Submission No 72

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

Organisation: Murray Irrigation

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Murray Irrigation

NSW Legislative Assembly Committee on Investment, Industry and Regional Development

Inquiry into the Impacts of the *Water Amendment (Restoring Our Rivers) Act 2023* on NSW Regional Communities

Murray Irrigation Limited Submission 14 April 2025

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1.1 MIL Position Statement – Mitigation of Impacts is Possible.

- MIL is Australia's largest private irrigation company, delivering water to over 1,300 family-farm businesses, through 2,778 km of gravity-fed channels. Constitutionally we are a not-for-profit business that manages around $1 billion of water delivery infrastructure, and we've owned and operated one of Australia's largest water exchanges for close to 30 years.
- Our footprint has experienced repeated rounds of state and federal water reform - and significant environmental water recovery - since our company was formally established in 1995. As a result, average water delivery to customers has halved; from 1,200 GL in 1995 to around 600 GL today.
- Implementation of the *Water Amendment (Restoring Our Rivers) Act 2023* should not be done in a way that further impacts communities in our footprint. Based on our experience, we don't believe it has to.
- Despite the reform journey we've been on, family-farms – heavily reliant on NSW General Security (GS) licences – remain at the core of our business model.[1] Agriculture continues to be one of the predominant economic drivers, and sources of employment, for all communities and towns where we operate.[2]
- We remain committed to the long-term sustainability of our operations, as well as maintaining a high standard of service delivery for the customers and communities that depend upon us for their water needs. Achieving balance between asset continuity, environmental responsibility, and agricultural production is consistently at the core of our business model.
- We're getting the balance right. Our results speak for themselves, and we continue to innovate. In our experience, valuable environmental outcomes can be achieved without the need to excessively strip more water away from productive use. In our view, this is how you mitigate impacts for the long-term.
- MIL and its shareholders do not support and will not assist with water purchase programs in our footprint.[3] What we are doing, however, is looking to 'the environment' to supplement and diversify our revenue streams. This helps to keep us afloat, while also maintaining highly-prized landscape values.
- We use our assets to deliver significant volumes of environmental water, on a fee-for-service basis. We're also rolling-out *Restoring Murray Waterways*[4]. This is our flagship project in collaboration with landholders and environmental water managers for delivering environmental outcomes in an increasingly variable climate, without needing large-scale water recovery (See Case Study at end of this submission).
- We'll expand on these innovations in our responses to the inquiry Terms of Reference below.
- In closing, we thank the Committee for taking the time to conduct an inquiry into this important matter. We firmly believe collaborative projects; and efficient, agile water delivery are the single best ways to proceed.

[1] Murray_Irrigation_Annual_Report_2024_DIGITAL.pdf, p. 6
[2] erc_advocacyplan_web.pdf, p. 5.
[3] Shareholder_Discussion_Groups_-_Sentiment_Report_-_FINAL_V2-38d9752f.pdf, p. 8.
[4] https://www.murrayirrigation.com.au/project/restoring-murray-waterways, Schedule One to this submission.

- We're happy to meet with the Committee to explain our innovative solutions in more detail. Ideally, if you'd like to see our extensive work first-hand, we're more than willing to host a regional tour.

