REPORT ON PROCEEDINGS BEFORE

LEGISLATIVE ASSEMBLY COMMITTEE ON INVESTMENT, INDUSTRY AND REGIONAL DEVELOPMENT

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

At Exhibition Room, The Crossing Theatre, Narrabri, on Thursday 9 October 2025

The Committee met at 12:35.

PRESENT

Mr Roy Butler (Chair)

Mr Stephen Bali (Deputy Chair)
Mr Justin Clancy
Mr Warren Kirby

PRESENT VIA VIDEOCONFERENCE

Mr Richie Williamson

* Please note:
[inaudible] is used when audio words cannot be deciphered.
[audio malfunction] is used when words are lost due to a technical malfunction.
[disorder] is used when members or witnesses speak over one another.

DAMON GOOLAGONG: My name is Damon Goolagong. I'm a Wiradjuri man. I'm over in New South Wales. I want to start by acknowledging the traditional custodians of this land and pay my respects to Elders past, present and emerging. Thank you.

The CHAIR: Thank you. Good afternoon and welcome to the public hearing of the Committee on Investment, Industry and Regional Development inquiry into the impacts of the Water Amendment (Restoring Our Rivers) Act 2023 on New South Wales regional communities. Before we start the hearing, I would like to acknowledge the Gamilaraay people, the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders past and present, and extend that respect to other Aboriginal and Torres Strait Islander people who are either present or viewing the proceedings on the internet. I would also like to thank Damon Goolagong, Aboriginal Liaison Officer at the New South Wales Parliament, for his acknowledgment of country.

I am Roy Butler, the Chair of the Committee on Investment, Industry and Regional Development. I am joined by my colleagues Mr Stephen Bali, Deputy Chair and the Member for Blacktown; Mr Justin Clancy, the Member for Albury; and Mr Warren Kirby, the Member for Riverstone. I believe that Richie Williamson may join us via videoconference. Our other Committee members, Charishma Kaliyanda, the Member for Liverpool, and Maryanne Stuart, the Member for Heathcote, are apologies today. I declare the hearing open.

Councillor DARRELL TIEMENS, Mayor, Narrabri Shire Council, sworn and examined

Councillor BRETT NOLAN, Deputy Mayor, Narrabri Shire Council, sworn and examined

Councillor ETHAN TOWNS, Councillor, Narrabri Shire Council, sworn and examined

The CHAIR: I welcome our first witnesses and thank them for appearing before the Committee today to give us evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos and videos taken. Please also note that only Committee staff and media organisations are allowed to take photos and videos. If you would like a copy of these photos, please contact the Committee staff during a break. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

ETHAN TOWNS: Yes.

DARRELL TIEMENS: Yes.

BRETT NOLAN: Yes.

The CHAIR: Do any of you have any questions about this information?

ETHAN TOWNS: No.

DARRELL TIEMENS: No.

BRETT NOLAN: No.

The CHAIR: Would one of you like to make a short opening statement before we begin the questions? In the interests of time, I ask that it's limited to 90 seconds or thereabouts, please.

DARRELL TIEMENS: I'm happy to say something. Chair and members of the Committee, thank you for the opportunity to appear before you today on behalf of Narrabri Shire Council and the 13,000 people who call our region home. I wish to make one thing clear from the outset. We're not here merely as a stakeholder. Although we do hold water licences, we are also the third tier of government and therefore accountable for the wellbeing of our residents, businesses, our environment, our cultural heritage and the mental health of our communities. It is our duty to speak plainly about what is happening on the ground. Narrabri Shire Council opposes broad-based water buybacks. We've made that abundantly clear over the last few years, because we've seen firsthand the devastation they leave behind.

I would challenge Committee members—I can play this video if you would like. There is a video available on YouTube which was produced by the Wee Waa community. It actually stars one of Roy Butler's current staff members. It was basically saying, "Don't let what happened in Collarenebri happen in Wee Waa." It has interviews with major leaders, industry folk and Aboriginal community members like Ethan, who's a proud Gamilaraay man. It's quite a powerful piece of work. It's 10 years old. I would strongly suggest that you view it and you look at it in its context, because what happened in Collarenebri was a devastation.

The CHAIR: I can let you know that has been circulated to Committee members.

DARRELL TIEMENS: Wonderful. Thank you. When water is taken out of production, it's not just the farmers who are affected. I know emotionally everyone goes, "The cotton farmers, the cotton farmers, the cotton farmers." It's almost become a city-based set of swearwords. It's not just the cotton farmers. It's not just the grain farmers. It's not just the graziers. It's not just the people who are working on a farm. It's not just the small contractors. It's not just the ag companies that also deal with the situation. It's the small contractors. It's the truck drivers. It's the fuel suppliers. It's the corner shops. It's the chemist in Wee Waa. It's the local sporting clubs that rely on families to survive. It's the local land councils. We have a number of proud land councils in Narrabri shire.

You don't just reduce water allocations; you reduce hope, population and community life. We're not denying the need to restore our rivers. We were all there during the last drought. I am a farmer and grazier. I saw what it was like when that river dried off. It was pretty devastating. We understand the Namoi's health is vital, both from a cultural, environmental and economic point of view. But the path forward is not through repeating the same blunt instrument that has hollowed out rural communities a decade ago. It just doesn't work. The better path is through infrastructure, first recovery and a scientific approach, and also practical, complementary measures that deliver real, measurable environmental outcomes, without destroying local economies.

I'm not a scientist. This fella—Ethan Towns—has just finished his PhD, so he is a real scientist, but I am not a scientist. What I will say is that there's many suggestions over the years for improving our water health, including things like the carp herpes virus as a sustainable diversion offset; re-snagging and restoring the river habitats; building fish passages where appropriate, because you don't want them everywhere, at weirs further down and around the river, but not at the cost of local communities; reintroducing funding for riparian fencing—I received riparian funding years ago when the Government used to actually pay and support farmers to do riparian fencing along their creeks, and it did make a big difference, certainly to the creeks that run through my property—and implementing cost-efficient cold water pollution controls. These are the things that heal rivers without breaking towns.

Our case is grounded in evidence. Narrabri shire already generates—this is going to shock some of the people in this room, but we're a bigger economy than Armidale Regional Council. We're bigger. From an agricultural point of view, we're the second largest agricultural LGA in all of Australia. We employ nearly 7,000 people, and we sustain 1,877 registered businesses in our shire. Agriculture alone contributes more than $570 million annually—that's directly—and it's supported by a diversified economy across mining, education, research and health. We are one of the most productive regions in all of New South Wales, but every litre of that productivity depends on secure and well-managed water.

Over the past two decades we have already absorbed three major rounds of reform: groundwater reductions, complementary flow rule changes and bridging the gap recovery. The Namoi Valley, as I think most of you will probably agree, is already well recovered. It is over-recovered, in fact, and the socio-economic impacts of those earlier decisions continue to ripple through our regions. We are being asked to carry yet another burden when we've already done our fair share of hard work. Compounding this are new pressures. Things like PFAS contamination, which you've probably heard in the news, which is affecting our town—very likely that we're going to have to start drinking our river water very soon. That's a direct legacy of State and Commonwealth government firefighting foam and chemicals.

But there have also been proposals to divert water from Keepit Dam to service Tamworth's urban growth. These are real threats to both our people and our industries, and put our entire region at risk. We have supported Tamworth's right to grow and we will continue to support their right to grow—they're an important city for us—but not at the expense of towns west of the Great Divide. The long-term solution must be about bringing new water into the basin, perhaps from wetter eastern slopes. I know in the past we've all poo-pooed some of the ideas around the Manning and the Barnard options but they could be things to consider when you look at the incredible cost of every megalitre of water and what that actually costs. We need more productive area. We need more water flowing through these regions, not less.

The CHAIR: Can I jump in quickly? We were meant to try to keep it to 90 seconds. If you can finish up quickly, we'll move to questions.

DARRELL TIEMENS: No worries. I'll finish up now.

The CHAIR: But also if you want to give it to us as a written document, we could take it away as well.

DARRELL TIEMENS: Yes, I'd love that. That would be great. Our message is very simple: Don't mistake silence for consent. Communities like ours have been very resilient but we're not expendable. We want to work with all levels of government, particularly the New South Wales Government, to achieve both a healthy river system and thriving regional towns. We believe it is not a trade-off and it should never be a trade-off. You can have both healthy rivers and thriving regional towns, but it means investing in solutions that fix river function, not policies that hollow out people. In conclusion, Narrabri Shire Council stands ready to be a constructive partner in the task and we have the greatest stake of all, which is the future of the communities that we serve. Thank you for this opportunity, panel members. I appreciate it. Thanks for visiting such a beautiful part of the world.

The CHAIR: Thanks for preparing something so comprehensive as well. Before we begin the questions, I wish to inform you that you may wish to take a question on notice and provide the Committee with an answer in writing, so if you want to—

DARRELL TIEMENS: There might be a lot of that.

The CHAIR: That's fine. In regard to the 2023 Act, what reforms are going to have the biggest impacts on your region?

DARRELL TIEMENS: I'll take that on notice. But really it's about water buybacks. Really every drop of water you take out of our local communities affects traditional cultural practices, affects the sportspeople and their fishing practices. It affects the mental health of the communities and farming communities right up and down our rivers. It affects the economy. We've got some new developing industries in Narrabri shire, including

horticultural, and a thriving and developing orange industry, citrus industry that is taking advantage of timing differences between Victoria and New South Wales. We've got an economy which is very important for the State coffers but also very important to the mental health of our local participants. Every single drop you take out of our communities affects us. We all would have done micro- and macro-economics at some stage and you learn about the multiplier effect: Every dollar you take out of a community like Wee Waa or Boggabri is multiplied by five, six, seven times as wages, as income to small businesses, as fees to contractors and consultants et cetera. We're very sensitive to that.

