than fixing the failing infrastructure, the Government has shifted the burden onto upstream licence holders, restricting their access to water to compensate for this leakage despite them having the funding to fix the regulator.

This is unacceptable. Irrigators are effectively being penalised for a failure of government maintenance and investment. It is not the role of licence holders to carry the cost of infrastructure neglect—especially through secretive rule changes that further erode trust and certainty in water management.

Namoi Water considers it an urgent priority that the Pamamaroo Regulator be repaired. We have also received reports that other sections of the Menindee Lakes system are leaking and similarly in need of attention. These issues must be addressed immediately to prevent further losses and to restore integrity to water sharing arrangements.

If the NSW Government is serious about sustainable water management, it must stop shifting the consequences of its own infrastructure failures onto lawful water users.

The Namoi Valley's 90:10 supplementary flow sharing rule¹⁴ is an outlier across the Murray-Darling Basin. Between July and October, 90% of supplementary flows are reserved for environmental use, with only 10% available for access to irrigators. This deviates sharply from the standard 50:50 flow sharing rules for environment and industry used in other valleys and imposes severe constraints on summer cropping operations.

This rule was introduced with limited evidence, without proper consultation, and in the absence of any public modelling to justify its necessity. One of the key rationale at the time for this rule was to improve fish breeding during these months. However there has been little to no evidence supporting this objective has been achieved and has even been acknowledged by New South Wales Fisheries as not having delivered any tangible benefits or outcomes. It remains one of the most contentious and impactful policy shifts affecting reliability in the Namoi Valley and must be urgently reviewed.

The Northern Basin Connectivity Program¹⁵ is yet another deeply frustrating example of the NSW Government using backdoor rule changes to claw back water from irrigators without a shred of transparency or fairness. It is hard to overstate just how outrageous this is.

¹⁴ <https://legislation.nsw.gov.au/file/2015-631%2020241115.pdf>

¹⁵ <https://water.dpie.nsw.gov.au/our-work/projects-and-programs/northern-basin-connectivity-program>
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Despite not releasing its final modelling, the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) is seriously considering recommendations from the so-called “Expert Connectivity Panel” that would strip up to 8% of supplementary access from irrigators in the Border Rivers¹⁶. That’s 8% taken from businesses, families, and communities—while DCCEEW refuses to release the data underpinning these proposals.

What makes this even more infuriating is that the very flow targets the panel is recommending are already being met. WaterNSW river operators are achieving these outcomes under the current rules—without cutting access, without reducing supplementary or floodplain harvesting water. The goals are being achieved, and yet the Government is still planning to reduce access.

Why is this being pursued by the NSW Government, what justification does the Government have?

This is not evidence-based reform. It’s an unjustified attack on property rights and a blatant attempt to reallocate water through stealth. It’s water recovery without transparency, without process, and without compensation.

Namoi Water reiterates: if governments want more water, they must pay for it. We oppose further recovery—but if it happens, it must be voluntary, transparent, and properly and equitably compensated.

What is happening here is the exact opposite. While some licence holders are paid generously through buybacks, others are left to bleed slowly through quiet changes to rules and policies. There is no fairness. No balance. Just creeping losses that erode reliability, undermine confidence, and destroy livelihoods. This approach is indefensible and cannot be allowed to continue.

The NSW Chief Scientist and Engineer’s Minimum Inflows Review¹⁷ has the potential to rewrite baseline flow assumptions by incorporating recent extreme drought data into the long-term model. This may lower extraction limits and reduce allocations even further—particularly for general security holders. Such a shift would reset the historical record in a way that entrenches dry periods while excluding decades of higher inflows. It undermines the principle of long-term average reliability and risks destabilising entitlement markets.

Namoi Water is particularly alarmed by the role the Natural Resources Commission (NRC) is playing in water allocation reform. The NRC has increasingly framed its reviews and recommendations around a reinterpretation of water-sharing principles, often stating that water sharing is “not about balancing uses and values” but rather “first about providing for the environment.”