1.2 The Social, Economic And Environmental Impact Of Repealing Limits To The Cap On Commonwealth Water Purchases.

- The single biggest impact of repealing the cap is that it's opened the door to large-scale buy-backs. MIL and its shareholders do not support, and will not assist with large-scale buy-backs in our footprint.
- We already know that large-scale environmental water recovery is bad for farming businesses and communities that depend on them.
- Over this time, our average customer delivery has halved; from 1,200 GL in 1995 to around 600 GL today.
- Despite this reduction in demand, our $1.0 billion asset base continues to require regular maintenance and replacement. Remaining water users have been required to pay these fixed costs of water delivery.
- Noting our stance on buy-backs, the key risk of *Restoring Our Rivers* is that while we're expecting more water recovery, we have no way of understanding what the final total volume from our footprint will be.
- This forces us into unhelpful scenario planning[5], and severely limits our ability to work directly with governments to develop 'no impact' solutions.
- From a business perspective, this makes it much harder for us to ensure: (i) there's no future stranding of assets; and (ii) that our customers remain in a position where they're able to afford to pay their bills.
- Beyond our business, there's also been a concerning trend of decline in our communities. As average customer delivery has halved, local irrigation-dependent industries (e.g. dairy & rice), have also declined.
- Between 2001 and 2016, the population of the Wakool region - in the western part of our footprint - declined by 45.6%. Alongside this, total farm employment fell by around 72%.
- These types of trends significantly reduce the capacity of individuals and businesses in our footprint to adapt to the kinds of future changes we're expecting if *Restoring Our Rivers* is implemented poorly.
- In our experience, it will almost certainly be intelligent projects, and innovative water delivery, that will ensure long-term environmental outcomes are delivered both within, and downstream of our footprint.
- Smart implementation requires an immediate and distinct shift from the 'just add water' approach. On its own, environmental water is only highly effective when allocations are high. Even then, it needs help.
- For example, in recent high-flow years, MIL's infrastructure was used to create oxygenated refuges for native fish, as the large volumes of flood water moving through our floodplains were causing poor water quality.

[5] Shareholder Discussion Groups - Sentiment Report - FINAL V2-38d9752f.pdf, p. 6. We're using worst-case scenarios of 100 GL, 200 GL and 300 GL.

Restoring Murray Waterways

- When allocations are low, it's also our infrastructure that will do the best job of delivering environmental outcomes (Figure 2). That's one of the primary goals of our *Restoring Murray Waterways* (RMW) project.[6]
- RMW uses our extensive infrastructure experience to deliver targeted volumes of water in the landscape, as identified by the relevant environmental water manager. In dry years, this will be critical for the delivery of drought refuge water, preventing mass fish deaths, and maintaining high-priority wetlands.
- In addition, RMW connects ephemeral creek and river systems back to the Murry River, which means the project offers downstream environmental benefits as well – without the need for high in-stream flows (Figure 1).

1.3 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.

- Our main concern with this particular Terms of Reference is that it doesn't seem to acknowledge that MIL and its customers have been operating well within statutory limits on water extraction for decades.
- We don't have unlicensed take in our footprint. Our extraction limits reflect environmentally sustainable levels, they're fully enforceable, and they're written into both state and federal legislation.
- All water is provided to our footprint by the NSW Government. It's fully metered and measured. For all state and federal compliance purposes, governments know exactly how much water we receive and use.
- Our customers have individual water accounts with us that let us know the maximum volume of water they're legally allowed to use in any given year. We only deliver water to customers up to this maximum legal volume.
- It's important we don't allow *Restoring Our Rivers* to generate a false assumption that overextraction is continuing to occur in the NSW Murray, and that this is something which must be addressed.
- Sustainable extraction limits are set under the *Murray-Darling Basin Plan.* There's been almost 100 % compliance with them since they first formally commenced.[7] In fact, the NSW Murray is currently in 789.9 GL of credit against its Basin Plan long-term average extraction limit of 1510.3 GL/year.[8]
- As such, and for reasons already outlined, we don't believe additional water recovery beyond Basin Plan limits is the best solution to challenges in our footprint – be they environmental, social or economic.
- Large-scale water recovery is not the key to effective implementation of *Restoring Our Rivers*.

[6] More detail on RMW is provided at Schedule One to this submission.
[7] Annual Water Take Report 2022–23, page 11.
[8] 2022–23 Sustainable Diversion Limit Accounts: Registers of take and interim registers of take March 2024, p. 27.

1.4 Impact Of Planned Environmental Water (PEW) Rules On The Reliability Of Water Allocations In NSW & Commonwealth Environmental Water Holdings.

