

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

Organisation: Cotton Australia

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COTTON
AUSTRALIA

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

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Legislative Assembly Committee on Investment, Industry and Regional Development

Submission prepared by Michael Murray, General Manager

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ABOUT COTTON AUSTRALIA

Cotton Australia is the peak body for Australia's cotton growers, representing up to 1,500 cotton farms mainly in New South Wales and Queensland but also in the Northern Territory and Western Australia. Cotton Australia works with growers and stakeholders to ensure the Australian cotton industry remains viable.

Cotton Australia supports the Australian cotton industry to be globally competitive, sustainable and valued by the community. It drives the industry's strategic direction, retains a strong focus on research and development, promotes strength of the industry, manages sustainability reporting and implements policy objectives.

1. Executive summary

New South Wales Water reform has been a constant for over 30 years. The Murray-Darling Basin Plan is a very large example of water reform, but it forms just one component of reform. A significant positive of the Basin Plan, was from the outset the Federal Government recognised the only proper way to recover water entitlements was through market-based mechanisms such as buybacks and funded on and off farm efficiency schemes.

While there is no doubt that water acquisition through the Basin Plan has devastated many small, irrigation dependent communities, alternative forms of water recovery such as compulsory rules-based changes would be much worse.

Unfortunately, the New South Wales Government is increasingly returning to a 20th Century approach of rules-based changes, rather than the much more equitable approach of utilising the market.

To be clear, Cotton Australia does not believe that there is currently a case to increase the environment's share (already at approximately 70%) of the State's water resource. Instead, it believes, significant investment should be made in complementary measures, to leverage far greater environmental outcomes from the existing environmental pool.

However, the water balance between productive use and the environment is ultimately a decision for government. Our position is, should government be determined to shift that balance, it should be done through market-based mechanisms or other measures that do not impact on the volume or reliability of existing entitlement.

2. Recommendations

- The New South Wales Government formally recognise the water market as the proper way to “re-balance” any required water use, protecting the fundamental components of water entitlements.
- “Rules-based Changes” that have negative impacts on entitlement volumes or reliability should not be supported by the New South Wales Government.

3. Submission response

Cotton Australia welcomes the opportunity to submit to this Inquiry and would also welcome an opportunity to appear as a witness to this Inquiry.

This submission will address the Inquiry's Terms of Reference in order, but not all aspects will be submitted on in detail.

Terms of reference - Inquiry into the impacts of the Water Amendment (Restoring Our Rivers) Act 2023 on NSW regional communities

- 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.*

Cotton Australia recognises the significant impact of the Murray-Darling Basin Plan, and in particular the Water Amendment (Restoring Our Rivers) Act 2023, has had on our industry and importantly on the communities that our industry is part of.

However, it is also very important for this Inquiry to recognise that the unilateral water resource management actions of the NSW Government that either have gone, or are planned to go, way past the requirements of the Basin Plan represent a threat to our communities that is equal to, if not greater than the threat posed by the Plan. This approach can be referred to as rules-based changes.

For all the faults and impacts of the Basin Plan, and there are many, water recovery under the Plan has to date been achieved through market mechanisms, that have been voluntary in nature.

What we are seeing in NSW today, is a return to the 20th Century approach to water management, where the property right of water was neither recognised nor respected.

Today, the NSW Government is constantly chipping away at entitlement reliability, by introducing rules-based changes, avoiding compensation, and refusing to recognise the legitimacy of the market-based approach that was adopted by the Basin Plan.

Water entitlements and water property rights are complex, but rules based-changes are analogous to the government coming along to suburban home owner with a 500 square metre block, and telling the home owner that it has changed the laws, and now 20 square

metres have to be concreted over and not used for any purpose at all; and there will be no compensation! And by the way it is highly likely that over time these restrictions will be extended!

3.1. COTTON AUSTRALIA AND THE COTTON INDUSTRY

Cotton Australia is the peak body representing growers and cotton ginners. Approximately two thirds of our crop is growing in New South Wales, entirely within the Murray-Darling Basin.

While our production varies significantly from year to year, depending on seasonal conditions, the 2025 picked crop across the nation will be approximately 5.2 million bales, along with around 1.2 million tonnes of cotton seed, worth some \$3.5 billion (farmgate). Ibis World estimates that the industry employs 8,174 people.

90-95% of our production in NSW is based on an irrigated system, and achieves the highest yields in the world, and world renown quality. Given our high dependence on irrigation, Cotton Australia and its growers have a very keen interest in the sustainable management of Australia's water resources.

