

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

Organisation: Central NSW Joint Organisation

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Inquiry into the Impacts of the Water Amendment (Restoring our Rivers) Act 2023 on NSW regional communities

14 April 2025



Bathurst
Blayney
Cabonne
Cowra
Forbes
Lachlan
Lithgow
Oberon
Orange
Parkes
Weddin

14 April 2025

Mr Roy Butler MP
The Chair
Investment, Industry and Regional Development Committee
Parliament House
6 Macquarie Street
SYDNEY NSW 2000.

Via email: investmentindustry@parliament.nsw.gov.au

Dear Mr Butler,

Re: Inquiry into the Impacts of the Water Amendment (Restoring our Rivers) Act 2023 on NSW regional communities

Central NSW Joint Organisation speaks with a unified voice for its collective priorities. This region has a proud history of working collaboratively, representing over 180,000 people covering an area of more than 53,000sq kms comprising the local government areas of its membership - Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin. Central Tablelands Water is an associate member.

Tasked with intergovernmental cooperation, leadership and prioritisation, CNSWJO has consulted with its stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here - www.centraljo.nsw.gov.au.

Following extensive work by the CNSWJO and its members with the NSW Department of Climate Change, Energy the Environment -Water (DCCEEW) on the development of Regional Water Strategies for the Lachlan and Macquarie -Castlereagh catchments we welcome this opportunity to provide feedback to the Legislative Assembly Committee on Investment, Industry and Regional Development inquiry into the Impacts of the Water Amendment (Restoring Our Rivers) Act 2023 (the Act) on NSW regional communities.

The CNSWJO understands that the intention of this inquiry is to examine issues including:

- 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

The Central NSW JO speaks for over 180,000 people covering an area of more than 53,000sq kms comprising of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes, and Weddin.

- 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.

Like all regions, safe and reliable water underpins the resilience and productivity of Central NSW. It provides the foundation for communities and industries to be sustainable and to diversify and grow. However, all CNSWJO members manage Local Water Utilities (LWUs), so the highest priority for the CNSWJO Board *must* be to ensure critical town water supplies, particularly in times of shortages.

In strategic work undertaken by Central NSW Councils over the past two decades it has been found that consideration of town water, is largely missing in most strategic plans and in the state's strategic planning framework in general. In fact, town water is still missing in several of the Regional Water Strategies developed by the NSW Government and in the Murray Darling Basin Plan.

Further there is a lack of recognition of the productive value of urban water to the economy at both the local and national level. This has been acknowledged by both the Productivity Commission and Infrastructure Australia where clearly more work is needed to understand the impact of drought reduced water availability on the resilience of urban communities and the social and economic implications of this.

While we all value water as a vital part of our daily lives, few understand its true value. In part, this is due to a lack of exposure to the full costs of the water we consume – both directly through our taps, and indirectly through our food and other products. Similarly, the value of wastewater services and the role existing systems play in safeguarding the environment are not well appreciated by users.

Noting that government water buy-backs, seem to prioritise the environment over socio-economic factors, it is critical that any review of the Murray Darling Basin Plan including related legislation and mitigation measures for affected communities must seek to analyse and recognise the true value of town water and its productive use.

This submission provides high level feedback based on CNSWJO Board endorsed policy informed by local knowledge and lived experience through managing Central NSW towns and communities through two droughts.

With reference to the above commentary, we provide the following feedback to the matters under review.

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

Changes to the Water Amendment (Restoring our Rivers) Act 2023 Act that lift the previous cap on Commonwealth water purchases are particularly pertinent to central NSW towns and communities reliant on irrigation and water-dependent industries.

Where this allows for increased buybacks of water access entitlements from willing sellers to achieve environmental water recovery targets, it raises concerns about reduced water availability for agricultural and local use, potentially affecting the economies of many central NSW towns.

The central NSW region plays a crucial role in the state's economy, making significant contributions through its agricultural, mining, and emerging renewable energy sectors. The region is notable for its substantial agricultural production which accounts for approximately 8% of GRP and 12% of employment. This underscores the importance of agriculture as a foundation for economic stability and job creation.

Water security in Central NSW remains a critical issue, with climate variability posing significant risks to both town water supplies and agricultural productivity. Sustainable water management strategies are urgently required to mitigate drought impacts and safeguard agricultural outputs, pivotal to the local economy.

Currently government water buy-backs that seem to prioritise the environment over socio-economic factors, and the lack of a wholistic approach between government departments on water management, are driving down confidence in what could be growing and thriving regional economies.

What has been found in Central NSW is that businesses will not establish in a region if continuous water supply is not available and businesses that close because of a lack of water, potentially will not reopen.

The ongoing challenge is to achieve the right balance to meet the increasing demands on our water resources by all water users particularly where buybacks of water access entitlements will see the reduction of water availability for agricultural and local use.