During that last drought—and I was affected; I'm still financially catching up from that last drought—I can tell you that every single bit of support that was given into this community made a massive difference, but what also happened was that Narrabri shire was able to be a little bit more resilient than many other communities because we have a diversified economy. We have Sydney uni, we have cotton seed distributors, we have consultants, we have research institutes, we have small-base manufacturers, we have not just pure cotton but grains and we have a huge irrigation industry as well, and we have grazing and sheep et cetera.

Our diversified economy means that we have been more resilient in past droughts, but our resilience certainly was tested during that large drought when I was able to walk down the banks, and so was Brett and so was Ethan and that river was bone-dry. There were no happy children playing in the river, there was no-one fishing, there were no cultural practices taking place, and there was pretty much no water being taken from that river by many of our farmers, farming communities and farming businesses. It had a huge impact on our ag industry. The PTSD—I love using that expression because it is PTSD. You talk to any farmers around here about that drought and they still have that feeling in their stomach and that dread of, "What if that's just around the corner?" I had the conversation with someone this morning. Those hot winds that were coming through today, people were going, "I wonder whether this is a sign of a pending drought." And that's what our community is sensitive to.

Mr JUSTIN CLANCY: Mr Mayor and councillors, thanks for your time. I have two parts to my question. One is that I'd like you to, if you may, elaborate a little more. You spoke about the impact of the previous buybacks, and I'd welcome you elaborating on what that meant for your community. As you acknowledged, Mr Mayor, you spoke of the importance of the river system. Coming from the southern basin, I'd love to know what the northern Basin looks like now from a health of the system point of view. That's the first part. What I'm also very interested in, and we might come to it secondly, is around the impact of proposed rules-based changes and what that might mean for your community, changes to the water sharing plans and impacts of that.

DARRELL TIEMENS: I'll take that second part on notice about rules-based changes and we'll get something back to you. I have a team member here who will certainly submit something to you. Anecdotally, I don't know whether you've been to Collarenebri but it's a beautiful town. They're a lovely community out there, and the water buybacks from them—devastation. There were so many businesses that had to close down as a result of that. If you can think about some of the families that left the area, they had been there since the mid-nineteenth century. They had to leave permanently, never to be seen again. Maybe Ethan might like to give a bit of a sense from his point of view also about the sensitivity that Wee Waa has towards buybacks, if you feel comfortable saying something about it.

ETHAN TOWNS: Given that we've seen that the buybacks have destroyed small towns before, it raised a lot of concerns for me as we only get by every single year. Looking at it from an Indigenous perspective, without the town actually making money, having a big lush river doesn't actually help the Indigenous people because there's no town for them to stay. We've already struggled with health services out where we are, and we're forced to go to the city. We want them to stay on Country. That's where I want to stay. I like it out here. I'm a zoologist; I want to make sure we have an amazing river system. But there are amazing ways we can fix this without having to completely get rid of the water for the irrigation. We need this water here to ensure that the farmers and everyone in the area can continue and we have a successful business. I really do think it's going to be bad, if it happens, for all involved. Given that we've seen other towns suffer, I don't want to see Wee Waa also suffer the same fate.

Mr JUSTIN CLANCY: Mr Mayor, you spoke of some solutions, like complementary measures. I'd love the councillor, Ethan, to elaborate on that as well from your perspective.

DARRELL TIEMENS: Maybe you should talk about what your PhD was on, which is an interesting topic, but it has relevance in this.

ETHAN TOWNS: I actually worked with dung beetles. If you didn't know, dung beetles are an ecosystem service provider, so we need them to survive. We are currently introducing winter dung beetles out in this area that haven't existed, and it increases water-holding capacity by 300 per cent. It's massive for this area. We're trying to put it on compaction in agricultural areas. One of these methods is to ensure that our very sandy soil can actually hold 300 per cent more water regardless so that there isn't a huge run-off. In terms of looking in ways of fish and

canals for them to travel, that's also an amazing way to do it. It's actually very effective around these areas. Even with things like bank erosion, there's a lot we can do to ensure that the way the water is moving—the way we're releasing it, how temperature is controlled within the water and real-time gauging. We could drastically change it.

I worked at the CSIRO for nearly 11 years. Our entire point was to ensure that we had more sustainable measures. Put a forest on your farm and beneficial insects will kill your pests without spraying. This entire area has been trying to figure out amazing ways to ensure that we can live with nature using less chemicals, which stops them going into the river, which we know does happen. This area has always fought for coming up with more sustainable solutions that are science based and evidence based, and we always achieve it. A lot of people out here actually ran themselves out of a job at the CSIRO because they became too effective at not needing sprays. There's 20 years of research. It's so effective now. I know that if we were to put the funding and the effort into it out here, we have so many PhD students, myself included, who could come up with actual reasonable solutions to reduce the buyback and have ways that benefit everyone and measure it so we know it's actually working.

Mr WARREN KIRBY: I wanted to take you up on some comments about "every drop is important". Do we have science-based numbers—again, with the CSIRO—of the amount of water allocation that has been recovered or changed with improved farming practices? I know, for example, the cotton industry has boasted that it has had a significant reduction in the amount of water required. The balance between what was happening before the buybacks versus now—has there been a net increase in the amount of water going back into the system? Has it stayed level?

DARRELL TIEMENS: I think some of these questions are best answered by experts from, say, Namoi Water and others, but let me give you a little bit of anecdotal evidence from our point of view. This is me bragging about the clever research institutes around Narrabri shire. Some of the genetics and the research that takes place in Narrabri shire is exported all over the world, whether it be the CSIRO, the genetic work that is being done by Sydney uni here, the DPI and their work, the cotton research centre et cetera. It's really clever stuff. The efficient use of water by farmers in this area—basically, the yields, the reduced use of chemicals, the reduced use of fertilisers and the reduced use of water—has been incredible.

Australia has been doing a lot of heavy lifting for the entire world when it comes to the clever genetics and the clever science around all of this, even—I'm soon to call him Dr Towns but I'll call him Councillor Towns, which sounds better. All of the science that's going on here is just staggering. That is what we need to see instead of the blunt instrument of "Let's just buy this water out and let's just take it out of these communities."

Mr WARREN KIRBY: I appreciate that. What I'm asking is is it measurable? What have the gains been in terms of the amount of water? We've heard from a number of other witnesses that have spoken about the take, but we're a little unclear on what the measurement of improved flows from improved farming practices is that's been claimed in southern and everywhere else. I haven't got a figure yet on—

DARRELL TIEMENS: You will definitely get answers out of Namoi Water, I can tell you, because they basically represent anyone who holds a water licence out this way. They've got some clever responses to that. If they don't, then council will badger for it and we will supply it to you. I'll take that notice if we can.

Mr WARREN KIRBY: That would be helpful.

DARRELL TIEMENS: It's a great question, though.

ETHAN TOWNS: I can expand slightly on that. A lot of that data does exist. We would have to take it on notice and get it to you. Currently, because it's been so effective, as of recently, a lot of farmers have been able to turn to dryland cotton with genetically altered cotton that simply needs less water. If we can continue the way we're going, we will continue to use less water. That's currently in the works. It's not legal to go out to farms yet, but I know there's a lot of cotton and agriculture-based stuff that will need significantly less water moving into the future. We just don't have that yet. Until that can go through, we will still need water. But in 10 more years, the way we're going, we will need significantly less water to yield cotton.

Mr WARREN KIRBY: That's where I'm going with the line of questioning. If we're heading in that direction, are we measuring how much is being saved, and does that negate the need for buybacks in the first place? Is it of that kind of magnitude?

ETHAN TOWNS: I believe that at that type of magnitude we will get there. But, under scientific principle, you can't release it without vigorous testing. A lot of the testing is done within a greenhouse, so the data isn't completely fair, because there's a lot of outside environmental issues that come along with doing science. You can get very accurate data of what it would look like within a greenhouse; that's never how it actually works

in a soil/wind/humidity—everything is a major factor. But that type of data does exist. I do believe in 10 years down the road, but we won't survive 10 years without the water. That's just the current situation.

Mr WARREN KIRBY: You've made a couple of suggestions of other ways to recover water—scientific improvement in everything from insect life to the crop itself, carp, weirs. What other suggestions would you make as a better tool to be able to recover water into the system that is not the blunt instrument?

DARRELL TIEMENS: I'll give you a great example. The Narrabri fishing club is an awesome organisation. Every year they have a carp muster where literally thousands of carp are taken from the Namoi River. There's a big competition. Thousands of people turn up to it. It's a really big, great, well-organised event. It's funded by DCCEEW, I think. They also release local native species as well. That's a clever community-based response where, instead of saying the environment is a problem, it's about looking at challenges and ways you can work with community, work with the Indigenous community, work with the local fishing club, for instance, and work with others. Those kinds of solutions are really clever. I mentioned the carp virus. I believe we're only weeks away from that, if it's not already been released. But imagine that, if we get rid of carp from the waterways here. I fish on that river and I tell you what, some of that carp is big.

It's also about looking at funding for the science. Why don't we have more young people doing more science based on the fundamentals of how to make our rivers healthier? That's a really good idea as well. It's also about fencing, making sure that there are appropriate uses of those riverbanks. I don't know whether any of you have seen the riverbanks, but riverbanks erode very quickly around here. You only need a couple of floods and you've lost a number of trees and you've lost a number of riverbanks. So thinking about fencing—that could be working with the community, working with farmers and working with graziers to come up with those types of solutions. Those are the types of things that are critical for council. I don't know whether you've got anything else you can think of, but you'll certainly get some good responses from other speakers throughout the day, I'm sure.