As an industry we are very proud of our record on continuous water use efficiency. Compared to 1997 we have improved our Water Use Efficiency (WUE) by 52%, meaning we produce twice the amount of cotton from a megalitre of water than we did almost thirty years ago.

3.2. COTTON AUSTRALIA AND IRRIGATION REPRESENTATION

Cotton Australia is an active member of NSW Irrigators Council (NSWIC), and we also have a very close working relationship with most of the valley-based irrigator groups that represent irrigators throughout the NSW portion of the Murray-Darling Basin.

Cotton Australia endorses the very detailed submission made by NSWIC, along with the submissions made by other irrigator groups. However, if there is a divergence of views in submissions, the view of Cotton Australia is that which is expressed within this submission.

3.3. RESPONSES TO THE TERMS OF REFERENCE

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

In the hierarchy of improving riparian conditions in the Murray-Darling Basin, Cotton Australia's position is as follows:

- Additional water entitlement acquisition is not necessary. The focus should be on leveraging the greatest environmental outcomes from the available

- environmental pool, primarily through adopting a holistic management approach and investing in complementary measures such as European Carp removal, fish passages, fish habitat, cold water pollution mitigation, and improved riparian vegetation conditions.
- If Governments decide, despite the above, to acquire more water entitlement then:
 - Acquisition should be prioritised through the funding of on-farm or off-farm efficiency savings, with the savings shared between the environment and the entitlement holder.
 - If governments are unwilling to fund efficiency savings, but remain determined to acquire water, then it must be done through an open and voluntary market-based approach.
 - Under no circumstances should water be acquired through rules-based changes, which are neither voluntary, nor recognise the water property right.

Given the above position, Cotton Australia opposes the removal of the “Buyback Cap”. Every megalitre of water that is taken out of consumptive, productive use, has a significant social and economic impact on the irrigation communities it is removed from.

The Murray-Darling Basin Authority (MDBA) did a comprehensive social and economic impact assessment for the 2016 Northern Basin Review.

This Review did not simply develop a metric that estimated each job loss for each megalitre of water recovered but took a “deep dive” into each community, and calculated the likely job losses, taking into account the unique fabric of each community.

The Review outcome was a recommendation, and subsequent adjustment of the Basin Plan, reducing the total water recovery across the Northern Basin, by 70GI from 390GI to 320GI, therefore the middle column in the Table below is most pertinent.

Cotton Australia has highlighted the worst impacted NSW communities across the Northern Basin.

Collarenebri is a very interesting case study. Collarenebri is located close to Collymungle Station, once one of Australia’s biggest cotton producers, owned at the time of the commencement of Basin Plan water purchases by the Twynam Group.

Colly Station, producing irrigated cotton, along with other crops, was a large employer for Collarenebri, and the community of Collarenebri was greatly impacted when the Twynam Group exercised its right to sell the vast majority of its water rights associated with Collymungle Station to the Federal Government, in a deal brokered by then Water Minister Penny Wong.

In the case of Collarenebri Table 1 below is particularly instructive, as regardless of the level of water recovery, the impact on employment is static at 54 Full time

Equivalents. That is because the water recovery had already occurred, the devastating impact had already been felt. This was identified by the MDBA economist who compiled the statistics, so readers can have a high level of confidence in this number.

Further evidence can be seen in a decline in Collarenebri's population according to the National Censuses – 2011 – 767, 2016 – 650, 2021 – 638.

This decline has been documented across the Northern Basin, and it must also be accepted, that while the Basin Plan recovery has driven down employment, this comes on top of decades of water reform, that have reduced access to consumptive water and therefore the impact on irrigated communities has been ongoing for decades. The Basin Plan was just the most dramatic demonstration of it.

Table 1. Employment Outcomes from Water Recovery Scenarios

Town	390 GL employment effects	320 GL employment effects	278 GL employment effects
Boggabri	<5	<5	0
Bourke	25	28	28
Collarenebri	54	54	54
Dirranbandi	64	49	33
Goondiwindi	17	24	+21
Gunnedah	18	12	<5
Moree	152	96	116
Mungindi	<10	<10	+3
Narrabri	17	<10	0
Narromine	55	41	55
St George	137	83	49
Trangie	17	13	17
Walgett	<5	<5	0
Warren	114	89	114
Wee Waa	32	23	8
Total	Approx. 710	Approx. 530	Approx. 450

Source: MDBA

Further data, including community by community summaries, that was compiled as part of the Northern Basin review can be accessed here - <https://www.mdba.gov.au/publications-and-data/publications/northern-basin-review-social-and-economic-condition-reports>

While Cotton Australia recognises the diligence of the MDBA Report, it offers an alternative way to assess the economic, and through it, judge the social impacts of water recovery.

