

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

Organisation: Griffith Business Chamber

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Parliament of New South Wales
Legislative Assembly Committee on Investment, Industry and Regional Development
Parliament House
6 Macquarie Street
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Dear Chair

Response to inquiry - Impacts of the Water Amendment (Restoring Our Rivers) Act 2023 on NSW regional communities

This submission is provided by the Griffith Business Chamber (**Chamber**) in response to the inquiry by the Committee on Investment, Industry and Regional Development (**Committee**) into the impacts of the *Water Amendment (Restoring Our Rivers) Act 2023* (Cth) (**Act**) on NSW regional communities (**Inquiry**).

The Chamber commends the Inquiry, which considers one of the Federal government's most significant and damaging regional policy interventions over the past term. As detailed below, the Griffith Business Chamber opposes the changes to water management within the Murray-Darling Basin made by the Act, particularly its provision for water recovery via water buybacks.

The impacts of the Act

Following its passage in December 2023, the Act amended the *Water Act 2007* (Cth) (**Water Act**) to:

- a) Extend the deadline under the existing Murray-Darling Basin Plan for recovery of 450 gigalitres of water for environmental use, from June 2024 to December 2027;
- b) Enable the Commonwealth to purchase water from existing water entitlement holders (water buybacks) in order to provide the additional 450 gigalitres of water for environmental use;
- c) Remove the requirement for any recovery of water for environmental use to have a neutral or positive socio-economic impact;
- d) Remove the 1,500 gigalitre cap on water buy-backs; and

- e) Extend the deadline for States to deliver Sustainable Diversion Limit Adjustment Mechanism (**SDLAM**) water saving projects, from June 2024 to December 2026.

The Act's removal of the requirement that any buybacks have a neutral or positive socio-economic impact, sent a clear signal that such recovery would in fact have negative impacts, which Griffith – as a planned irrigation area – is particularly vulnerable to.

Griffith's local government area

Griffith is situated in one of Australia's largest planned irrigation areas, the Murrumbidgee Irrigation Area (**MIA**). The MIA was established in 1912, to 'drought-proof' food production. Today, with more than 100 years of investment in infrastructure and irrigation know-how, the MIA is one of the most efficient and transparent irrigation schemes in the nation.

Despite early difficulties (only 30 percent of original settlers remained on-farm by 1926, after the first waters flowed into Yanco in 1912) the Griffith local government area is today the second-largest contributor to the Murray-Darling Basin's economy,¹ with an extremely large export-facing agribusiness and manufacturing sector. Griffith is also a bustling city of approximately 26,000 residents and one of the most multicultural areas in New South Wales outside of Western Sydney. Without irrigation, Griffith, and its proud contribution to our economy and cultural diversity, would not exist.

Griffith's vulnerability to water buybacks

Griffith is particularly vulnerable to water buy-backs. As detailed in the report prepared by Australian Bureau of Agricultural and Resource Economics and Sciences (**ABARES**) into the vulnerability of different regions to water recovery via water buybacks,² Griffith has a:

- a) Sensitivity of between 0.71 (the second-highest band of sensitivity);
- b) Relative community adaptive capacity of 0.26 (within the second lowest band of adaptive capacity); and
- c) Relative community vulnerability of 0.72 (the second-highest band of vulnerability).

Given the Griffith's relative vulnerability, the Chamber is gravely concerned about the potential impact of water recovery by way of water buy-backs. Recovery of water via buybacks permanently removes that water from consumptive use. This not only impacts farmers – it also impacts local businesses and communities, eroding food security and regional ways of being. This is a matter of historical experience – previous water buybacks

¹ 2022, *Murray Darling Basin Social and Economic Conditions Report 2022*, AITHER, page 12:

<https://www.mdba.gov.au/sites/default/files/publications/murray-darling-basin-social-and-economic-conditions-report-2022.pdf> (accessed 7 April 2024).

² June 2024, *Baseline relative community vulnerability and adaptive capacity – Murray-Darling Basin – a focus on irrigation in agriculture*, ABARES: https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1035821/0 (accessed 7 April 2025).

which occurred in Griffith in 2015, led to marked decreases in property prices, as residents left town (see **enclosed** data from Economy ID).

Alternatives to water buy-backs

Water buy-backs cannot increase the available amount of water in the Murray-Darling Basin – only sustainability projects can. The Chamber submits that the Murray-Darling Basin Plan has not been delivered due to the failure of the States and the Commonwealth to implement water saving projects, including infrastructure investments, better measurement and accountability measures, and removal of constraints. That is why the Federal government has now turned to water buybacks, despite their impacts on regional communities. Basin communities should not be punished for the failures which were not of their making.

The Chamber endorses the New South Wales Government's *Alternatives to Water Buybacks Plan*.³³ Instead of water buybacks, resources should be directed to those initiatives which can increase our capacity to manage our rivers and enhance the available amount of water, including through infrastructure investments, better measurement and accountability measures, removal of constraints etc.

In particular, the Chamber submits that State and the Federal government (including through the Murray-Darling Basin Authority – **MDBA**) must vigorously pursue opportunities to achieve sustainable allocation of water through Sustainable Diversion Limit Adjustment Mechanism (**SDLAM**) projects.