ETHAN TOWNS: To further the point of Darrell asking about young scientists, we have two CSIROs out here. One of them just got a $50 million upgrade with all the facilities, and they're currently looking for more work to do. We could develop such an advanced, above-the-rest-of-the-world type of solution to keep our waterways having water while being able to irrigate if that type of project were to get funded. We have the resources; we just need the people. I think it would be a good way to ensure that science is held strong still within Australia, by coming up with solutions on how to maintain our environment and keep businesses running.

Mr STEPHEN BALI: Maybe this is more of a question on notice, but I will share the pain with you guys of what we see. We started down in the south and came up north. Your friends down south see every drop that you take out up this end. They say the same thing: There's less water coming down to them and towns are dying in the south.

DARRELL TIEMENS: Absolutely.

Mr STEPHEN BALI: The evidence you've presented is that every gigalitre you take out impacts on towns. Their issue is that too much is happening in the north and less water is coming down through the south. Parking that for one minute—and this comes back to what you were saying about how you distribute the water across the area—my question, and maybe you can take this on notice, is that there are lots of ideas that people have been talking about. Is there the possibility, even it's a guesstimate, that you can come up with, say, the top three or five solutions that you believe could generate savings in the water system? What would be the three or four things you would do? Technically, how much would that save? The other aspect—because you've identified the CSIRO and other people, so we can go and talk to them—is maybe have a think about if you do X, Y and Z, this is how many estimated gigalitres. Obviously we can get more information, but if you could give us what you believe would be a good way to save the system.

The other thing you were talking about is as the towns grow—potentially, if you take more water out—what are you looking at in the next five to 10 years? Most councils do strategic plan visions for the next 25 years or 10 years, making a guesstimate. Where do you see the jobs and farming to be as, let's face it, a guess in the next 10 years or so? Therefore, how much extra water would that take out of the system? That way, we can look at how much we need to save in the system. Therefore, that can then be reallocated elsewhere. Then we can try to balance up the whole system, I suppose.

DARRELL TIEMENS: Exactly what you have said is a reality—there are so many elements to what you have said there, and I will try and walk my way through it. Thank you very much; I absolutely agree with you. I think everywhere, right up and down that river—let me give you a bit of context. Yesterday I met with seven councils, including Narrabri Shire Council. They are concerned—from Liverpool Plains all the way down to Bourke and Central Darling—about the river and river flows, particularly during droughts. There is a proposal in front of the State Government for how to build water robustness for a place like Tamworth, which has been

allowed to expand, expand, expand, expand over many colours of different governments with very little planning gone into what to do about their water situation.

There is a series of proposals that are being floated around the bureaucracy at the moment. Two of those proposals include installing pipelines between Keepit Dam and another dam to be there for emergency use during droughts. By "emergency use", I mean in a situation where Tamworth runs out of water. Potentially, that water would be held back in the Keepit Dam. The Keepit Dam is a critical feed-in to the Namoi River. It always has been. It has been for a long time. But if you hold back 30 billion litres—and the proposal is roughly around 30 billion litres—for use, which is about 8 per cent of that dam, roughly, for Tamworth's use, if you pull that out of our river system, I'm telling you that it will extend the severity of droughts down our river and down our communities, including Walgett, Narrabri, Wee Waa, Gunnedah, Boggabri and beyond. It will extend the severity of that probably not just by months but maybe by years. If you hold back 30 billion litres, which is one of the proposals, then—

Mr STEPHEN BALI: Who is proposing that? Tamworth?

DARRELL TIEMENS: It's one of the options that is being considered by DCCEEW. It is one of the proposals that they are looking at. It is one of four proposals. This council, Narrabri shire, stands at complete counterpoint. We're a member of the MDA, the Murray Darling Association, and we are the only one in this cluster that is against the proposal of putting in the pipeline—sorry, the only council that loves the idea of putting in a pipeline between Keepit Dam and Tamworth is Tamworth. All the other councils over this side of the range are dead opposed to it because we see the insanity of sending water from a dry part of the State to a wetter part of the State. Sending water east is just insane.

I want to just paint a little quick picture, and this will answer another question. This could be something that you all could do as Committee members. I am seriously challenging you guys, as I did with the water Minister. Imagine if you could do something about drought resilience in the rivers during droughts. Instead of Walgett running out of water and river water, imagine if you could send more water down the river during droughts. Instead of the water going back to Tamworth, that water is basically sent down the river to buffer and secure the communities right down that river. To set aside 30 billion litres of water, potentially, based on current estimates of roughly probably $20,000 per megalitres just to buy it off the market—potentially, if you had to set 30 billion aside, it would cost the State $600 million just to buy that water.

What could you do with $600 million? You could probably finish that 60 to 70 kilometres of pipeline to sort Tamworth out. You could send potentially more water down the Namoi River. You might need to invest in some more, but imagine the productivity, the increased taxes, the increased revenue, the increased health and wellbeing, the mental health and the happy community in Walgett. Imagine what you could do. This is what I'm challenging the Committee—I'm challenging the State Government also. I think we need to start having a bit of vision. We need to start imagining if we could take some of the overflow, some of the water that is not used in the Manning River or wherever it is and finish some of the projects that have been used in the past. Imagine it and think about what you could do for the environment during a drought time and continue that water flow, even during those drought times.

Imagine what you could do. You could turn some of these very dry parts of the State into more productive parts of the State. There are parts of this State that did not have any productivity during the droughts and basically had to almost shut up shop—these farming and grazing properties. This is what I'm suggesting could be another option, and definitely don't even think about putting in place a pipeline to supply water to Tamworth during drought times. I think it's about having vision, and I think this Committee has been set up to have a bit of vision. I think it would be great, with Roy's stewardship et cetera, if perhaps we can think about a non-partisan, multilateral approach that will actually make this part of the world sparkle during tough times as well as other times.

Mr JUSTIN CLANCY: This is maybe something to take on notice and come back to. Thank you for your comments there, Mr Mayor. We really welcome exploring, as you said, looking to the future and looking forward with vision. In terms of the current situation, I'd welcome your thoughts. Mr Bali said that Central Darling speaks of how there is still a connectivity element to their challenges. I'd welcome this community's thoughts on how we respond to those connectivity challenges in, say, the mid-parts of the basin, in that regard. I'm happy for you to take that on notice.

DARRELL TIEMENS: I'm here speaking on behalf of my community at this particular stage, but I think, right up and down those rivers, all the way through to where it meets the mouth of the Murray, the river health is absolutely critical, right up and down the river. The health and the economic wellbeing of our community should never come at the sake of communities further down the river and vice versa. There are efficiencies to be gained from communities further down the river, and there are efficiencies to be gained from up here as well. We're doing

a lot of the heavy lifting. We can still improve. We can still improve our technology. We can still get more yield out of our farms and out of our industry, but we have done a lot of heavy lifting. The cotton industry is a very different industry, and that's not the major industry here. There are a lot of other industries here, and we forget about every other—cotton, sorghum, corn, wheat, durum, barley and canola. They are all very valuable crops that we grow up here. We've done a lot of the heavy lifting, and we just expect everyone to come on the journey with us as we try and improve the outcomes for this part of the State.

The CHAIR: Thank you for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return those answers within seven business days.

(The witnesses withdrew.)

Mr GARRY HALL, President, Macquarie Marshes Environmental Landholders Association, sworn and examined

Mr DUGALD BUCKNELL, Director, Quambone Pastoral Company, sworn and examined

The CHAIR: I welcome our next witnesses. Thank you to both of you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos and videos taken. Please also note that only Committee staff and media organisations are allowed to take photos and videos. If you would like a copy of these photos, please contact Committee staff during a break. Can you both please confirm that you've been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

GARRY HALL: Yes.

DUGALD BUCKNELL: Yes.

The CHAIR: Do either of you have any questions about this information?

GARRY HALL: No.

DUGALD BUCKNELL: No.

The CHAIR: Would one of you like to make a short opening statement before we begin the questions? In the interests of time, I ask that you limit it to 90 seconds.

GARRY HALL: My opening statement is representing Macquarie Marshes Environmental Landholders Association. I live at and run a beef cattle grazing business in Macquarie Marshes. Our community is made up of 20 to 30 families who run similar businesses to us and depend on a healthy, functioning wetland to have a strong, resilient community. The Macquarie Marshes Nature Reserve Wilgara and U-block are listed under the Ramsar convention. Our family are the private managers of U-block. Today I hope to be able to bring to the Committee's notice the benefits of the water management amendment Act 2023 to our communities and other communities like ours.

The land we own and manage was purchased at auction, and my family had to pay a premium, as it was well understood that the marshes provided both drought reserve and diversity in income, as the primary operation was merino sheep. The marshes provided our family an opportunity to diversity into cattle. The Macquarie Marshes are exceptionally first-class cattle country. With the development of, firstly, Burrendong Dam in the late 1960s and Windamere Dam in 1980s, the Macquarie River has turned into a highly managed system. The change has been dramatic, with the change in ecological character description of the Ramsar site because of the removal of medium flows that dictated the wetland plant communities that grow in the marshes. This has had a big impact on our cattle-grazing business in the marshes.

Much of the aquatic vegetation is now stuck in transition, not dryland rainfall dependent, as the area still receives very occasional inundation, and not wetland. The irrigation sector in north-west New South Wales has been exceptionally innovative and at the forefront of modernisation of its industry. This has resulted in reduction in labour units on-farm, as well as reduced employment opportunities in the local communities. It is our opinion that very often this push for modernisation is confused or blamed with water recovery process. We strongly support the purchase of water for the environment, from willing sellers, and believe there is much more to do.

The CHAIR: Thank you very much. We will now move to questions from the Committee. Before we begin—

DUGALD BUCKNELL: Mr Chair, could I also do an introductory statement, please?