Firstly, this methodology only applies to water that would have been used to grown cotton. Across the Northern Basin at least 80% of irrigated water is used on cotton as the crop of choice, because of it comparatively high return per megalitre applied.

Assuming each megalitre of water recovered, would have if used to grow cotton produced 1.2 bales of cotton, and each bale, including the value of the cotton seed was worth \$620 per bale, then:

$1 \times 1.2 \times \$620 = \740 (farmgate) of lost economic activity per megalitre of water recovered for the environment.

If we then assume that 80% of the 223GI (Local recovery, Shared Recovery and Over Recovery) recovered across the NSW portion of the Northern Basin, was previously used to grow cotton, the economic activity impact is:

$223,000 \text{ megalitres} \times \$740 = \$165,000,000$ (farmgate) of economic activity lost on average each year, to the irrigated dependent communities of northern NSW.

Given the diversity of irrigated activity in the Southern Basin it is difficult to do a similar calculation although the 2019 Independent assessment of social and economic conditions in the Basin Report (Sefton report) well documents the impacts: <https://www.mdba.gov.au/publications-and-data/publications/independent-assessment-social-and-economic-conditions-basin>

So, in summary there is ample evidence that the recovery of water through buybacks hurts communities, particularly those smaller communities that are highly dependent on the economic activity that irrigated agriculture generates.

Exceeding the Cap will increase those impacts further.

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

Cotton Australia is somewhat bemused by this section of the Terms of Reference, and to be honest is not exactly clear on what it is seeking evidence on.

There is no doubt that the Restoring Our Rivers Act has increased risks to the water users and communities of NSW.

As discussed above the Act has removed the Cap on “Buybacks” and the Federal Government has acted “swiftly” by running numerous tender opportunities to acquire additional water through buybacks. Swiftly is in inverted commas because while the creation of the tenders has been swift, the processing of them has been at a glacial pace, leaving potential sellers in the dark for months and months, and in effect deny the market significant market price information.

The Act has also opened the door for “rules-based” changes to be a form of water recovery for the Basin Plan, provided the water can be recognised as an entitlement.

As discussed above, and will be discussed further later in this document, this poses the greatest threat to the water management in NSW as it circumnavigates the water property right. As stated before “buybacks” are bad, rules-based changes recovery is much worse.

The Act also strengthened the powers of the Murray Darling Basin Inspector-General who has a broad range of powers to oversee water management compliance across the Basin.

It is the reference to Floodplain Harvesting that confuses Cotton Australia, as to its knowledge, Floodplain Harvesting is not referenced in the Restoring the River Act.

However, if there is a general concern regarding protections around Floodplain Harvesting, Cotton Australia contends that the licencing, management and compliance framework that has been established over the past 15 years or so, is the most rigorous of any water management framework.

Cotton Australia concedes that the journey to full licencing of floodplain harvesting in NSW under the Water Management Act 2000 has been overly long, but it has been thorough.

Floodplain harvesting in NSW has been the subject of many Inquiries, including one by the NSW Upper House.

During this Inquiry one of Australia’s top legal minds with Water expertise Bret Walker SC expressed his opinion that Floodplain Harvesting was legal under the old 1912 Water Act, but also the State should proceed to licence it under the Water Management Act 2000.

WMA 2000 Floodplain harvesting licences have now been issued in the NSW Border Rivers, Gwydir Valley, Barwon-Darling and Macquarie Valley, with the process continuing in the Namoi Valley.

Over and above the requirement to have a volumetric licence, before floodplain harvesting water can be taken, a floodplain harvesting event needs to be declared and the licence holder needs approved primary and secondary measuring operational.

Cotton Australia recognises that Floodplain Harvesting is a very misunderstood form of take, and respectfully suggest the Inquiry Members take the time to meet with Floodplain Harvesting licence holders, inspect their works, and generally get an understanding of this form of take.

What is very important to understand in term of both NSW's management and the Murray-Darling Basin Plan, floodplain harvesting was recognised as Take under the Baseline Assessment for the Plan, and the issuing of licences, has actually reduced that allowed take by approximately 30%.