Of particular importance is the Enhanced Environmental Water Delivery (**EEWD**) project, which would enable the Commonwealth Environmental Water Holder to synchronise the release of held environmental water with increases in natural flows caused by rainfall. By accounting for increased natural flows, opportunities can be created for the release of smaller volumes of held environmental water, enabling that water to become available for alternative, consumptive uses.

The Chamber submits that the States must be adequately resourced and measured in relation to the delivery of SDLAM projects, in particular the EEWD project, for which they should be given clear KPIs and required to provide regular reporting.

Murray-Darling Basin Plan review and effective allocation of water

Buy-backs are an inappropriate mechanism by which to manage the precious resource of fresh water running through our rivers. Buy-backs mean that water allocation is dictated by the caprice of the market – farmers sell their water due to fluctuating and temporary economic conditions. That is not how we should run our rivers.

³³ February 2024, *Alternatives to Water Buybacks Plan*, New South Wales Government, Department of Climate Change, Energy, the Environment and Water; <https://water.dpie.nsw.gov.au/our-work/plans-and-strategies/alternatives-to-water-buybacks-plan> (accessed 12 April 2025).

Allocation of water should instead be based on long-term considerations about *effective* consumptive water use. The Chamber submits that those areas which use water most effectively (i.e. in the most transparent, efficient and productive manner) such as the MIA, should be protected in the allocation of consumptive water rights. To ensure that Griffith has the capacity to continue to deliver drought-proof food production, it is essential that its allocation of water is secure.

It is also critical to consider the effectiveness of environmental water, i.e. its capacity to deliver enhanced environmental outcomes, including water quality, biodiversity etc (which form part of the MDBA's River Condition Index – **RCI**). The MDBA is currently undertaking a review of the Murray-Darling Basin Plan, which is due to be completed by the end of 2026. In its *Early Insights Paper*, the MDBA observed that it was time to move beyond a 'just add water' mentality when managing the Basin. In particular, the MDBA 'recognise[d] that Basin-scale environmental outcomes cannot be sustained without taking an integrated perspective', which would require among other matters 'effectively managing water quality not just quantity'.⁴

The Chamber agrees. Just adding water, through very significant Commonwealth investment in water buybacks, will not only have negative socio-economic impacts, it also fails to achieve (in relation the cost incurred) proportionate environmental benefits. Instead of purchasing water from the consumptive pool, State and Federal governments should instead invest in better coordination between river operators and environmental water holders, and dedicated water quality programs (such as release of the carp virus under the National Carp Control Plan).⁵

The proposed further recovery of water through buybacks under the Act is at odds with the early insights of the Murray-Darling Basin Plan review. The Chamber submits that further buybacks should not be considered until government has had the benefit of considering the MDBA's holistic recommendations in relation the Murray-Darling Basin Plan, and how environmental outcomes may be achieved without buybacks.

Conclusion

The Chamber opposed the Act prior to its introduction and continues to oppose it. The Chamber submits that the capacity for the Federal Government to recover water for environmental use via water buybacks (at Part 2AA of the Water Act) must be repealed.

⁴ 3 October 2024, *Early Insights Paper*, MDBA; <https://www.mdba.gov.au/publications-and-data/publications/early-insights-paper-publication-basin-plan-review> (accessed 12 April 2025).

⁵ September 2022, submitted to Australian Government, Department of Agriculture, Fisheries and Forestry, *National Carp Control Plan*; <https://www.agriculture.gov.au/sites/default/files/documents/national-carp-control-plan.pdf> (accessed 13 April 2025); see also <https://www.agriculture.gov.au/biosecurity-trade/pests-diseases-weeds/pest-animals-and-weeds/carp-biological-control-plan> (accessed 13 April 2025).

The Chamber recognises that the NSW Government is constrained in terms of the extent to which it can oppose water buybacks. Nonetheless, it considers that there are real steps it can take to prevent them from being further pursued.

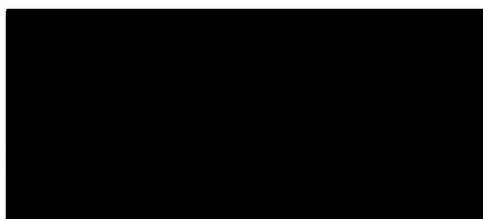
The Chamber submits that the NSW Government should:

- a) Advocate for the repeal of the mechanism of water buybacks from Part 2AA of the Water Act;
- b) In the absence of a repeal of the mechanism of water buybacks, advocate against further water buybacks until the Murray-Darling Basin Plan has been reviewed, and SDLAM projects have been implemented; and
- c) Ensure, in concert with environmental water holders and other State governments, that appropriate rules are in place for effective use of environmental water;
- d) Ensure, in concert with the Federal Government, that alternative water recovery projects, such as sustainability and SDLAM projects (in particular the EEWD project) and water quality projects, are appropriately funded and managed to ensure their delivery.

The Chamber also considers that the Inquiry should attend Griffith, in order to hold hearings directly with affected farmers, business owners and community members.

We may not be able to save 450 gigalitres in a single project, but we may be able to save one gigalitre 450 different ways. We must continue to experiment and invest in know-how and innovation, not in zero-sum transfers of water from consumptive use to environmental use. Otherwise, regional development will be permanently and unnecessarily diminished, along with our collective food security.

Kind regards,



John Nikolic

President

Griffith Business Chamber



House price rises since 2020

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