The CHAIR: Normally, when you appear with the same organisation—but you're saying Quambone Pastoral—

DUGALD BUCKNELL: Quambone Pastoral Company?

The CHAIR: Yes. In that case, you can make a separate one. If we can keep it to 90 seconds, that'd be great.

DUGALD BUCKNELL: As quick as I can: Thank you, Mr Chairman and Members, for the opportunity. I would like to put to you a feasible possibility. In America, under President Trump's MAGA rules, he's trying to make America great again. The agriculture industry is part of the base of the Republican Party. It is therefore

feasible that President Trump gives a fertiliser subsidy worth $20 billion to agriculture, proportionally to last year's turnover. And, if not required, it could be sold on the market. This increased fertiliser would increase productivity and therefore export sales from America, at no extra cost to farmers, or give them a cash injection if they did not want the fertiliser.

This extra product would be able to compete on the world markets, against Australian, European, Canadian, everybody else's product. Fertiliser is just elements on the periodic table that increase plant growth, such as nitrogen, phosphorus, potassium, calcium et cetera. My question to you: Would you consider this a cost of production subsidy, breaking free trade agreements and World Trade Organization rules? I'd like you just to write or note down your answer, yes or no, whether that would be. Just a Y or an N. There are another two even more important elements on the periodic table that are absolutely essential for plant growth. They are known as either oxidane or dihydrogen monoxide.

Here in Australia, including New South Wales, our Government—that's you guys—gives dihydrogen monoxide to irrigators proportionally. And, if they don't want it, they can sell it. It is their defining difference compared to dryland production, and they don't have to pay market value for this input cost, which enables their production to be sold at below the true market value cost. My question to you again is: If you answered yes to Donald Trump's subsidy, then surely you must answer yes to the New South Wales Government's subsidy. If not, why? Dihydrogen monoxide is also known as water. Thank you for the opportunity.

The CHAIR: Thank you. We will now move to questions from the Committee. Before we begin the questions, I wish to inform you that you may wish to take a question on notice and provide the Committee with an answer in writing. As the Chair, I will ask you the first question. The Committee has heard that recovering water for environment alone is not enough to improve the health of rivers and wetlands, there needs to be more done. In your view, what other measures are needed to support environmental outcomes?

GARRY HALL: Where do I start? Do we have an unlimited budget?

The CHAIR: You've got a limited amount of time, I can tell you that!

GARRY HALL: There can be so much more done but, specifically, I would like to get across that—stay away from the irrigation sector, especially the lower Macquarie. That's the only river that I can speak for here, today. Fishways—improving connectivity by staying away from, firstly, purchasing water from unreg, trying to recover more water in the reg system. Remembering, of course, that any purchases made in the reg system would be directly coming—flow-through benefits. It's not specifically for the marshes. You've got connectivity to the Barwon-Darling, and for the those communities further down the river.

DUGALD BUCKNELL: I think the most important thing is actually to have a look at the laws that are there at the moment. In New South Wales, your principles, priorities under the Act are fantastic—absolutely spot-on. The Commonwealth Water Act, which you guys have to also be part of—their objects are brilliant. The problem is that the bureaucracy and political fixes over time have put in regulations and rules, which has diverted those principles and objectives from being used. The law is actually there; it's just not being followed. So the principles in the Water NSW Act are we've got to look after the water-dependent ecosystem first, then look after stock and domestic water, and then, thirdly, after the environment and the water-dependent ecosystem have been looked after, then extractive use is allowed. So far—we just heard before and previously in other inquiries—we've heard all about looking after the extractive uses first. That is not long-term sustainability.

The objects of the Commonwealth Water Act are long. I've got a copy of them here and they're in my submission. They are brilliant. They are about being in the national interest; about restoring, repairing and maintaining the environment to sustainability; and then maximising economic, social and environmental return for the Australian community, not for overseas communities. One of the things about it is the Australian community needs to have the price of water being a market value. At the moment, it is determined by IPART as a cost recovery. That's not a market value; that's a partial cost recovery. It doesn't even account for all the uses, such as leasing the dam space that goes to the irrigation industry. I'm not talking about the whole of the dams. I'm just talking about the proportion that the irrigation industry uses—that type of thing. If it was the M2 motorway, everyday travellers up there pay to use that, and that goes into the coffers, eventually, of the New South Wales Government, and can be used—

Mr WARREN KIRBY: Actually, it doesn't, but that's okay.

Mr STEPHEN BALI: The previous Government sold it.

DUGALD BUCKNELL: Yes, sold it, but the price of the sale—and eventually it will come back in 20 or 30 years time. It was meant to be in the capital value—meant to be. I know the previous Government sold it.

Mr STEPHEN BALI: Sorry to cut across you there, but just to explore what you just said—you're talking about the difference between the market price and the cost price, a price, I suppose, that the IPART has come up with. If you go to the market price, that would be higher than the IPART price?

DUGALD BUCKNELL: Yes.

Mr STEPHEN BALI: Would that then impact on farmers because of the cost of buying the water et cetera?

DUGALD BUCKNELL: I'm not proposing that you reduce the amount of water that is available for irrigation. What that would actually do is mean that if people are able to buy to the limit of their licence rather than being proportional—everyone gets an equal percentage depending on which river you're in—you could actually buy in a competitive manner on the market in that water source so that the highest bidder got the most water. People and business, as you would know, won't spend more than what you're capable of making back.

Mr STEPHEN BALI: May I explore that, because that's really good. But if you do it that way then the family farms that we've heard are struggling up and down the river system—the little farmers—won't be able to compete against the big cotton people who can bid a higher amount. Once the market takes over, the market doesn't care about the smaller and family farmers that could have been around for 150 years.

DUGALD BUCKNELL: It is an extremely complicated system. At first glance, I'd agree that you can't have that. But then you have some irrigated product that might need 15 megalitres a hectare to grow. ABARES was asked to come out with a price for water, what the temporary market would do with the buybacks. I had it in my submission somewhere, so I'm sure you guys would have seen it. They're predicting it'll go to $540 a megalitre on average. I'm presuming that's high-security and low-security—all the different types of water. If an irrigator uses 15 megs, that is about $8,000 a hectare that's additional cost, if the ABARES figure is right. I don't think it would be but they're the academics. They're the right people.

If that's the case and then you have another irrigator that only uses two megalitres, then the smaller irrigator—or the smaller quantity—gets a comparative advantage. The other thing is you could have products that can be grown in some locations in New South Wales from rainfall. Say on the coast you've got the small fruit growers, all those sorts of things, who rely on rainfall. They're having to compete at the moment against, let's say, fully irrigated orange growers in a really dry climate that might use 15 megs. At the moment, the guys on the coast growing oranges are competing against irrigators who are getting $8,000 a hectare—ABARES' estimate—of subsidy, so it is really unfair at the moment. If you look at another case, such as in the chairman's electorate, which is 42 per cent of the State—

The CHAIR: It's 44.5—don't take 2.5 off me.

DUGALD BUCKNELL: Sorry.

Mr STEPHEN BALI: It'll probably get bigger with the redistribution in seven years' time.

DUGALD BUCKNELL: If you follow my ideas, you'll actually become smaller because more people would move there. So this is really important.

Mr STEPHEN BALI: You can move them out of Warren's electorate.

DUGALD BUCKNELL: We have two fibres in New South Wales that are naturally grown. One is wool and one is cotton. The wool industry used to have the reserve price scheme, which had a government guarantee. It was only a guarantee; it ended up, probably, being used, but it was a guarantee. That was deemed to be a subsidy, so we got rid of it. The cotton industry uses about 10 megs per hectare. At ABARES' price of $540 a hectare, that's $5,400 a hectare worth of subsidy. How can the wool industry compete in a natural fibre market against a cotton industry which is getting that much cost of production subsidy? That is a real problem, and the problem goes on and on. In that case—and Mr Chairman will be able to vouch for this. The communities that are further out west, where the sheep industry and the wool industry were very strong, have slowly under cost price squeeze been cut and cut. One of the reasons is because they can't compete against another natural fibre which is getting a subsidy.

Mr JUSTIN CLANCY: Thanks, gentlemen. My question is perhaps more for you, Mr Hall. You spoke from your perspective that we should continue looking at buybacks, as you said, from willing sellers. I have two questions in that regard. You're no doubt aware that witnesses not just from today but also on previous occasions have spoken about their concerns related to buybacks in terms of the impact on communities. How would you reconcile those differing views? Secondly in that regard, what steps would you like to see to perhaps mitigate any adverse impact associated with buybacks?

The second question I have got is again around buybacks in terms of the actual framework. You mentioned "from a willing seller". I would put it to you that, currently, the lack of a framework around particular valleys—I put it to you, coming from the southern Basin, that all the buybacks in the world in the southern Basin won't improve ecological outcomes, necessarily, for the Macquarie Marshes or for your part of the world. If we are to proceed with buybacks, how are we to get that framework right so that we are driving positive ecological outcomes where they're needed in all parts, not just at the Murray River mouth?

GARRY HALL: Two pretty big questions. The communities that are claiming that they're impacted by water recovery from willing sellers—in the north, many of those farms that the water is purchased from are still productive. It must be understood by the New South Wales Government that they're not becoming unproductive. They've still either got plenty of water to continue growing the same acreage of crop or they're able to grow their crops from rainfall. I understand it's a little different in the south, especially the western parts of the southern Basin where the irrigation is in marginal rainfall. I would like to explore further when people are saying that their community has been impacted by water recovery. I just can't believe that we're even having this debate. It's a pretty good deal. Water was separated from land.