There is no truth in the argument, peddled by some, that the issuing of Floodplain Harvesting licences increased allowable take under the Plan. It has reduced it.

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

Cotton Australia does not intend to submit deeply on this matter, as others have a greater level of expertise. Changes to Planned Environmental Water rules, are very much examples of the 'rules-based' changes, that should not be used, as they constantly undermine the water property right.

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

As discussed throughout this submission, it is NSW's return to using rules-based changes, as a water resource management tool, that poses the greatest impact to consumptive water users in the State.

It is a very backward step away from the proper recognition of the Water Property Right, and the use of market-based mechanisms to make changes.

To understand this, you must start with an understanding that under NSW's water management regime; all water is basically assigned to the environment (some 65-70%) and consumptive (the balance).

On the environment side the water is either planned environmental water (water protected by rules) or held environmental water (water held as an entitlement for the environment). On the consumptive side water is either protected by rules (for example basic rights) or as entitlement, in the form of various types of legal entitlements.

There is no "spare" water in the system. Shifting water from either the consumption side, or environment side, will have an impact on the balance of water held on either side.

If you change the rule, you change the product!

This is a fundamental issue, you cannot support the Water Property Right, and the Water Market, if you are constantly changing the "product".

For example, a buyer purchases 100 megalitres of General Security water entitlement in a particular valley. The water resource rules result in an average 65%, and the market values it at \$2,000 per megalitre.

It completely ignores the market, and is highly unjust to the entitlement holder, to then introduce new rules that see that average reliability reduce to 62%, with no compensation, and the 3% different move from the consumptive use side of the ledger to the environmental side of the ledger. The impact will be a downward adjustment in the entitlement price.

Following along the analogy used early in this submission about a house block, no homeowner would see justice in having their use of their land reduced without compensation.

Cotton Australia may not always agree with government's desire to shift water from the consumptive ledger to the environmental ledger, but it does recognise it has a right to do so, but it is a right that must be exercised through the market.

Cotton Australia does recognise that Section 87AA of the Water Management Act 2000 does provide some provisions for compensation. This section was added in response to the inclusion of a similar provision in the 2004 National Water Initiative. However, as can be seen in the Clauses and Sub-Clauses accurately determining the attribution of the change, and whether compensation is payable or not, is highly complex, and open to a great deal of argument and counter argument.

87AA Compensation payable in certain circumstances for reductions in water allocations arising after initial period that management plan is in force

(1) This section applies to the following categories and subcategories of access licence—

- (a) regulated river (high security) access licences,*
 - (b) regulated river (general security) access licences,*
 - (c) Murrumbidgee Irrigation (conveyance) access licences,*
 - (d) Coleambally Irrigation (conveyance) access licences,*
 - (e) unregulated river access licences,*
 - (f) aquifer access licences,*
 - (f1) floodplain harvesting (regulated river) access licences,*
 - (f2) floodplain harvesting (unregulated river) access licences,*
 - (f3) regulated river supplementary water access licences,*
 - (g) any other category or subcategory of access licence that is prescribed by the regulations (other than excluded supplementary water access licences or specific purpose access licences).*
- (2) A holder of an access licence to which this section applies whose water allocations are reduced because of a change to provisions of the relevant management plan dealing with water sharing is entitled to compensation as assessed by the Minister in accordance with subsections (5) and (6).*
- (3) Despite subsection (2), the holder of an access licence is not entitled to compensation under this section if—*
- (a) the reduction in water allocations occurred while the first management plan (excluding any period for which that plan was extended under section 43A (1)) was in force or during the period during which compensation is payable under section 87 (10), or*