There needs to be discussion within regions about how we achieve this balance in a new climate future. This includes for cultural needs, urban communities, agriculture, industry and the environment.

The Australian Bureau of Statistics projects that the Australia population which was 24.6 million in 2017 will reach between 37.4 and 49.2 million people by 2066, that is, it will potentially double in the next 40 years.

If this is so, then a whole of government approach will be needed for strategic land use and water planning. We will need more food, more homes, more drinking water, our towns need to be protected from flooding, our agricultural products need to be value added. Water is the quintessential element in every aspect of a growing nation and should not be considered in isolation of these factors.

Where the NSW Treasury Common Planning Assumptions are backwards looking, there is a need to assess projected population growth trends and regional and local development trends, to identify spatial changes in water demand, growth in town water demands and sources of potential future flood risks – such as new developments. Integration of strategic land-use planning and water planning is logical, but it needs a whole of government 50-year strategic plan.

It is only through this level of coordination that a fully integrated, whole of catchment strategic planning approach to water management can be achieved to ensure sustainable water management for catchments across all water uses.

Where in the past the Murray Darling Basin Plan has also shown a lack of recognition of the true social and economic value of town water, the development of MDBP 2 and programs under the Restoring our Rivers Framework present an opportunity for the relatively small amount of water needed for towns and productive use and the socio-economic impact of investment decisions to be considered.

Based on our experience in Central NSW, there needs to be change in how the MDB Plan is administered to sustain growth, particularly in the context of drought for inland communities. There is

a need for a sustainable, apolitical, ethical, evidence-based suite of solutions to ensure the optimal use of water across the Murray Darling Basin. This includes more reliable and complete evidence on the true socio-economic impact of water recovery programs on the resilience of regional communities.

b) 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

The CNSWJO has no policy on this matter.

c) Impact of Planned Environmental Water rules on the reliability of water allocations in NSW and the Commonwealth's Environmental Water Holdings

Where it is understood that Planned Environmental Water (PEW) rules are designed to allocate water crucial for environmental purposes to ensure the health of river ecosystems, the concern is that these allocations can affect the reliability of water for towns and agricultural use.

Where water for human consumption is recognised as the highest priority in times of shortage, the challenges experienced by inland towns including Orange and Bathurst through the millennium and 2017-2020 droughts are a testimony to the failure of existing systems including the Water Sharing Plans.

In the 2017-2020 drought, environmental releases and access by irrigators to water in the unregulated Macquarie system seemed incongruous when the cities of Orange and Bathurst came precariously close to running out of drinking water.

It is one thing to say that water for critical human need is the highest priority in times of shortages, however, on the ground this was not the case. In NSW the Water Supply (Critical Needs) Act 2019 was needed as a temporary pathway to secure water supplies for regional towns. This included enabling the NSW Water Minister to turn off or modify the Water Management Act 2000 to amend water licences and approvals required for critical town water supplies.

Again, the balance between environmental needs and consumptive uses need to be more thoroughly analysed on a catchment wide basis to ensure that in protecting the environment, water for critical human need and to produce the food that we need is not overlooked.

Ongoing assessments and adjustments are necessary to manage these competing demands effectively and any decisions regarding PEW rules and their implementation must be evidence based and transparent.

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

Rules-based changes, such as adjustments to Sustainable Diversion Limits (SDLs) and the introduction of new water management policies, can significantly impact the reliability of water allocations across various license categories. The need for a Critical Water Needs Act to secure town water supplies through the 2017-2020 drought is a testament to the need for rules-based changes to consider water for critical human need.

Where changes may affect the priority and security of allocations for town water supplies and agricultural users it is essential to assess these impacts comprehensively to ensure that all stakeholders have a clear understanding of how rule changes will affect their water rights and access.

What was learned through the millennium and 2017-2020 drought was that there is a need for:

- Better policy and protocols to underpin the Water Management Act 2000 in a new climate future to ensure water for critical human needs are met as the highest priority.
- Mechanisms that enable a swifter response during drought for water for critical human needs under the Water Management Act including linking urban water restrictions to the environment and other users.
- Recognition of the existing extent and potential for urban communities to share water including existing and planned infrastructure.
- Storm water harvesting and other contemporary approaches to water security for urban communities.
- Incorporation of the learnings from the Regional Water Strategies including the value of productive water and the potential for regional solutions for urban water security.
- Alignment with other key State and Federal aspirations particularly the water needs of:
 - The Parkes Special Activation Precinct
 - Critical minerals
 - Contemporary developments in alternative energy relating to water e.g., hydrogen and pumped hydro
 - Modern, including protected, agriculture
 - Regional Water Strategies
 - Manufacturing and food independence because of Covid and international instability.
- Greater knowledge of the impacts of climate change where we now know that there will be increasingly serious droughts and floods and water sharing needs to optimise outcomes from both.
- Good practice where the data sources and other information relied on in the current MDB plan are a decade out of date; and
- The opportunities afforded for using water differently.

