

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

Organisation: Leeton Shire Council

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LEETON
SHIRE COUNCIL

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Legislative Assembly Committee on Investment, Industry and Regional Development
Clerk of the Legislative Assembly
NSW Parliament House
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SUBJECT: Inquiry into the impacts of the *Water Amendment (Restoring Our Rivers) Act 2023* on NSW Regional Communities

Thank you for undertaking this much needed inquiry. We appreciate the opportunity to provide input. By way of introduction, Leeton (in the Western Riverina) is the birthplace of the Murrumbidgee Irrigation Scheme – a nation building initiative by a NSW Government over 100 years ago to promote food security. Today over 144,000 ha of farmland in the wider region is serviced by Murrumbidgee Irrigation Limited and a diverse mix of permanent and annual crops are grown.

In Leeton Shire, more people are employed in manufacturing than farming as many of the crops grown are processed and value added locally eg. rice mill, rice cakes, flavoured rice, rice animal feed, cotton gin, orange juice, abattoir etc. These represent many thousands of jobs. We open with this context as we want to impress on the Committee that water policy doesn't just impact farmers, it impacts towns and whole communities too.

The NSW Government is STRONGLY urged to ACTIVELY work to stop unrestricted water buybacks under the *Federal Water Amendment (Restoring Our Rivers) Act 2023* due to their significant social, economic, and environmental risks to regional communities. Having a written policy position against buybacks counts for nothing – there must be GENUINE challenge and action if the NSW Government truly wishes to protect regional communities in the Basin from the impacts of Federally imposed water reform.

a) Social, Economic, and Environmental Impact of Removing Limits on Commonwealth Water Purchases

Removing the 1,500-gigalitre cap on Commonwealth water purchases exposes NSW communities to unpredictable and potentially devastating consequences. Socially, water buybacks reduce irrigation capacity, leading to job losses in agriculture-dependent regions like the Murray-Darling Basin. Rural towns face population decline, school closures, and reduced community wellbeing and quality of life as economic activity contracts.

Economically, the loss of productive water from agriculture threatens the viability of industries such as rice, cotton, and dairy, which underpin regional economies. Modelling suggests that buybacks could reduce NSW agricultural output by hundreds of millions of dollars annually, pushing up prices and further adding to the already hard felt cost of living in Australia.

Environmentally, the assumption that buybacks always benefit ecosystems is flawed. Not only does the over-allocation of water to Commonwealth environmental holdings risk drying out productive land, increasing salinity, and disrupting natural flow regimes, the additional water

often cannot be moved to where it is needed due to constraints. The NSW Government must advocate for a balanced approach that retains water for productive use while meeting environmental objectives through targeted infrastructure and on-farm efficiency projects.

Even the MDBA recognises that “just adding water” is not going to deliver the Basin Plan as it was intended.

The 1,500 gigalitre cap forced an “intelligence lens” to be applied to achieving the Basin Plan with win-win outcomes for all involved. The Restoring our Rivers amendment represents poor policy / wreckless policy that risks putting rural communities at the losing end of a win-lose outcomes, with decisions often enshrined in secrecy so we have little ability to plan.

We all support achieving healthier and sustainable river systems, but not at the expense of regional livelihoods. This is especially so when we know all other (non buyback) options have yet to be fully explored.

b) Risks to Effective Implementation of the Federal Water Amendment (Restoring Our Rivers) Act 2023

The implementation of the Act presents serious risks to the economic stability of rural towns such as Leeton, where agriculture and tourism rely on secure and sustainable water access. Poorly managed buybacks could lead to water shortages and skewing of the water market (driving up prices), undermining farm productivity, local businesses, and tourism industries that depend on healthy river systems.

The continued reduction of productive water in Australia is one of the greatest threats to our nation's future. Water supply is fundamental to food production, and without secure access to it, our ability to feed our population and maintain a strong, independent economy is at risk. Self-sufficiency in food production is not just a convenience—it is a fundamental necessity for national security, economic stability, and community resilience.

Over recent decades, we have witnessed the systematic decline of several industries that once made Australia self-reliant and are now forced to rely on foreign supply chains vulnerable to global disruptions. Now, history is repeating itself as government policy mindlessly undermines our agricultural sector by offering to purchase water at premium rates from willing sellers. Farming is a backbone of rural Australia and a pillar of our national economy. It is part of who we are and it needs to stay that way otherwise Australia risks becoming dependent on imported food, exposing us to supply chain disruptions, price volatility, and a loss of control over our own food security.

Policymakers must act decisively to balance environmental goals with the survival of rural economies.

c) Impact of Planned Environmental Water Rules on Water Allocation Reliability and Commonwealth Holdings

Planned Environmental Water (PEW) rules under the Act prioritise ecological outcomes, often at the expense of allocation reliability for NSW irrigators. By locking in water for environmental flows, PEW reduces the pool available for general and high-security licences, particularly during droughts. This unpredictability erodes confidence in water markets and threatens long-term investment in agriculture.

The Commonwealth's growing environmental water holdings exacerbate this issue. As of March 2025, these holdings divert significant volumes from productive use, skewing allocation priorities away from NSW's needs. For example, inflexible PEW rules may release water for downstream wetlands during wet periods when local systems are already saturated, wasting resources and neglecting regional ecological balance. NSW should negotiate amendments to PEW rules that allow adaptive management, ensuring environmental water supports local ecosystems without compromising allocation reliability.