- MIL doesn't support any state or federal approach to PEW that undermines entitlement reliability.
- More broadly, we don't believe PEW should be the predominant approach that any government uses to deliver environmental outcomes in a system as highly variable as the southern Murray-Darling Basin.
- The primary limitation of PEW is that once that water has been locked-in to a particular set of rules, it typically can't be made available for any other purpose[9] – even if this would lead to better outcomes.
- As evident from our submission, we believe more flexibility is needed going forward, not less.
- Delivery of any one specific environmental outcome must be done via the most fit-for-purpose, efficient approach, matched to the system where it's located. In a fully allocated footprint like ours, solutions must favour the achievement of multiple outcomes and benefits across a range of water-using groups.

1.5 The Impact Of Rules-Based Changes On The Reliability Of Water Allocations In NSW, Including Their Impact On Different Water Licence Categories.

- Our location on the NSW Murray is a highly-regulated stretch of river. There are large storages upstream, supplying the majority of our water, and flows are manipulated by structures including canals and weirs.[10]
- The heavily human-influenced hydrology of our footprint doesn't lend itself to rules-based environmental water that attempts to mimic natural flows. We've never been located within a broader 'natural' system.
- In our part of the world, this is why successive Commonwealth Governments have spent the last 15 years acquiring licences to be held and controlled by a Commonwealth Environmental Water Holder (CEWH).
- The delivery of environmental outcomes in our footprint requires active management by the CEWH. Decisions are made in real-time to meet desired outcomes. It's only in times of extremely high rainfall and flood that water – by necessity – is left alone to flow through our footprint uncontrolled.
- This is why our approach remains focused on projects that target specific outcomes in the landscape. It's the only approach that makes sense for our part of the Murray mainstem, especially when its dry.
- Rules-based changes don't work in our footprint. We're particularly opposed to rules-based changes that threaten to undermine both our entitlement reliability, and that of our shareholders and customers.
- As such, we're concerned by advice recently given to the state's Water Minister, recommending rules-based changes be made along the NSW Murray, which we expect will have this specific kind of impact.[11]

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[9] Some exceptions do exist, including the *Barmah-Millewa Forest Environmental Water Allocation* in the NSW Murray (New South Wales and Victorian Operating Rules for the Barmah-Millewa Forest Environmental Water Allocation - 2021), which allows for irrigators to borrow and payback water to the Allocation. This arrangement is almost 20 years old, and precedes Commonwealth expectations regarding PEW, which now predominate. These expectations set very strict limits on the purpose of PEW, and its levels of protection (WRP-position-statement-6A-planned-environmental-water.pdf).

[10] How River Murray water is shared | Murray–Darling Basin Authority

[11] WSP reviews - 2023 Completed reviews

- The full implication of these recommendations needs comprehensive assessment. In all cases, where more innovative (i.e. no impact) alternative arrangements are available, these must be adopted instead.

1.6 Effectiveness & Impacts Of Past Water Reforms, Including Community-Based Water Reduction Adjustment Programs Such As The *Strengthening Basin Communities Program* & *Murray-Darling Basin Economic Development Program.* Options To Improve Future Community-Based Reduction Adjustment Programs Including Next Rounds Of The *Sustainable Communities Program*.

- As we've highlighted throughout this submission, we think the best 'adjustment' approach is for governments to avoid any further, large-scale, water recovery.
- We've shown the Committee strong evidence that large-scale buy-backs are no longer necessary.
- *Restoring Our Rivers* can be more effectively implemented through smart, innovative projects that deliver targeted outcomes in a way that also ensures the long-term sustainability of our regional communities.
- We're already adopting this approach across our footprint.
- We have a decades-long history of compliance with statutory extraction limits – that already reflect an environmentally sustainable level of take.
- Through *Restoring Murray Waterways*, we can deliver targeted volumes of environmental water across our footprint under a range of climate scenarios – from wet to dry.
- We're also focussed on shoring-up the long-term sustainability of our business. With Commonwealth funding assistance, we're undertaking a *feasibility study* to explore what's required to bolster the efficiency and resilience of our irrigation network into the future.
- Not one of these solutions requires the large-scale buy-back of water.