Once upon a time, and not that long ago, it was all together. Here we have a position that those irrigators are selling their water willingly into an open market. Very often it is to the highest offer, because irrigators are actually selling water amongst themselves regularly. There hasn't been any discussion about limiting water trade. As far as somebody that runs a commercial business in agriculture, I think it's a win-win by going out in the market and purchasing water for the environment. To the other part of the question, the more water that is recovered in the north—while the northern Basin doesn't contribute 12-month flows to the Murray mouth, when the north is activated, the north delivers high volumes of water that have a beneficial impact right down the length of the river. I understand that the volumes that would be purchased in the north would offset some of the need in the south.

Mr JUSTIN CLANCY: Is there a need for there to be targets specific to valleys in that regard?

GARRY HALL: Yes, exactly. In the Macquarie it would be—I've been pushing an end-of-system flow target. I think the connectivity panel report specifies volumes, but it's a bit weak in the Macquarie. Macquarie is a bit unique because it is a winter- and spring-fed catchment in the northern basin, so the flows that the Macquarie contribute are very often when the rest of the system in the north isn't benefiting from the monsoonal rain that comes down. A bit of work to do, but keep an eye on the connectivity panel report because I think that it could overlay with the conversation we're now having.

Mr WARREN KIRBY: How has the regulation of floodplain harvesting—has that had an impact on the health of rivers and flood plains in this region?

GARRY HALL: Since floodplain harvesting has been licensed in the Macquarie, we haven't had a flood of such a level that that water would possibly be extracted from the flood plain. I have enormous fears that the licensing of floodplain harvesting will result in more water being extracted from the rivers in the northern basin. We're yet to see it.

Mr WARREN KIRBY: So, likely, but we haven't seen it yet?

DUGALD BUCKNELL: It hasn't gone for long enough. We've had one enormous flood, which—there was plenty of water for everybody.

GARRY HALL: Still unlicensed. It wasn't licensed.

DUGALD BUCKNELL: It wasn't licensed. It was about to be licensed. So there was more water than enough for all the environment. There was an excess amount of water. We haven't had that critical amount of water that is just over the trigger point but not a big flood, if you understand. We can't really comment.

Mr WARREN KIRBY: What other water reforms are needed, do you think, to improve environmental outcomes?

GARRY HALL: I think it's going to happen one day, whether it's during our lifetime or not, that environmental water is higher up the priority pyramid than general security entitlements. I think that is possibly one of the actions that would be necessary to fulfill the obligations that government is faced with.

DUGALD BUCKNELL: That is actually in the principles of your water Act—that it actually should be above extractive uses. That is one of the mistakes that has happened. It is already there; it is just not being acted upon. Getting more water when the environment needs it—the problem at the moment is, if it is allocated the same as the irrigation industry, when there is low run inflows to the dam, it then gets split evenly amongst the irrigation industry and the environment, and so there is a lower amount of water. If the irrigation industry pre-dam wasn't there, even though there was a low inflow, all of that inflow would have gone to the environment and made

it sustainable in those years. This is why it's really critical that at some point the principles of the Water Management Act actually be followed rather than being altered. That is one of the major things in the objectives of the Act.

Mr WARREN KIRBY: Is there something specific or you just feel that that shift from the water take to the environmental outcome being the primary—

DUGALD BUCKNELL: There are probably many issues with that. That's one that will eventually come through—we're going to suffer climate change. In the Macquarie at the moment—at the bottom end of the Macquarie, the Macquarie Marshes and below—we have already suffered more than the predicted climate change for 2050. That's how much it has changed. Now we're going to get climate change on top of it. It is going to be a process for the people of New South Wales and you guys representing the Crown to say, "Do we want to make this environment sustainable for future generations? Or are we going to sacrifice that so we've got an irrigation industry?"

But the problem with doing it that way round is, another 50 years after that, when climate change gets even worse and there is even less flow-in, you're going to end up losing the irrigation industry. So you're just on a spiral downwards anyway. You're better off biting the bullet early. It would have been better off 20 years ago or 40 years ago to actually get it right. But you're still better off acting now rather than later, because you will act, or your followers in 20 or 30 years will act and they will look back at all of you guys and say, "What were you doing? You guys were the politicians. You were representing the Crown and you have lost our environment. It is your fault."

You should seize this opportunity to say we need—I'm going to say a specific royal commission. So we get the best scientists, the best judge or QC or someone to put it together, the best brains from the irrigation industry, the best brains from Ramsar sites such as Garry and that sort of thing and the experts, the really, really best people, to say, "How do we make this sustainable for 50 years and in 100 years time?" It should have been done as EISs before it even started, but it's never too late. Get on it and make that one of your recommendations now: long-term sustainability for everyone in our community. The people in Sydney, the people in all your electorates on the coast everywhere have a stake in this, not just a small little bit of the irrigation industry, even though they talk very loud. The whole State—they're actually like all of us, just a small element.

The CHAIR: Gents, could I get you to talk a little bit about the Northern Basin Toolkit measures and how they are impacting in a positive or negative way on your part of the world?

GARRY HALL: Mr Chair, I'll bring up the toolkit measures that I've included in our submission. Overall they've been very disappointing as far as on-ground environmental outcomes. While any stream of government investment into the environment in my view should be encouraged, the process of the toolkit measures has been corrupted. I think a lot of it hasn't had the direct impact on the ground. As far as funding into environmental restoration works, fishways, improved monitoring of environmental flows, improved monitoring of floodplain connectivity for things like implementation of the floodplain harvesting, we're pretty much in the dark with a lot of the modelling because there wasn't the gauging on the flood plain. When we're making big policy decisions like the implementation of floodplain harvesting, the fact that there was no gauging out on the flood plain—I'd like to think there's a much better way of doing it.

For me, the toolkit measures have been disappointing and a missed opportunity, and they do not replace water. Toolkit measures predominantly came out of the Northern Basin Review, and sections of the northern Basin were deemed to be over-recovered. I was involved in that process right through. I challenged the chair of the MDBA on that exact issue. We had a site flow indicator in the Macquarie. We had failed at every level on that specific site flow indicator. When I put it to the chair of the basin authority, he corresponded and said that the next closest site flow indicator had indicated that the Macquarie was fine. Imagine my disappointment when I found out it was at Bourke. The whole toolkit measures process has been questionable at best.

DUGALD BUCKNELL: Could I also add to that. The toolkit measures were supposedly an efficiency to improve outcomes—those sorts of things. If that is the case, they should be done regardless. If you're saying something is going to improve, you shouldn't say, "I'm going to use that to offset somewhere else." If a business goes, "I have something that is going to make this more efficient, but I'm not going to do it unless you give me some money or I'm not going to do it unless you give me something else," that is stupidity. A business that can see efficiency does it anyway. To hold it up and say, "We're not going to return more water because we can get some efficiency over here or over there," wasn't the reason they introduced toolkit measures. The reason they talked about toolkit measures was to push the wheelbarrow down the track so that water didn't have to be solved and put back into the environment and more water could be extracted. It was an excuse. That's the way to look at toolkit measures.

Mr WARREN KIRBY: You mentioned earlier that you're already seeing the effects of climate change on marshes in your area. Are either of you aware of whether improvements to farming practices in the northern basin has been effective in returning more water into the region?

DUGALD BUCKNELL: I must have been misunderstood. I said the effect of the irrigation industry on the Macquarie Marshes and below is greater than the expected effect of climate change.

Mr WARREN KIRBY: Thanks for clarifying. I misunderstood that. The question still stands: Are you aware of improved water coming back into the system? We've heard earlier and we've heard from other witnesses about improvements in farming practices, improvements in scientific method and all those sorts of things, like reducing the amount of water input required from irrigators. Are you seeing that? Do you know any measurable outcomes on that?

DUGALD BUCKNELL: Thanks for the question. It is absolutely essential that gets answered. If an irrigator or any other extractor has efficiencies and uses less water for growing a hectare of crop, what that means is they will grow another hectare of crop. It doesn't mean that water goes back into the environment or back into general security or anything like that; it just means they will grow more hectares. If they don't have the ability to grow more hectares, then they are able to sell that water to somebody else and take a cash grant, basically—a cash welfare from the State—because you guys have given them the water not at market value. Any water that they actually save becomes saleable. They haven't bought it for $540 and sold it for $540. They buy it for zero and pay the cost that IPART has set, which equates to about $20 to $30 a meg. That has been updated recently by IPART, so there will be a change happening there, but not enough. IPART got rebuked when they wanted to lift it even more.

What will happen is, when efficiencies happen on farm, they will either plant more hectares or sell that water to another farmer and put that money in their bank account. For example, the big end of the irrigation industry is foreign owned. About 80 per cent of the water is owned by 20 per cent of the irrigators. Of that20 per cent, about half of them are foreign owned. I'll use an example: the Canadian pension fund. They can take that money instantly. They get an available water determination. They have a choice. They can either say, "I'm going to grow crops with it this year," or, "I can't make enough money out of that, so I will sell that water on the market and take it back to Canada," where some of the Canadian pension fund's clients are essential workers, such as the mounted police over there. In the meantime, the New South Wales Government hasn't received that income because it gave the water for zero.

In New South Wales, you guys can't afford to pay essential workers, but our water—the Crown's water that you guys have been elected to look after—is going to Canada and other places around the world to pay for their essential workers. To me, that is just unbelievably bad. Of the rest of that 20 per cent of irrigators that own 80 per cent of the water, half of them are foreign owned. Then there's a big percentage that are Australian but are taxed in the Cayman Islands or the British Virgin Islands and all around the world. I personally consider them the worst of the worst parasites in Australia. They can do the same thing and not pay tax in Australia. Then you have a limited number of big Australian companies that are big irrigators. They're all right, but they still receive the water for free.