What is required is a more balanced approach that considers both the environment and regional communities. Water sharing arrangements should be equitable and transparent.

d) Impact of Rules-Based Changes on Water Allocation Reliability Across Licence Categories

Rules-based changes, such as those governing environmental flows and carryover provisions, disproportionately affect NSW's diverse water licence categories. General security licences, common among smaller irrigators, face reduced reliability as water is reallocated to high-priority environmental and high-security licences. This shift undermines equity, favouring large corporate holders over family farms.

To address this, NSW should:

1. Advocate for tiered allocation rules that protect general security licences during low-flow years.
2. Expand carryover rights to buffer against variability, ensuring all licence categories retain viable access.
3. Resist Commonwealth overreach that prioritises environmental holdings over local needs.

These steps would maintain reliability and fairness across NSW's water users. Key is ensuring water sharing arrangements are transparent and equitable and take a balanced approach that sees both the environment and local communities thrive.

e) Effectiveness and Impacts of Past Water Reforms

Past reforms, such as funding for on and off-farm efficiency projects, have seen water returned to the environment without a loss in productivity. These sorts of efforts should be continued as they deliver a win-win result.

On the other hand, the Strengthening Basin Communities (SBC) program and the Murray-Darling Basin Economic Development Program (MDBEDP), aimed to offset buyback impacts but delivered mixed results. Many projects failed to permanently replace lost agricultural income, leaving communities vulnerable. Future reforms must prioritise sustained investment over temporary fixes.

f) Options to Improve Future Community-Based Adjustment Programs

The next rounds of the Sustainable Communities Program (SCP) should:

1. Secure long-term funding for economic diversification projects.
2. Ensure localised program design to meet specific regional needs.
3. Link SCP initiatives to water-saving projects to reduce buyback reliance.
4. Measure success by employment growth and water security, not just environmental targets.

We find it unfathomable that the SCP program does not consider the set up of a new state of the art rice breeding program to be an eligible project. If ever Leeton was to sustain its local rice industry in a restrained water market, you'd think investing in researching 'dry-rice' for the long-term would be an excellent project that would deliver results for generations to come.

Importantly, SCP funds should be spent carefully and strategically. They should not be allowed to be (ab)used as a cash-splash during election times.

g) Additional Related Matters

Water NSW has submitted a pricing proposal to the Independent Pricing and Regulatory Tribunal (IPART) for the 2025–2030 period, seeking annual water bill increases of approximately 21% to 24% each year over the five-year span. This cumulative effect could more than double water costs for rural users by 2030. For a typical farmer, these proposed increases could result in an additional \$40,000 in water expenses by 2030.

Water security and affordability have never been more critical for farmers, yet they are facing unprecedented risks due to a combination of rising water prices and aggressive government water buyback policies. The proposed WaterNSW price increases—ranging from 21% to 24% annually over the next five years—threaten to double the cost of water for rural users by 2030. At the same time, the Federal Government's *Water Amendment (Restoring Our Rivers) Act 2023* has removed the cap on Commonwealth water buybacks, allowing for the large-scale purchase of entitlements from irrigators. This creates a perfect storm of financial and operational uncertainty for farmers.

Farmers in regions like the Murray-Darling Basin are already struggling with unreliable water allocations. Now, they face two compounding risks:

1. Water Scarcity from Buybacks – Government buybacks reduce the amount of available water for farming, leading to lower allocations, less productivity, and increased competition for remaining entitlements. Historically, buybacks have caused water prices in the market to surge, making it even harder for irrigators to afford the resources they need.
2. Soaring Water Costs from Infrastructure Pricing – WaterNSW's proposed price hikes will significantly increase the cost of accessing water, even as the overall availability of productive water declines. Farmers will be paying more for a resource that is becoming harder to secure.
 - IPART must balance the need for infrastructure funding with the financial realities of farmers, ensuring that water remains affordable for food production.

With water buybacks stripping availability and driving up costs, and WaterNSW price hikes (doubling costs), farmers are facing an existential crisis. Without immediate policy adjustments, Australia risks undermining its own food security and economic stability. The time to act is now.

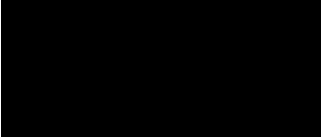
Summary of Recommendations

1. Oppose unrestricted buybacks and push for efficiency-based recovery.
2. Enhance regulation with stricter floodplain harvesting rules and compliance monitoring.
3. Protect allocation reliability through adaptive PEW rules and equitable licence protections.
4. Invest in communities through sustained, locally tailored economic programs.
5. Assert NSW control over water policy decisions.
6. Stop the Federal Government from impacting local communities and operating in secret. Stop the Federal Government from running propaganda campaigns against irrigators. Rather genuinely speak with rural communities and co-design solutions with us. We all want to achieve healthy and sustainable rivers systems for future generations.

Conclusion

Unrestricted water buybacks threaten NSW's social fabric, economic stability, and environmental health. By opposing them and championing alternatives, the NSW Government can safeguard its communities and secure a sustainable water future. The time to act is now—before irreversible damage is done.

Yours faithfully



Jackie Kruger
General Manager