It remains the view of the Central NSWJO Board that there is plenty of water in this region and the opportunity is for more efficient and effective use of available water to modernise and sustain the region's economy and livability.

e) 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

Where evaluations of past water reforms, including community-based adjustment programs like the Strengthening Basin Communities Program and the Murray-Darling Basin Economic Development Program have shown some positive outcomes, challenges remain in fully addressing the diverse needs of all stakeholders in adapting to changes in water availability.

Again, what is needed is investment in more reliable and complete evidence on the true socio-economic impact of water recovery programs on the resilience of regional communities to inform evidence-based decision making on any programming.

Investment is also needed in genuine engagement with communities to ensure the impacts of water purchasing is understood and mitigating investments targeted where they are most needed. Investments need to draw on local experience and knowledge and be fit-for-purpose depending on local circumstances and conditions. Flexibility is needed in the system to adjust depending on climatic conditions.

Continuous review and adaptation of these programs are necessary to enhance their effectiveness.

f) Options to improve future Community-Based Reduction Adjustment Programs, including next rounds of the Sustainable Communities Program

Improving future community-based adjustment programs involves ensuring that they are responsive to the evolving needs of communities affected by water reforms.

The next round of programs like the Sustainable Communities Program should be informed by lessons learned from past initiatives to maximise their positive impact on affected communities. This includes the need for:

- Better stakeholder engagement: Involving local communities in the design and implementation of programs to ensure that their specific needs and concerns are addressed.
- Targeted Support: Providing assistance that is tailored to the unique economic and social contexts of different communities, including support for alternative livelihoods and economic diversification.
- Monitoring and Evaluation: Implementing robust mechanisms to assess the impact of programs and making necessary adjustments based on feedback and outcomes.

For regional communities to grow and prosper they need to:

- have ambitious plans to generate economic growth
- prioritise local needs with a context of nationally significant reform, including actions that drive productivity and competition
- take a long-term approach to achieve transformative change
- identify the 'game-changers' and catalyst actions that will deliver a step-change in growth outcomes
- prioritise delivery
- deliver action and reform that are additional to governments' usual operations and finally
- always be mindful to our changing environment.

To enable this growth and prosperity, the CNSWJO Board advocates for regional empowerment. Regional communities should be empowered to become more independent and resilient. To enable this, programming needs to be above all fit-for-purpose and codesigned with communities through their local representatives drawing on local experience and knowledge. It needs to:

- Support and build on the Community Strategic Planning process and grant Local Government access to relevant data to enable informed decision making.
- Support pragmatic place-based planning and service delivery and the setting of aspirational targets.
- Ensure there is sufficient delegation in region to support local decision making and program implementation.
- Increase Local Government's influence over plans including funding program design at other levels of government that affect them.
- Enable collaboration to inform the development of fit-for-purpose policy including input to policy, program design, scoping documents, Terms of Reference and the ground truthing of methodologies.

This region continues to advocate for what it refers to as the 'missing piece' being effective inter-governmental collaboration at the regional level in strategic water planning and management.

In line with the findings of the Productivity Commission and NSW Auditor General (report Sept 2020) future reform should ensure effective collaboration on water management at the regional level between multiple government agencies, Councils and Joint Organisations, Local Water Utilities and local and regional stakeholders, including in water reliant industries.

Whether this be through the formation of Strategic Regional Water Committees or some other protocol, the opportunity exists to codesign a fit-for-purpose arrangement that will see an improved means of managing water for critical human need, particularly in times of shortages and for flood management. With predictions of a future with more frequent climate extremes, the sharing of data, the management of water quality issues, improved water efficiencies and the initiation of forums for better communication and collaboration, the better prepared we will be for managing the challenges ahead for regional communities.

g) Other matters

Change to enable innovation in the Lachlan catchment such as the Parkes Special Activation Precinct and the 'Dutch Model'

There are real opportunities for a transformational step change in water management to drive innovation and drought resilience in agricultural production and value-adding for agri-business particularly in the Lachlan valley that could be supported through land and water purchase or partnership investment decisions.

The CNSWJO Board is supportive of what it refers to as “the Dutch Model” as a means of driving innovation in strategic land-use planning and water management. The NSW Government’s Lachlan Regional Water Strategy, review of the Lachlan Water Resource and Water Sharing Plans together with the review of the MDB Plan could be the catalyst to ensure policy and water management settings are right to not only solve long-term water security for urban communities, but to drive growth and prosperity by delivering better flood immunity and water security to enable the agricultural sector.