- (b) the reduction in water allocations occurred as a result of an amendment of a management plan by the Minister under section 45 that is authorised by the plan or that is required to give effect to a decision of the Land and Environment Court relating to the validity of the plan, or*
- (c) the reduction in water allocations is for the purpose of restoring water to the environment because of natural reductions in inflow to the water source, including but not limited to changes resulting from climate change, drought or bushfires.*
- (4) A reference in subsection (2) to a change in the provisions of a management plan includes a change between the provisions of the management plan concerned and provisions of the management plan that it replaced.*
- (5) Compensation is payable to the holder of an access licence whose water allocations are reduced because of a change in the provisions of a management plan as a result of an amendment that is specified under section 46 (1) (c) by the Minister as due to a change in State government policy.*
- (6) Compensation is payable as follows for a reduction in water allocations that is specified under section 46 (1) (b) by the Minister as being for the purpose of providing additional water to the environment because of more accurate scientific knowledge that demonstrates that the amount previously allocated to the environment is inadequate—*
 - (a) no compensation is payable for reductions of 3% or less,*
 - (b) compensation is payable for reductions of more than 3% over any 10-year period commencing on or after the expiration of the period for which the first management plan for the relevant area was in force (including any period for which that plan was extended under section 43A (1)),*
 - (c) only one third of the compensation payable for a reduction of more than 3% but not more than 6% over any applicable 10-year period is liable to be paid under this section,*
 - (d) only one half of the compensation payable for a reduction of more than 6% over any applicable 10-year period is liable to be paid under this section.*
- (7) The regulations may make provision for or with respect to the following—*
 - (a) the basis on which reductions in water allocations are to be calculated or the method of determining such reductions for the purposes of this section,*
 - (b) the basis on which compensation is to be calculated or the method for calculating the payment of compensation for the purposes of this section,*
 - (c) the manner and time of payment of compensation.*
- (8) This section has effect in relation to water sources that are Basin water resources only while there is in force an agreement between the State and the Commonwealth (separate from the agreement referred to in subsection (8A)) for or with respect to supplementing the payment of compensation under this section.*
- (8A) This section has effect in relation to water sources that are not Basin water resources only while there is in force an agreement between the State and the Commonwealth (separate from the agreement referred to in subsection (8)) for or with respect to supplementing the payment of compensation under this section.*
- (9) Despite any other provision of this section, no compensation is payable under this section in respect of a reduction in water allocations of a kind referred to in subsection (6) if the Commonwealth has not provided funding in respect of that reduction to meet its obligations under the agreements referred to in subsections (8) and (8A).*
- (10) A person may appeal to the Land and Environment Court on the ground that the person is entitled to the payment of compensation under this section but has not been determined as being entitled to any compensation.*
- (11) In this section—*

excluded supplementary water access licence means a supplementary water access licence other than a regulated river supplementary water access licence.

Cotton Australia is not aware of any instances when Section 87AA compensation has been paid.

In terms of specific examples of Rules-Based Changes Cotton Australia submits the following three examples but is aware of other examples being submitted by other organisations.

1. The NSW Government is in the process of creating a 14,000 Special Access Licence as a High Security licence to support Wagga Wagga's town water supply. The creation of this licence can only impact on General Security licence holders in the Murrumbidgee Valley. While some may think that the modelled impact of approximately 1% on General Security licences is small, it is another incremental chip on reliability which has been reducing consistently over the past 30 years.

Further, the circumstances in this instance appear extraordinary. The driver to issue this water licence is that Wagga Wagga's current supply maybe impacted by PFAS contamination presumably from firefighting operations at the Defence base and or the Airport.

Nobody can deny Wagga's right to safe drinking water, but if the issue has been caused by the activity of the Commonwealth Government, why is the NSW Government not demanding the Commonwealth to fix it.

If the existing groundwater supply cannot be protected or remediated, then the Commonwealth should step into the market and secure the water required by Wagga. This Inquiry should fully investigate the circumstances around the decision to create this licence.

2. The NSW Government has a program that allows each aboriginal person to apply for up to a 10 megalitre Aboriginal Cultural Specific Purpose Access licence. It must be noted these licences can only be used for cultural purposes, and any economic benefit can only be incidental.

Cotton Australia does not object to the licences, but does object to the fact they are simply being created. Their creation undermines the security of other entitlement holders, primarily General Security entitlement holders. The correct approach would be for these licences to be acquired from the existing consumptive pool.

3. The NSW Connectivity Review, now merged to some extent with the NSW Minimum Inflows Reviews pose a huge risk to entitlement holders through potential "Rules-Based Changes".

While we await the formal government response, the Connectivity Review Expert Panel recommended a number of vary significant rules-based changes, that would fundamental alter the reliability of numerous entitlement classes, by

changing access conditions and potential creating Connectivity Reserves in headwater storage.

The Connectivity Reports barely acknowledged the impact on entitlement holders, nor did it do them the courtesy of modelling the impacts.

We see the Natural Resource Commission often taking a similar approach, recommending rafts of changes, rather than recognising the validity of adopting a market-based approach

While admittedly in its early days, the Minimum Inflows Review looks as if it will leap to Rules-Based Changes, rather than first ensuring the appropriate infrastructure is in place to underpin the town water supplies of communities.