¹⁶ https://water.dpie.nsw.gov.au/__data/assets/pdf_file/0003/616737/connectivity-expert-panel-final-report.pdf

¹⁷ <https://www.chiefscientist.nsw.gov.au/independent-reports/minimum-inflows-method-review>

This represents a fundamental departure from the negotiated compromise that underpins the Basin Plan. It implies that irrigation access should be systematically de-prioritised, regardless of socioeconomic impacts. Moreover, NRC reports increasingly seek to provide pathways for avoiding compensation, actively advising the Government on how to change access without triggering legal redress.

Namoi Water firmly rejects this approach. If water is to be reallocated, it must be done transparently, lawfully, and with compensation. Anything less is a breach of trust and a violation of property rights.

The more prominent position of Aboriginal water entitlements in recent water discussions present another rules-based risk to water allocations for license holders. While no explicit Aboriginal water ownership target exists, there is a clear intention from the MDBA, NSW and Federal Government to increase Aboriginal water ownership. Namoi Water will not make any comment on these targets but rather is concerned that some proposed changes would represent major backflips on water management rules and reduce reliability for irrigators.

For one, we note the NRC recommendation in Murrumbidgee Water Sharing Plans¹⁸ is “to support cultural economies, the Water Group should work with Aboriginal communities to revise trade dealing rules to remove restrictions on allocation trades (dealings) for all categories of Aboriginal access licenses.” As it stands, cultural water licenses cannot be traded, but the NRC notes that ‘given it is a high security license it would hold significant value on the water market’.¹⁹ If implemented, this would be a significant move that would in effect, violate the Cap and SDLs.

This is consistent with the National Cultural Flows Research Project²⁰, that states ‘for more direct control over water on Country, an ‘any purpose’ designation should apply to First Nations’ water rights. The ‘any purpose’ model would allow First Nations greater control in decision-making over water on Country.’²¹ This document is not government policy, but \$20 million of Federal funding has been allocated to the Cultural Flows Planning for Cultural Economies Grants²². Namoi Water does not support the creation of new license classes that would reduce reliability of other licenses and breach the Cap (undermining decades of water reform).

Namoi Water sees that in the push for greater Aboriginal water ownership, the Government is at risk of undermining central water sharing rules. We acknowledge that so

¹⁸ <https://water.dpie.nsw.gov.au/our-work/plans-and-strategies/water-sharing-plans/status/murrumbidgee-region>

¹⁹ Ibid

²⁰ <http://culturalflows.com.au>

²¹ [Cultural Flows: A Multi-layer plan for Cultural Flows in Australia – Legal and Policy Design](#)

²² <https://www.dcceew.gov.au/water/policy/first-nations/supporting-cultural-flows-planning-cultural-economies-murray-darling-basin>

far, there have been no major changes to the characteristics of Aboriginal water licenses but we reiterate that if pursued, the only way that Aboriginal water ownership should be increased is through voluntary market purchases of existing entitlements. Creating new consumptive license categories or amending existing cultural licenses violates central water reform rules and poses a risk to the reliability of other license holders.

Under the National Water Initiative (NWI)²³, clauses 46–51 set out the Risk Assignment Framework (RAF), which is supposed to clarify how risks to water availability are shared between governments and water users. Clause 49, in particular, allows governments to impose up to a 3% reduction in the reliability of water entitlements without offering compensation—provided the reduction stems from “bona fide improvements” in scientific understanding of water system capacity.

Namoi Water strongly emphasises this clause was written in 2004, well before the Murray-Darling Basin Plan existed, when water markets were far less sophisticated and water entitlements were nowhere near their current economic value. Today, water licences are the single most valuable asset on many farms—central to business viability and investment certainty.

Yet this 3% threshold continues to be exploited.

A 3% drop in entitlement reliability today is not trivial. It’s the equivalent of wiping \$1.2 billion off the \$40 billion asset value of tradeable water licences held by farmers across the Murray-Darling Basin. And it is increasingly being used by the NSW Government as cover for quietly eroding water access through rules changes—without paying a cent in compensation.

Namoi Water sees this for what it is: the creeping dismantling of a property right. A form of compulsory acquisition by stealth.

The original intent of Clause 49 was never to provide a backdoor for governments to avoid compensation by hiding behind “scientific improvement” or conveniently reinterpreted hydrological data. Yet that is exactly what is happening.