One of the enablers is that “Under normal conditions the Lachlan River is a terminal system with little water flowing past the Great Cumbung Swamp at the end of the river. Only in large flood events does water flow into the Murrumbidgee River (Green et al 2011)”.

This presents the opportunity to think differently about how water is managed for productive use in the Lachlan valley through the creation of more high security entitlements to enable higher value uses of water.

By reviewing and changing how water security is managed in the Lachlan Valley and increasing the proportion of water allocated as high security water, this will in turn push the value of water up, having guaranteed allocation leading to an increased investment in capital infrastructure and more water efficient crops. By managing the river water effectively, it will also lead to less pressure on the ground water aquifer and potentially lead to more water for the environment. This is not about increasing water usage above the Water Sharing Plan Limit but improving security and reliability and allowing usage to reach the Plan Limit.

Almost two decades ago the Dutch made a commitment to sustainable agriculture with the aim to produce twice as much food with half as many resources. Since then, farmers have reduced dependence on water for key crops by as much as 90%. They’ve almost eliminated the use of chemical pesticides on plants in greenhouses, and since 2009 Dutch poultry and livestock producers have cut their use of antibiotics by as much as 60%. Fresh fruit and vegetables are now shipped around the clock. They have also developed agribusiness not only through their own food production but through importing food products in bulk to the port of Rotterdam where they are processed and packaged for consumers and then shipped to markets via air, rail and sea.

The Dutch example shows that when farmers, businesses, government, scientists and the community work collaboratively to develop technological and social innovation to produce good, healthy and safe

food that is produced sustainably, the country and the world benefit. This should be the aim of any future land and water partnerships.

Aside from growing food and agribusiness, food knowledge is now also a key export product. The Netherlands is smaller than the Central NSW region, 1/10 the size of NSW and yet it is the second largest food exporter in the world by value. It is this step change in water management and agricultural practices that we need to encourage through programs that work towards achieving increased productivity with less water. There are real opportunities to leverage the Parkes Special Activation Precinct and the Lachlan River as a terminal system to explore this new way of doing business.

With the right water management settings enabled and the Parkes Special Activation Precinct already underway, the Lachlan valley is well placed to deliver on the Government's aspirations to support the agricultural sector to transition to a low emissions future and foster sustainable climate adaptation practices through high value water use.

The CNSWJO would be pleased to provide more detail on its thinking in this space including its partnership with Charles Sturt University exploring these opportunities.

Conclusion

Thank you for the opportunity to provide feedback to this inquiry.

Where it is understood that the primary aim of the Water Amendment (Restoring our Rivers) Act 2023 is to enhance environmental outcomes, the Act's provisions for increased water buybacks and expanded options to deliver water for the environment, have the potential to significantly impact central NSW communities, especially towns reliant on irrigation and agriculture.

Noting that government water buy-backs, seem to prioritise the environment over socio-economic factors, it is critical that any review of the Murray Darling Basin Plan including related legislation and mitigation measures for affected communities must seek to analyse and recognise the true value of town water and its productive use.

We urge the Committee to recognise the need for:

- investment in more reliable and complete evidence on the true socio-economic impact of water recovery programs to inform evidence-based decision making on any program design and delivery to mitigate the impacts of water buy-backs on affected communities.
- investment in genuine engagement with communities to ensure the impacts of water purchasing is understood and mitigating investments fit-for-purpose and flexible depending on local circumstances and conditions.
- empowerment of regional communities through effective inter-governmental collaboration at the regional level in strategic water planning and management.
- opportunities to think differently about how water is managed for town water security and productive use with the Lachlan River catchment as a case study.

Regional towns provide essential support for agribusiness, mining, tourism, and sustain other essential services such as health, social care and education. Having access to secure, quality affordable water is critical for the economic vitality of urban and rural towns particularly so they can continue to thrive in the face of population growth and climate change.

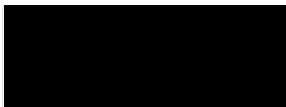
It's time to challenge the way we have always done things and to think about how we may be able to learn from countries such as the Netherlands and create additional value from available water whilst implementing sustainable water management policies.

It is in our communities' interests to ensure that the right balance is struck in water management across all these areas with better inter-governmental collaboration and frameworks to support coordination and decision-making around the planning and management of water resources.

We welcome the opportunity to contribute to the conversation about how water is valued for our urban communities and to facilitate the co-design of fit-for-purpose programs to mitigate the impacts of any water buy backs in affected central NSW communities.

If you require further information or clarification on comments in this submission, please do not hesitate to contact [REDACTED].

Yours sincerely,

A black rectangular box redacting the signature of Jenny Bennett.

Jenny Bennett
Executive Officer
Central NSW Joint Organisation (CNSWJO)