Then you've got the 80 per cent of irrigators who have 20 per cent of the water. They're the little guys. In restructure programs—the car industry restructure program and all those sorts of things—there are ways and methods of being able to use that. For you guys, one I've just thought of off the top of my head is to say, "You can participate in the market but, for so many megs a year, we will reimburse you your purchase price," so they effectively still get the water at the same price they're getting it today. They are the little guys that are the mum-and-dad irrigators. Garry and myself are mum-and-dad graziers. They're true-blue Australians. They spend virtually every cent in their local community. They're part of the really important cog.

It's the big end of the business that is taking our Crown assets, which you guys are meant to be managing, and giving them overseas. That's what we've got to try and stop, and then also stop the way of subsidising—product being allowed to be sold on the market below the true cost of production—because that is affecting all dryland producers. The effect on dryland producers is monstrous.

The CHAIR: Thank you very much for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for correction. Committee staff will also email any questions taken on notice from today—I don't think you took any notice—and any supplementary questions from the Committee. We kindly ask that you return these answers within seven business days of receiving these questions. Thank you both very much, and thanks for making the trip to Narrabri.

(The witnesses withdrew.)

Mr MICHAEL MURRAY, General Manager, Cotton Australia, sworn and examined

The CHAIR: I welcome our next witness, Mr Michael Murray, the general manager of Cotton Australia. Thank you for appearing before the Committee today to give evidence. Please note that committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the committee staff if you object to having your photo and video taken. Please note that only committee staff and media organisations are allowed to take photos and videos. If you'd like a copy of these photos, please contact the committee staff during the break. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

MICHAEL MURRAY: I have.

The CHAIR: Do you have any questions about this information?

MICHAEL MURRAY: No.

The CHAIR: Would you like to make a short opening statement before we begin the questions? In the interest of time, I ask that you try and limit that to 90 seconds.

MICHAEL MURRAY: If you can give me a nod when I get around 90 seconds, otherwise I might be away at a run.

The CHAIR: I'll give you a wave.

MICHAEL MURRAY: The Australian cotton industry spreads from the border of New South Wales and Victoria right up through the central highlands and the emerging industry across northern Australia. In terms of today, the vast majority of our industry is in the Murray-Darling Basin. All of the New South Wales segment, which normally accounts for about 66 per cent of our crop, is within the whole Murray-Darling Basin—both in the south and in the north. I'm very mindful that I represent irrigators, largely, and also dryland cotton growers that use water right across the basin. There are lots of issues with the Basin Plan.

Right here and right now, the biggest threat to water management in New South Wales is the approach of the New South Wales Government. If there is one good thing about the Basin Plan, it recognised that if water was to be acquired, it should be acquired through market-based forces. It recognised the property right of water. Therefore, water is either being directly purchased through buybacks—and there is plenty of concerns about buybacks. We know that they impact upon communities and there should be alternatives. But if water acquisition has to occur, it is a far better way than the rules-based changes that we're seeing in New South Wales.

Our preference, wherever possible, is for acquisition to occur with investment in efficiencies. I would like to touch on the previous speaker, Mr Bucknell, who said that people will make efficiency savings. If an individual irrigator individually—as they do—decides to make efficiency savings, they will keep those savings. However, a significant amount of water recovered has been with government funding, where those savings have been shared, and a significant amount of the 320 GLs that has been recovered in the northern basin has come from those on-farm efficiencies. It's still the minority of them; most of it was done by purchases.

What we're seeing in New South Wales is the Government wanting to go above and beyond the Basin Plan, for reasons that aren't particularly clear. But as a starting point—and we need to step back—the basics of water literacy is that in New South Wales, and indeed in most States, water is completely allocated. I use the word "allocation" in the general sense. It's been allocated either to extractive users—be it town water suppliers, irrigators, stock and domestic—or it is for the environment. If you want to rebalance, there are two general ways you could do that. You can change the rules or you can use the market. Our very strong preference in today's world, where property rights have been established, is that it should be done to the market.

To put it in terms that the average person should be able to relate to, if government came along and said, "Hey, you've got your 600-metre housing block. We're going to change the rules here and we're going to slice off 3 per cent. Don't worry, it's only 3 per cent. Oh, and by the way, in 10 years time, we might come back and slice off 5 per cent. And, look, there may or may not be any compensation." That's what's happening with rules-based changes. We're seeing some classic examples at the moment. You've seen that in Wagga they've got a PFAS issue. Interestingly enough, that's a hot topic in the news here in Narrabri today as well. In my mind, the logical thing for the New South Wales Government to say is, "Hey, it appears this PFAS issue has started through the use of the foam on the Defence Force base. Commonwealth Government, this is your problem. If you need another 14,000 megs, you need to step into the market and buy it." Instead, the New South Wales Government has fallen

over and created a special purpose access licence of 14,000 megs. That has taken off a percentage, albeit a very small percentage, of every Murrumbidgee general security water holder with absolutely no compensation.

We're seeing that with the issuing of the 10 meg Aboriginal water entitlements. Again, that water has to come from somewhere. We're seeing it, potentially, with the connectivity review that the New South Wales Government has just put out a bit of a discussion paper on. They haven't come to any firm policy positions, but if some of the recommendations from the independent review were implemented, it would literally be percentages in the order of 10 or more per cent impact on people's reliability. I'll leave it there, Mr Chair.

The CHAIR: If you've got something written, perhaps we can take a copy of that off you.

MICHAEL MURRAY: I do have something written. I also have a couple of graphs that I would like to share with the Committee. Is it possible to do that?

The CHAIR: Yes. We could take those from you and we'll distribute them.

MICHAEL MURRAY: If they could be handed out now, it may prompt a couple of questions. Also, I would be more than happy to respond to some of the statements that the previous witnesses gave, if that is appropriate.

The CHAIR: It's probably not so much the focus. We're here to gather evidence from you. You'd appreciate that throughout the course of the inquiry, we speak to people with all different views, and we hear evidence from people with vastly different views as well.

MICHAEL MURRAY: I appreciate that.

The CHAIR: It's up to us as a Committee to filter through that, and through the submissions and through the research the secretariat does, to filter out what is definite truth and what might not be. That's what we've got to do.

MICHAEL MURRAY: Very good.

The CHAIR: I appreciate the offer, though. Thank you for your opening statement and for the material you've distributed. Mr Murray, we will now move to questions from the Committee. Before we begin the questions, I wish to inform you that you may wish to take a question on notice and provide the Committee with your answer in writing. It is quite okay to do that. I am going to ask you the first question. It's a pretty specific one. We are going to get straight into something that I'm sure you know a fair bit about. In your submission you note that floodplain harvesting is a misunderstood form of take. That is submission 85, page 9. Can you elaborate on how floodplain harvesting is misunderstood please?

MICHAEL MURRAY: Yes, floodplain harvesting appears to be demonised as if there is something special about that. But, if we had no dams anywhere, all take would be floodplain harvesting take. Simply, what has happened in the northern part of the Basin more so than the south was that in the south there was a lot of development post-World War I—well, it actually started pre-World War I with Burrinjuck Dam and then post-World War II with the Snowy Mountains Scheme and the like. That captured a relatively high percentage of total valley flows. In the order of something like 50-plus per cent of total flows in the southern basin was captured and re-regulated. In the northern basin, the development came a lot later.

Yes, we've got Keepit Dam and Copeton Dam and Pindari and the like, but the percentage was always a lot lower. There was talk in the '70s of building further dams to lift up the reliability that irrigators have. The decision was saved for a whole range of reasons, no doubt cost and demand and all that, for that not to occur. But irrigators were encouraged to lift that percentage by either developing what was at the time called off allocation and floodplain harvesting or just straight floodplain harvesting. That has been a practice that has been going on for a long time.

But the important thing is that total valley extractions across the north peaked probably in the Gwydir valley at around about 30 per cent and in most valleys is way down in either the low 20s to mid-20s. Total take, wherever it comes from, is certainly relatively moderate compared to other areas. I'm not getting into a north-south debate, because I represent irrigators across the State, but that's the background of the situation. The other thing is that the previous speakers mentioned their concerns about the licensing of floodplain harvesting to increase take. The process of floodplain harvesting licence was very long and convoluted. It started at least in 2005 and even now is not entirely bedded down. But the licensing that has been issued is around about 30 per cent less than what was the historical take.

So there is no doubt that the amount of take with the licensing will actually reduce. That is just a simple fact. I think there is a lot of misunderstanding about floodplain harvesting. There is a fair hint in the word "flood". It only happens during floods. We got all sorts of blame during the tinderbox drought for things were happening

downstream because of the awful impacts of floodplain harvesting. There was simply zero floodplain harvesting during the tinderbox drought. There was so close to zero supplementary or unregulated access during the tinderbox drought. There was zero general security allocations during the tinderbox drought. How the dreadful cotton industry and other irrigators had caused such damage is beyond me.

Mr JUSTIN CLANCY: I would be really interested in going back to the issue around rural space changes and, as you mentioned, the connectivity review. The discussion paper is out in that regard. It is early stages, but have you got some initial impressions? What is industry telling you? In terms of engagement with government and consultation, what does that look like so far and what do you need to see moving forward in that regard?

MICHAEL MURRAY: Certainly the consultation with the independent panel was very limited. We did meet, I think, in this very room on one occasion. With the government, they, to their credit, have been taking things slowly and obviously doing a lot more work. They just recently released a whole heap of documents which, I've got to be honest, I don't have my head completely around. But they seem to be acting reasonably. But some of the numbers are scary. I think we are looking at, potentially, if the recommendations were adopted, a 25-plus per cent impact on reliability in the border rivers. But my fundamental concern is that—there are a number of them. One is that water management, for better or for worse, has largely been taken over by the Murray-Darling Basin Plan and has become a Commonwealth issue. Quite frankly, from a New South Wales point of view, even if they had concerns that they wanted addressed around connectivity, why would they not pass that on to the Commonwealth as part of the review of the Basin Plan? To me, that would be a much more sensible thing to do.