The economic consequences are mounting. Conversations with major banks reveal growing concern about loan serviceability for irrigators. When water access is eroded, production drops. When production drops, so does farm income. That directly affects the loan-to-value ratio on agricultural debt. If water becomes less reliable and less bankable, lenders will become more cautious—and more expensive.

In short: these rules changes are not just hurting farmers. They are starting to threaten the entire rural finance ecosystem.

²³ <https://www.dcceew.gov.au/water/policy/policy/nwi>

Namoi Water recommends Clause 49 should be removed.

There is no justification in 2025 for a compensation-free threshold. Any government-induced reduction in water reliability—whether through rules changes, reinterpretations, or bureaucratic manoeuvring—should be subject to full and fair compensation. The clause is outdated, unfair, and no longer fit for purpose.

Clause 50 of the NWI states clearly: “Governments are too bad the risks of any reduction or less reliable Water allocation that is not previously provided for arising from changes in government policy for example new environmental objectives)”²⁴

NSWIC firmly believes this clause is being ignored.

The Basin Plan’s 2680 GL water recovery target was not arbitrary. It was the product of extensive modelling, intense political negotiation, and delicate balancing of environmental gains against socio-economic impacts. It was supposed to be a final number—based on compromise, trade-offs, and science.

NSW’s ongoing rules-based reforms—implemented through Water Sharing Plans—go well beyond this target. They do not count toward Basin Plan compliance. They do not contribute to Sustainable Diversion Limit (SDL) achievement. And they are not required under the Restoring Our Rivers Act 2023.

These changes are being made purely as additional environmental ambition—and yet water users are being asked to absorb the cost.

That is a blatant breach of Clause 50. If NSW wants to go above and beyond the 2680 GL agreed recovery target, then it must pay. It cannot impose a new set of environmental goals through the backdoor, strip water from producers via rule tweaks, and pretend that no compensation is required.

The additional 450 GL of recovery under the Restoring Our Rivers Act is not mandatory. It is aspirational—and should be treated as such. NSWIC’s position is unequivocal: any water recovery above the Basin Plan baseline must be fully and transparently compensated.

Failure to do so is not just unjust—it undermines the foundational agreements that gave legitimacy to the Murray-Darling Basin Plan in the first place. Governments must stop pretending these changes are minor or technical. They are structural. They are deeply damaging. And they must be paid for.

Namoi Water is absolutely clear: there is no justification for further water recovery. It is unnecessary, it is harmful, and it is being driven by ideology rather than evidence. However,

²⁴ <https://www.dceew.gov.au/sites/default/files/sitecollectiondocuments/water/Intergovernmental-Agreement-on-a-national-water-initiative.pdf>

if governments insist on pursuing additional recovery, they must do so transparently, lawfully, and with full compensation.

There is a functioning water market. If governments believe more water is needed for the environment, they can enter that market like everyone else and purchase entitlements from willing sellers. That's how proper, rules-based systems operate. It ensures fairness and preserves the integrity of remaining water entitlements. Importantly, market purchases do not diminish the reliability or value of the licences held by those who choose to remain in production.

What is completely unacceptable is the Government's increasing reliance on rules changes to take water without paying for it. This approach is not only unethical—it is economically and socially destructive.

NSW should clearly model, publicise and tally the cumulative impact on water allocation reliability as a result of rules changes. Any impacts to reliability should then be added to a register that records all cumulative impacts.

There is currently no complete record of rules changes and their cumulative impacts and Namoi Water sees it as necessary to have these clearly disclosed and tallied. Governments are obliged to compensate for rules-based changes in certain circumstances.

Namoi Water is furious that irrigators are being treated differently depending on which method the Government chooses to take water. When water is recovered through buybacks, licence holders are offered compensation. When the same water is stripped away through rules changes—via revised flow targets, new sharing arrangements, or bureaucratic redefinitions of environmental need—no compensation is offered. The result is the same: farmers lose access to water, and communities suffer the consequences. But in one case, it's paid for. In the other, it's taken for free. This is inequitable, it is unjust, and it must end.

Governments must stop pretending that rules-based reforms are costless or benign. They are not. They are silent, creeping forms of compulsory acquisition—and they erode trust, confidence, and the long-term viability of irrigation across the Basin.