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

The Murray-Darling Basin Plan is estimated to cost between \$10 and \$13 Billion. The financial allocation to impacted communities, across these two programmes is less than \$450 million. As demonstrated very simply earlier in this submission the loss of economic activity, from water in Northern NSW alone is at least \$165 million per annum.

The investment by Government into these communities is patently inadequate but also is any concept that you can simply compensate communities out of the impacts of the plan.

How do you compensate the communities across Northern NSW, who as demonstrated by the work of the MDBA itself, as lost at least 339 jobs?

Compensation packages must be targeted at opportunities to restore the employment opportunities in these communities, and that must go beyond token projects that “paint the footy club changerooms”.

Cotton Australia would see merit in government investing in scalable green ammonia plants across the Basin. These plants would provide employment, produce a very important agricultural input and help meet our nation’s Greenhouse Gas targets.

Whatever investment is made, it must lead to long-term jobs, equal or greater to those lost through the acquisition of water.

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

As discussed above, the key is to identify investment opportunities that will deliver long-term jobs. This may well mean that investment may not be “thinly smeared” across all impacted communities, instead larger investments made be made in a smaller number of locations.

The total amount of investment has been completely inadequate. Top put this into some perspective the *Australian Government response to the Senate Economics References Committee Report , Future of Australia's Automotive Industry, September 2017 (<https://www.google.com/search?client=firefox-b-d&channel=entpr&q=How+much+did+the+Australia+government+fund+structural+adjustment+of+our+car+industry>)* states the following:

Automotive passenger vehicle manufacturing has been a great part of Australia's economic and social history. It has been a significant contributor to employment, to regional economies, to research and development and to Australia's exports. And it has long received bi-partisan support from Governments. The automotive passenger vehicle manufacturing sector received \$18.4 billion from 2000-01 to 2014-15 through tariff protection and budgetary assistance¹. This includes around \$1.7 billion in assistance from the Automotive Transformation Scheme (ATS) to date, while the total automotive assistance including through its predecessor the Automotive Competitiveness and Investment Scheme since 2001, is \$7 billion. (Pg3) .

Given the above investment, it is ridiculous that investment in structural adjustment under the Basin Plan, has been significantly less than 5% of the total Basin Plan investment.

As a representative of cotton growers, who are by in large water entitlement holders, it must be openly recognised that entitlement holders have been well respected under the Plan. The rightful recognition of voluntary, market-based acquisition has to the greater extent protected individual entitlement holders from the impacts of the Plan. It is the communities who no longer receive the flow-on effects of the economic activity that arise from agricultural production that have been most impacted.

Travelling through the Basin these impacts are most notable in the smaller, irrigation communities, rather than the larger Basin cities who tend to have their own economic heartbeat.

It is Moree, Wee Waa, Collarenebri, Bourke, Walgett, Trangie, Warren, Hillston, Hay, Walkool, Finely and numerous other communities that have been most impacted.

g) any other related matter.

The vast majority of Cotton Australia's concerns have been addressed throughout this submission, but it is appropriate to emphasise that the real and immediate threat to the communities of the NSW Murray-Darling Basin is not the changes to the Basin Plan through the Restoring the Rivers Act, it is the NSW Government's determination to go way past the Basin Plan, and drive water use down much, much further than what the Basin Plan requires.

¹ Various Trade and Assistance Reviews (2000-2015), Productivity Commission, Commonwealth of Australia.

It is important to realise that even though the full water recovery set out by the Basin Plan is not complete (it is over 90% there) actual take in the Basin, as set by the Basin Plan Sustainable Diversion Limits, is significantly less than the Plan allows for.

NSW, and the other Basin States, are outperforming the Plan. There is no urgent need to further reduce take.

It is time to give water management reform in NSW a break. There has been 30-years of constant reform, all driving water use down. We have the ability to take a decade pause and properly assess the benefits of the reform that has taken place.

4. Conclusion

Cotton Australia thanks the Inquiry for this opportunity to submit. The Inquiry's recommendations should have the ability to set the tone for water resource management for the next decade or more. At the very least it must emphasise the appropriateness of using the market to make any "balance" changes required.

Cotton Australia would be happy to appear before the Inquiry, either in Sydney or at a Regional Hearing. For further information please contact Michael Murray, General Manager –

[REDACTED]



COTTON
AUSTRALIA