The other crucial thing is, as I understand it—and we had this confirmation from the independent panel—they have not taken into account the impact of all of the additional water that has been acquired under the Basin Plan. We have had 10 years of acquiring, across the northern Basin, something like 320 GLs of extra water going into the system, yet the modelling does not take that into account on the excuse that, "We can't determine how the Commonwealth chooses to use their water." They're the environmental water holder. Surely they're going to be using it for environmental outcomes. The system is very flawed. At the end of the day—and I recognise it is up to government—everyone can have their range of opinions to try to determine how much water should be made available for extractive use, including irrigation, and how much needs to remain in the environment. But should they choose that that needs to be rebalanced, that should be done through the market and not through rules-based changes that just keep chipping away at someone's reliability.

People need to understand that, while licences way back may have been issued for free, we have had a water market operating now for over 25 years across the basin. Water is not free. Despite the previous witness, today, if I want to purchase general security water in the Murrumbidgee valley to grow an extra hectare of crop, I've got to pay $265 for that. It's booked in. If I want to increase my level of entitlement down the Murrumbidgee valley, I'm going to pay $2,700 a megalitre for general security entitlement. If I want to do it in the Gwydir valley—and our next speakers will be able to answer it exactly—I'm probably looking at paying $6,000 or $7,000 a megalitre to purchase that. There is a water market. It's not a free good. That subsidy that the previous speaker spoke about simply does not exist.

Mr JUSTIN CLANCY: To your point, Mr Murray, as you said, with the State looking at rules-based changes, whilst you've got the Commonwealth with the Basin Plan, any rules-based changes would, ultimately, potentially increase the return of water to environment. It would be fair to say, if that is to occur, that should be taken into account when it comes to the number of buybacks that are required or the amount of water still to be returned.

MICHAEL MURRAY: It should be. I guess we've got the current Basin Plan and we're in the process of the review for the new Basin Plan. This is not just the irrigation sector talking; this is listening and seeing the sustainable rivers audit report released by the Murray-Darling Basin Authority, their insight paper and others. There seems to be, across most sectors, a realisation that simply adding more water is not the answer to the problem. The Commonwealth Environmental Water Holder, by the way, holds something like 18 per cent of all irrigation entitlements across the basin. One of those graphs that I sent around, the pie graph, shows that, in total, 72 per cent of all water is a mixture of what they call planned environmental water and adaptive environmental water. The adaptive is the water that's been acquired and the planned is the water that is in the existing water sharing plans. That is 72 per cent and extractive use is 28 per cent. There is a lot of misinformation about how much water is extracted.

Anyhow, to its credit, the Authority seems to recognise that the Commonwealth water holder has probably got as much water as they need, and the concentration needs to be on much more holistic management—things such as what we'd refer to as complementary measures. That is dealing with cold water pollution out of the dams, improving fishways, improving riparian zones and, where appropriate, purchasing wetland properties and excluding livestock from them. If you haven't had the opportunity to visit the property called Burrima out in the

Chairman's electorate, that is a fantastic example where a property was purchased something like 15 years ago right on the edge of the Macquarie Marshes. They've excluded the livestock from that. They've done feral animal control. Apart from that, it's been given no more and no less environmental water. It just flows into the marshes, and it is absolutely spectacular.

Some people wear their heart on their sleeve. Mr Bucknell was wearing it on the back of his shirt, where he had a logo saying, "Fat ducks equal fat cattle," and that's what they're getting out of the marshes. That's fine. If I owned land in the marshes, that's exactly what I would be doing. But if you really want to see environmental improvements, go in, purchase those properties when they become available, exclude the livestock and you'll see an absolute revitalisation of those areas. That's not just in the Macquarie Marshes; that's in other areas where there are significant wetlands that may be in private hands. Recognise their property right and purchase those as well.

Mr STEPHEN BALI: Briefly, from the cotton industry's perspective, obviously down south you guys are the evil ones, taking everything out the system and not leaving enough. I'm more interested in looking at what you see, especially in this northern end, as the potential growth of the cotton industry. Do you see it expanding? How much more water do you need, and what measures do you see, over the next five to 10 years, of water reduction per hectare? How are you seeing that into the future?

MICHAEL MURRAY: Firstly, again, it goes back to really understanding how water works and management in New South Wales. There is literally no water that's allocated to cotton or almonds or walnuts or whatever. They're issued to the entitlement holder, who then chooses how they use it. They can either use it on their own properties or sell it. One of the points that the previous speaker made was saying that people are holding entitlements, selling them off to someone and nobody is getting a return. At some point, that water is being used. Nobody's buying temporary water to store it somewhere and not use it. Someone is using it. It may not be the person who owned it originally, but someone is using it. That return is happening.

In terms of whether there is room for expansion in the cotton industry in the basin, in my lifetime, probably no. With the Government having spent literally billions on the Murray-Darling Basin Plan and very tight rules to prevent any growth in extractions, there is very limited opportunity to expand the footprint. It is true: We will do all we possibly can to improve our efficiencies. Since 1997 we have halved the amount of water to grow a bale of cotton. A unit of water used to produce one bale; it's now producing two bales. Those efficiency gains are getting harder and harder, but we will continue to strive to improve our water use.

If we do make savings, that may see slight increases in our average areas. But the reality is that under the Basin Plan, in the northern Basin that's 320 GLs less water. In very rough terms, that's 320,000 fewer bales of cotton being produced across the northern basin, including the Queensland component. At $600 a bale, I think that's taking out something like $180 million or $200 million of revenue in these communities. The impacts are very real. I honestly don't think that there's an opportunity for us to grow. I caught the tail end of Narrabri Council. In many ways I'd like to see that grand vision of bringing some of those northern valley flows over. Living in the Northern Rivers of New South Wales, sometimes I wish it would stop raining. But I don't think I'm going to see that in my lifetime.

Mr WARREN KIRBY: Can I follow up on that? You've halved the amount of water per bale over the last 28 years. How much of that water has gone back into the system for environmental flow? Do you know?

MICHAEL MURRAY: Well, 320 GLs has been purchased as part of the Basin Plan. Let's be really clear how this works: If I fund on my cotton farm—which I don't have—efficiency savings, I am going to retain all those efficiency savings. If I participated in the Commonwealth-funded, New South Wales Government-run sustainable basins program as part of the Basin Plan—and let's say I invested in works and we saved, on average, 100 megalitres a year—50 megalitres of that was returned to the government and I was able to keep 50 megalitres. It depends who's funding as to whether it returns. That's referring to the Basin Plan.

But if we look at the last 25 to 30 years—I'm going to use the Gwydir valley example, because I lived in the Gwydir valley for a number of years. But in about 1995 the first environment contingency allowance was created, and irrigators lost 5 per cent of their reliability, simply by the 25,000-megalitre reserve being created. So that was 25,000 megalitres that was returned to the environment, taken away from extractive uses—zero compensation. In 2004, the first round of the water sharing plans, a further 20,000 megs or 4 per cent was created and added to that reserve, making it 45,000. So that water was returned to the environment. When you look at those first-round water sharing plans, almost universally the rules that were implemented varied from valley to valley. But, basically, people's general security reliability was impacted by between 5 and 7 per cent. To answer your question, all of that was returned to the environment. But if we're talking about—"Here on my farm, I'm doing these efficiency measures, and I'm paying for them. I'm going to retain those." If it is in partnership with Government, there's going to be some sort of sharing arrangement for it.

Mr WARREN KIRBY: You keep going back to the water rights with land and that they're inextricably linked to one another. Question out of ignorance: Is that legislated, that the two are together? Or is that an interpretation because of the—

MICHAEL MURRAY: Might be a little bit of misunderstanding there. They used to be intimately linked. I had a farm, and I had a water licence that was linked to that farm. This is going back 20, 25, 30 years. In fact, it's been a bit of a gradual change and probably varied in different parts of the catchment at different times. Over time, that has been now separated. As an investor, I can hold a water licence in the Gwydir valley and not own a property in the Gwydir valley. They have been separated. That has enabled the market. One of the common catchcries is that water should move to the highest value use. There is no one, single highest value use. That, obviously, depends on the other resources that you or other people have. Can I grow these crops? Is it climatically suitable? Is it an annual crop, or a permanent crop?—whatever. People will make decisions to say, "Okay. We will direct that water to that use." That has created the market that the previous speaker was semi-referring to. That's out there now.

People are making decisions, based on the true cost of water, as to where that water should be applied. As we speak—I've been just following it a little bit lately. Down in the Murrumbidgee valley, water allocations are relatively low for this time of year. The water price is sitting at about $262, $265 a megalitre. Rice farmers and cotton farmers in particular are looking at that and saying, "Should I buy more water at $265 a megalitre to plant an extra hectare or two? Or will I not get a return?" At the moment, that market has been, sort of, steady at that $265. So that's probably about the mark where people are saying, "Yes, can't pay any more. Can probably pay up to that for it."

Mr JUSTIN CLANCY: With the current planning, we've got, obviously, the 450 and the 605. So we've got about 1,055 of water still to achieve. And, obviously, the SDLAM projects and that will constitute part of that. But I was looking at your comments there, obviously, around the on-farm efficiencies and, particularly, as you said, the government-sponsored or -supported programs, where there's a level of return. Is your sense—is there an appetite or a scope for producers in this area that would have an appetite to contribute further in that regard?