Namoi Water will not accept a two-tiered system of water recovery where some are compensated and others are robbed under the radar. If the Government wants water, it can buy it. Anything else is theft by policy.

Namoi Water recommends Clause 50 Must Be Enforced.

(e) The effectiveness and impacts of past water reforms, including community-based water reduction adjustment programs such as the Strengthening Basin Communities program and Murray-Darling Basin Economic Development Program

Namoi Water believes that the community-based adjustment programs introduced in response to water recovery under the Murray-Darling Basin Plan have failed to deliver meaningful or enduring outcomes for impacted communities. Programs such as the Strengthening Basin Communities²⁵ initiative and the Murray-Darling Basin Economic Development Program²⁶ were launched with the stated aim of assisting communities through the structural changes associated with reduced irrigation water, but they have consistently fallen short.

Despite their well-intended goals, these programs are underfunded, poorly targeted, and out of step with the real needs of irrigation-dependent towns and districts. The funding levels allocated through these schemes pale in comparison to the economic losses inflicted by water recovery. Communities that have lost thousands of megalitres in productive water have received one-off grants worth a fraction of that impact—typically used for small infrastructure projects, tourism upgrades, or one-off capacity-building programs that do not support long-term recovery.

In many cases, the funding has not even gone to the most affected towns. Poor metrics, lack of transparency, and political considerations have resulted in grant rounds being distributed inconsistently and often ineffectively. Meanwhile, the communities that have been fundamentally altered by water recovery—those who have lost their economic backbone—are left to fend for themselves.

Namoi Water has spoken with numerous members across our industry who confirm that the economic downturn caused by water recovery is not something that can be fixed with one-off grant money. When water leaves a region, so too do the jobs, the investment, the population stability, and the generational confidence in farming as a way of life. These things cannot be bought back with a small pool of competitive funding administered through short-term programs.

²⁵ <https://www.dcceew.gov.au/water/policy/programs/completed/strengthening-basin-communities#:~:text=The%20Australian%20Government%20committed%20%24200,are%20planned%20at%20this%20time.>

²⁶ <https://www.dcceew.gov.au/water/policy/programs/completed/edpgrants>

Impacts of the Water Amendment (Restoring our Rivers) Act 2023 on NSW regional communities - 14 April 2025

The lesson is clear: if governments are serious about supporting communities through water reform, they must provide long-term, structural investment—of the scale and duration required to support genuine adjustment. This means targeted investments in:

- Economic diversification based on region-specific strengths;
- Support for small and medium enterprises affected by flow-on impacts;
- Workforce transition programs;
- Local water infrastructure to improve security and resilience;
- Housing, health, and education services to retain population.

Anything less is symbolic politics—optics over outcomes. It is not adjustment, it is abdication.

Namoi Water urges the Committee to formally recognise that community adjustment programs to date have failed and that future efforts must be structurally different, appropriately resourced, and tailored to the real needs of rural economies. One size does not fit all. Adjustment programs must reflect the depth and complexity of the challenges being imposed on regional Australia.

(f) Options to improve future community-based reduction adjustment programs including next rounds of the Sustainable Communities Program

Namoi Water believes that if community-based adjustment programs are to form part of any future water reform package, they must be overhauled in scope, structure, and scale.

The Sustainable Communities Program, in its current form, is not fit for purpose. Its funding is insufficient, its targets are vague, and its delivery mechanisms lack the precision and responsiveness needed to meet the actual needs of impacted communities.

The current allocation of \$300 million under the program is a fraction of what is needed. Independent analysis places the annual economic loss from water recovery in the Basin at approximately \$500 million²⁷. A one-off fund of \$300 million cannot possibly offset years of economic contraction. Moreover, when funding is dispersed across hundreds of towns and dozens of regions, the per-community benefit is negligible.

Adjustment programs must be:

- Substantially better resourced. There must be a commitment to match support with actual economic loss. If regions are expected to transition, the investment in that transition must be real, not symbolic.