Case Study: Collaborative Water-Use for Environmental Outcomes - *Restoring Murray Waterways* (RMW).

MIL has almost completed the next stage of one of Australia's largest targeted and collaborative environmental watering initiatives using its water supply network – the Restoring Murray Waterways. Funding from the Commonwealth has been received to implement the early stages of this project. Activities under the project include:

1. **Connecting Around 300 km Of Ephemeral Creeks:** We've upgraded landholder crossings, to allow fish passage and the delivery of targeted environmental water. We've also upgraded fence creek crossings, so they are flood tolerant. Alongside this, we're installing environmental delivery outlets so the environmental water manager has greater flexibility and options to deliver targeted volumes of water. Watering has recently commenced on the Cockran Creek (Figure 3 and 4).

2. **Rehabilitating Around 2,200 ha Of On-Farm Wetlands:** We're undertaking works to deliver water to on-farm wetlands to improve habitat for wetland dependant flora and fauna and to maximise the chance of threatened species recovery.

3. **Business Case for the next stage:** In addition to existing on-ground works, we are working with agencies for the project to gain Sustainable Diversion Limit Adjustment Mechanism (SDLAM) recognition and funding to complete the next stage of on-ground works. The next round of works proposes to upgrade a further 300km of creeks and 10,000ha of on-farm wetlands in our area of operations. RMW is hoping to achieve recognition under the *Murray-Darling Basin Plan* for its water recovery off-sets, as we're achieving environmental outcomes using much less water than would otherwise be required.

Through highly efficient use of environmental water, MIL's RMW project delivers the following (Figure 2):

- Connection of ephemeral creek and river systems back to the Murray River.
- Rehabilitation of on-farm wetlands.
- Delivery of oxygen-rich water to floodplains, to prevent mass native fish deaths during hypoxic flood events.
- Redistribution of native fish back into key habitat sites.
- Long-term protection and enhancement of threatened species habitat.
- Delivery of drought refuge water, preventing mass fish deaths and maintaining high priority wetlands.

Figure 1. Location of the RMW Project, within MIL's Footprint.