²⁷ https://www.water.vic.gov.au/__data/assets/pdf_file/0033/669426/social-and-economic-impacts-of-basin-plan-water-recovery-in-victoria.pdf

- Geographically targeted. Funding should follow impact. That means identifying the communities most affected by water recovery (both historically and prospectively) and ensuring that support is tailored to their context and needs. Blanket funding models do not work.
- Community-led. Programs must be built around the input and leadership of local stakeholders. Regional development groups, local governments, and industry bodies must be given a direct role in designing, implementing, and evaluating projects. Without this, programs lack legitimacy and traction.
- Multi-year and scalable. Structural change takes time. Adjustment programs must be funded and planned on a five- to ten-year basis—not three-year grant cycles. This is the only way to embed real recovery.
- Outcomes-focused. Programs should be judged by their ability to support viable business models, secure long-term employment, strengthen essential services, and attract or retain families in Basin communities. Project metrics should be grounded in real economic and social indicators—not just funding delivery or participation rates.

Namoi Water also recommends that the Committee examine international examples of effective structural adjustment. Across Europe and North America, agricultural transition programs have been built around integrated rural development, direct industry investment, and clear performance measures. Australia must adopt a similarly rigorous and locally embedded model.

Above all, Namoi Water insists that any further water recovery must be accompanied by a genuinely resourced and regionally responsive adjustment framework. Without this, future reforms will repeat the mistakes of the past—displacing people, collapsing confidence, and deepening the socio-economic fault lines that already exist in rural NSW.

[\(g\) Any other related matter](#)

NSW water reforms are deepening the impacts of the Restoring Our Rivers Act 2023

Namoi Water is gravely concerned that the cumulative impact of recent and ongoing water reforms by the NSW Government is compounding the already significant negative consequences of the Restoring Our Rivers Act 2023. While the Restoring Our Rivers Act poses serious challenges for Murray-Darling Basin communities on its own, the NSW Government's reform agenda is exacerbating these impacts by pursuing changes that are:

- Poorly sequenced;
- Rushed and under-resourced;
- Beyond what is required under the Murray-Darling Basin Plan;
- Undertaken without effective consultation;
- Disconnected from actual environmental outcomes.

Namoi Water has identified nineteen (19) major water programs, reforms, and reviews currently underway across State, Commonwealth, and MDBA levels. The cumulative burden of these reforms has overwhelmed departmental capacity, undermined stakeholder trust, and created unresolvable reform fatigue among communities. These include:

1. Unregulated and regulated Water Sharing Plan (WSP) reviews;
2. NRC reviews and recommendations;
3. SDLAM infrastructure and constraints projects;
4. Floodplain harvesting licensing;
5. Non-Urban Water Metering Reforms;
6. National Water Agreement renegotiation;
7. CEWH Buybacks to meet the 450GL target;
8. Connectivity and Minimum Inflows Reviews;
9. Sustainable Rivers Audit (due 2026);
10. Basin Plan Evaluation (due 2026);
11. Implementation of Bridging the Gap shortfall;
12. Barwon-Darling WSP litigation settlement response;
13. IPART water pricing determination;
14. Coastal metering reform;
15. Aboriginal Water Entitlements Program;
16. Riparian and complementary measure grants;
17. CEWH Long-term Watering Strategy;
18. Upper Murrumbidgee program;
19. Development of Basin Plan 2.0.

This is not reform—it is overreach. It is functionally impossible for stakeholders to meaningfully engage across this many programs, nor for the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) to effectively deliver and integrate them.

Namoi Water calls for:

- A halt on all rule changes not essential to Basin Plan compliance;
- Delay of the Northern Basin Connectivity Review and Minimum Inflows Review until after the 2026 Basin Plan Evaluation;
- A shift of policy and funding focus from more water recovery to complementary measures that actually improve river health such as fishways, fish screens, invasive species control, and riparian area restoration;
- Repair the broken consultation processes, including the abandonment of tokenistic and opaque webinars in favour of proper in person stakeholder engagement;
- Provide clear, unambiguous policy direction about the long-term security and reliability of entitlements;
- Cease the use of the NRC as a mechanism for advancing water take reductions without compensation.

- A whole-of-government approach to streamline delivery, reduce overlap, and ensure departmental resources are aligned with real-world priorities.

Without this course correction, NSW will continue to add unnecessary stress to rural communities, delay environmental outcomes, and squander public confidence in water management.

Namoi Water urges this Inquiry to consider these reforms not in isolation, but in totality. Their combined impact is weakening the very communities and industries the Basin Plan claims to protect, all while delivering marginal or hypothetical environmental benefit.