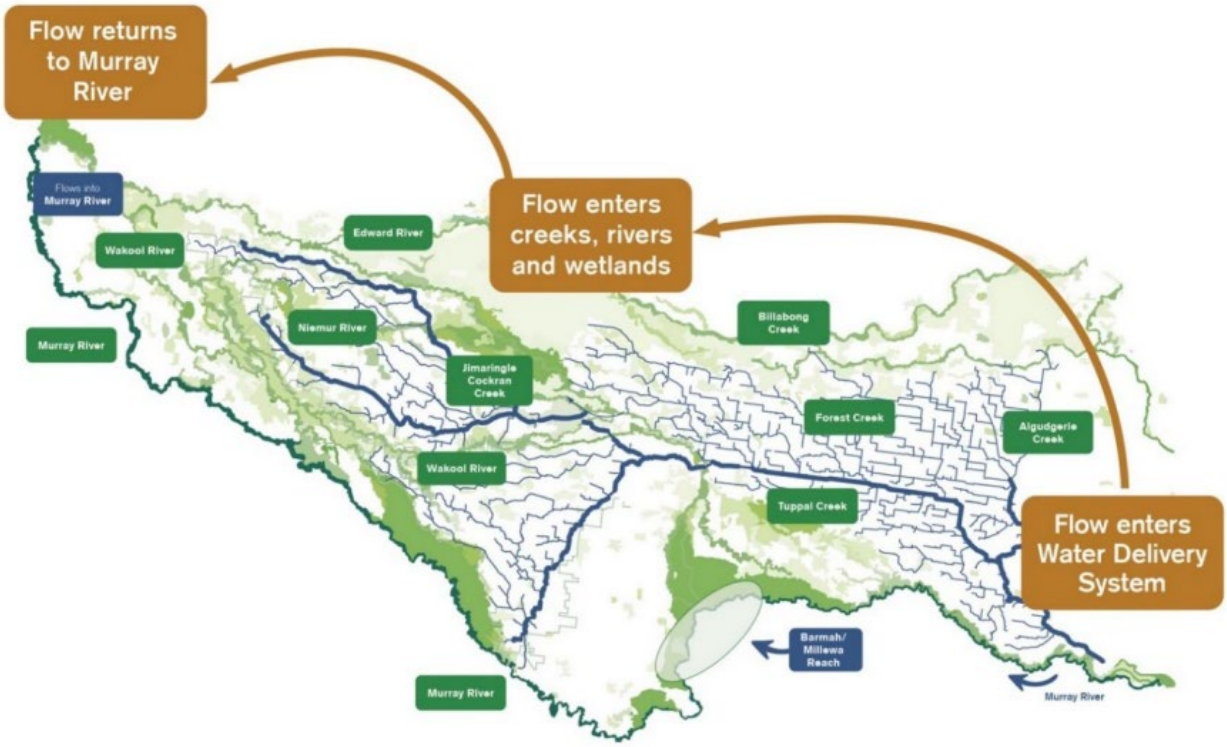

Figure 2. Efficient Water Delivery for Environmental Outcomes.

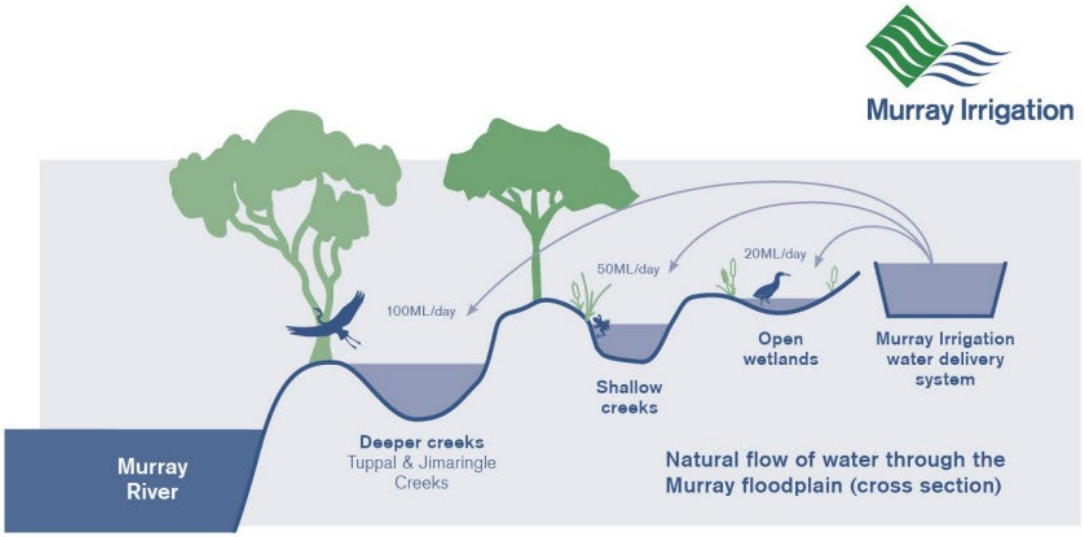

Figure 3. Environmental Water delivery has commenced into the Cockran Creek on 2 April 2025 using Murray Irrigations Water Supply network.

Figure 4. Environmental Water Delivery Outlet in operation delivering water from Murray Irrigations Water Supply network into the Cockran Creek.