The time to prioritise, sequence and deliver quality over quantity has long passed. Without decisive action now, the entire water reform agenda risks failure due to its own complexity and administrative overload.

Namoi Water strongly recommends that the Parliamentary Inquiry hold in-person hearings in affected regional communities. The real impacts of the Restoring Our Rivers Act 2023 and NSW's parallel reforms cannot be fully understood from Sydney or Canberra. They must be heard directly from the people who live with the consequences every day.

Communities across both the Northern and Southern Murray-Darling Basin have faced compounding shocks from Commonwealth and State reform processes. Their stories are diverse, nuanced, and urgently need to be heard.

Namoi Water recommends the following locations for regional hearings:

Northern Basin:

- Wee Waa (Namoi Valley): One of the clearest case studies of reform fatigue and rules-based water loss. The 90:10 supplementary rule has drastically reduced water access at critical cropping times. A hearing in Wee Waa would allow the Committee to meet directly with affected growers and townspeople.
- Trangie or Warren (Macquarie Valley): Communities contending with failed or stalled SDLAM projects, mounting uncertainty around rules changes, and slow project delivery. Ideal for exploring the consequences of unfinished reforms.
- Bourke (Barwon-Darling): A town directly impacted by the push for downstream connectivity. Landholders have been subjected to inconsistent reform logic, with limited ability to plan. It is also relevant for hearing firsthand about floodplain harvesting perceptions.

Southern Basin:

- Coleambally or Leeton (Murrumbidgee Valley): Among the most productive irrigation areas in the country, now under pressure from increased water recovery and

buyback-driven price increases. Leeton, home to the Australian rice industry, is particularly affected by shifts in water availability.

- Deniliquin or Finley (NSW Murray): Epicentres of past water recovery and heavily exposed to the next round of buybacks. Both communities have struggled with reliability reductions and deserve to be consulted in-person.

These hearings must include stakeholder field visits where possible. Seeing the infrastructure, the land, and the water firsthand is essential to understanding what is at stake.

Namoi Water believes that regional hearings will significantly enhance the credibility and legitimacy of the Committee's findings. They will provide insight that cannot be gleaned from written submissions alone and send a vital signal to communities that their experiences matter.

Currently NSW water reform agenda is unbalanced, over-ambitious, and poorly executed. It is doing real damage to communities while failing to deliver environmental outcomes at the scale required. These reforms are being rushed through without adequate consultation, without clarity on outcomes, and without proper regard for the socio-economic devastation being caused.

Namoi Water is not opposed to water reform. We support evidence-based change. We support reform that is fair, transparent, and accountable. We support programs that deliver meaningful environmental benefit without gutting the economies of rural towns. But we are opposed to processes that use the guise of reform to justify the erosion of property rights, the devaluation of entitlements, and the slow destruction of communities through stealth.

The NSW Government must:

- Pause non-essential reforms;
- Triage and properly sequence its existing reform program;
- Invest in and prioritise the delivery of SDLAM projects before initiating any new ones;
- Shift its policy and funding focus from more water recovery to complementary measures that actually improve river health;
- Repair its broken consultation processes, including the abandonment of tokenistic and opaque webinars in favour of proper stakeholder engagement;
- Provide clear, unambiguous policy direction about the long-term security and reliability of entitlements;
- Cease the use of the NRC as a mechanism for advancing water take reductions without compensation.

There are thousands of farming families across NSW who are trying to plan, invest, grow and adapt—but they are being constantly sideswiped by new reform announcements,

shifting rules, and inconsistent implementation. The effect of this policy instability is demoralisation, disinvestment, and departure.

This submission has provided detailed and evidence-backed examples of how NSW reforms are exacerbating Commonwealth buybacks, undermining the intent of the Basin Plan, and failing to deliver for either the environment or regional communities. We urge the Committee to take this seriously.

Namoi Water is calling for a return to good governance, respectful consultation, and rational reform sequencing that reflects real-world capacity and impact. Anything less will further undermine trust in government and the viability of farming communities across inland NSW.

Failure to act will deepen community fatigue, increase the likelihood of policy failure, and compromise both environmental and economic outcomes.

The time for action is now.