MICHAEL MURRAY: I think there is an appetite for on-farm irrigation efficiency projects. But it's not an overwhelming appetite. People will look back at, say, the last 10 years. If I was an early adopter, say, in the Murrumbidgee, on an efficiency program back in, say, 2012, I probably had my water entitlement valued at $700 a meg. Today it's about $2,700 a meg. So if I look back and say, "I actually did an efficiency program, handed over a hundred megs worth $700 a meg back then"—I probably would've been better off funding that efficiency myself and maintaining it. But people might say, at $2,700 a meg, if everything's proportional, it's a good deal. So there would be some interest there.

I think the real question is whether we need to actually acquire any more water, and you touched on the SDLAM projects, and that is a scary part for New South Wales. At the moment, it looks like, with the SDLAM project reconciliation that occurs at the end of next year, we could be about 300 GLs short. That gives the Federal Government the green light to step back in the market and purchase 300 GLs.

I would like to refer you to the bar graph that I distributed there. What that shows is we are consistently, across the basin, extracting less water than what is allowed under the Basin Plan. We are already outperforming the Basin Plan. Now, if our usage was to grow—and there's nothing to legally stop people using more of that water—that line could narrow. But, at the moment, we are consistently, year after year, under that. That gives the Federal Government a particular opportunity to extend that SDLAM time frame. Instead of the 2027 completion date, we could go out to 2035. It should be in everyone's best interests. If we want to tick off that element of the Basin Plan, let's extend those SDLAM projects, open up to new projects and be absolutely committed to achieving the full 605. I think that's something that New South Wales in particular needs to really strongly get behind and convince the Federal Government on that extension.

Mr JUSTIN CLANCY: Thank you for your comments, there. A consistent theme throughout has been around the quality of the water and some of the improvements, and you've touched on those in terms of cold water, and we've heard previous witnesses around carp. I raised the same question with the mayor before around the Central Darling—still an element of connectivity there, raised as a concern. How do you respond to that remaining as a level of issue there, for those communities in that regard?

MICHAEL MURRAY: I think it's absolutely crucial that the New South Wales Government underpins town water and community water supplies. The tinderbox drought showed just how inadequate that was, and that was inadequate on the Darling. It was inadequate at Tenterfield and it was inadequate at Uralla, places that have no degree of extraction or Basin Plan impacts. So that is what needs to be done for them. The other thing is that I suggest everyone in water management read the old riverboat captain stories of going up the Darling and getting stuck for years, and having to drag their boats over mudflats.

The Darling—this whole northern Basin—is an ephemeral system. It has never, ever been an alwaysflowing system. Now, there is no doubt that if you extract water out, you've got to have some sort of impact, so as irrigators we do have an impact but, as I said earlier, our impact is, on average—less than 25 per cent of flows in the northern basin are extracted. But I also recognise from a political reality and being mindful of our fellow human beings, we have to underpin town water supplies. I don't know how much money the New South Wales Government has spent on their regional water assessments over the last three or four years, but a lot of wheels were spun looking at all sorts of things, whereas, if the focus had been on underpinning town and village water supplies, we could have actually seen a few things done.

The CHAIR: Just a quick one for you—and this is something that occupies my mind a little bit. In your opinion, or if you know factually it would be good to know, how much water has been recovered through things like floodplain harvesting regulation, the Barwon-Darling water sharing plan rule changes, which included first flush rules, IDECs or IDELs, and the active management, and things like the low water trigger at Menindee, which is for now, for 195, active as it relates to floodplain harvesting?

MICHAEL MURRAY: I would love to give you a definitive answer on that.

The CHAIR: I would love you to give me one.

MICHAEL MURRAY: I would love the department to be able to give a definitive answer. We have actually engaged an ex-WaterNSW employee. We want to work our way through the northern valleys, and we thought probably the best documented is the Gwydir valley. He has been having a devil of a job to be able to answer that specifically. What we know for sure is each time you change these rules and reduce access, you're having an impact, and there are those people that seem to deny that, saying, "There's no compensable effect, because we're just changing this or changing that." The purpose of the changes, from their point of view, is to reduce the take, and that is having an impact. It may be a great recommendation, if I could be so bold, for this Committee to task someone to provide that very answer.

The CHAIR: I don't know. I'm not an expert in water by a long shot, but I would think that the quantum of water would be in the hundreds of gigalitres.

MICHAEL MURRAY: Absolutely. We know the Basin Plan itself is 320,000 extra megalitres flowing into the system. But, as I pointed out, the creation of the ECA in the Gwydir valley—that had a cumulative effect of 9 per cent. We've seen similar—the environmental reserves in the Macquarie Valley. You'll hear shortly about the 90-10 rule here. Every valley has different rules but they have all contributed to putting much, much water back. Again, if I can refer to the other graph there, it'll show that irrigation diversions—they bounce up and down in light of seasonal conditions, but they have been heading one way now for decades and that is part of this reform. As I said earlier, I accept that the Government has the right to set how much water is used or extracted but just realise that today we have created a property right. People have invested in water. That should be respected and rules-based changes, out of a hierarchy of any way to make changes, are definitely at the bottom and should not even be considered.

The CHAIR: Mr Murray, thank you for appearing before the Committee today. You will be provided a copy of the transcript of today's proceedings for corrections. Committee staff will also email any questions taken on notice from today—I don't think there were any—and any supplementary questions from the Committee. We kindly ask that you return these answers within seven business days of receiving those questions. The Committee will now take a short break.

(The witness withdrew.)

(Short adjournment.)

Mr MICK COFFEY, Executive Officer, Namoi Water, affirmed and examined

The CHAIR: I welcome our next witness. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos or videos taken. Please also note that only Committee staff and media organisations are allowed to take photos. If you would like a copy of these photos, please contact the Committee staff during the break. Mr Coffey, can you please confirm you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

MICK COFFEY: I have.

The CHAIR: Do you have any questions about this information?

MICK COFFEY: No.

The CHAIR: Would you like to make a short opening statement before we begin the questions? In the interest of time, I ask that you try to limit that to about 90 seconds.

MICK COFFEY: I'll do my best, Mr Chair. I did have this one from the website that said five minutes, so I've dropped a bit out. You can see my scribbles. I'll do my best for you. My name is Mick Coffey and I'm the executive officer of Namoi Water. We are an independent, apolitical, not-for-profit organisation. We represent more than 80 per cent of water licence holders along with councils, businesses and others that rely on water access across the Namoi catchment. From Woolbrook in the east, Blackville in the south, Walgett in the west and Barraba to the north, our membership stretches from the steep tablelands to the flood plains, family farms, small and medium businesses, local governments and industries, and the towns whose survival depends on fair, secure and sustainable access to water. We advocate for policy grounded in science, transparency and fairness, and that balances environmental health, agricultural productivity and community wellbeing.

Before joining Namoi Water, I was a farmer. A working life in agriculture began in 1996 at Woolbrook, which sits right at the very top of the Namoi catchment, and has taken me through to now, living in Narrabri on the lower Namoi flood plain. I know firsthand how central water efficiency is to survival on a farm. I've lived through droughts and floods, of which no two are alike—I can assure you all of that—and seen exactly where water does and doesn't flow with my own eyes. There are things you learn from living here that no model will ever see. The sting for us is when that ground truth and experience isn't just overlooked but dismissed outright by people sitting behind desks in Sydney or Canberra.

Most of the water users we represent are family farmers, small and medium operations doing their best to keep up while government keeps continually moving the goalposts. Every drop of licensed water that can't be used productively across our catchment ripples through our economies. When the farmer takes a hit, so does the butcher, the baker and the candlestick maker all along the length of our main streets. The social and economic impacts of water availability are not abstract statistics. They're the empty shopfronts, the closed schools and the sporting clubs hanging on by a thread. Go and ask the people in Collarenebri what buybacks did there, then drive back to Wee Waa just to the west and take a walk down Rose Street and ask how they'll get on if there's less water to work with moving forward into our future.

Earlier this week I sent through links to the Committee of the Saving Wee Waa videos. I hope you've watched them. They're only a few minutes long and were made back in 2016 for the Northern Basin Review, but the story hasn't changed at all. Those videos show exactly what water reform looks like when it lands in real communities on real families. Namoi Water's submission and my evidence today will attempt to follow the terms of reference before you. However, Namoi Water acknowledges that this inquiry pertains to a Commonwealth legislative instrument but is being undertaken by the New South Wales Legislative Assembly. It must be stated candidly that Namoi Water holds grave concerns that the scope, scale and trajectory of current New South Wales water reforms present a more immediate and significant threat to irrigation viability and regional community sustainability than the implementation of the Water Amendment (Restoring Our Rivers) Act 2023 itself.

Across both State and Federal governments sits one simple truth: Every rule change, be it Federal or State, has real-world consequences for regional people, businesses and the environment we live in. It's important that no-one's time is wasted here this afternoon. You've all read our submission and you've seen what the water reform means in the videos, so I won't try to repeat everything on those pages. I will focus on two very clear examples that show exactly how rules-based changes hurt communities—changes that took water reliability away without compensation and without any justification. These two examples tell the story of the Namoi better than any chart

or model ever could. They are the Namoi 90-10 supplementary flow sharing rule and the Menindee Lakes 250-gigalitre trigger change.

The 90-10 rule was first introduced in 2004, long before the Basin Plan. It states that from 1 July to 31 October each year, 90 per cent of the supplementary flows in the Namoi River is kept for the environment, and 10 per cent of the flow can be used to grow crops by farmers. From November onwards, it shifts to a 50-50 split between environment and farmers, as it does in all other catchments. No other regulated valley in New South Wales has this restriction. The Namoi stands alone in bearing this rule change. A [audio malfunction] trial by the New South Wales State Government between 2015 and 2019 tested what would happen if we went back to a 50-50 sharing year-round arrangement. The independent ecology management review found that the difference between 90-10 and 50-50 was less than 0.2 per cent in long-term river flows. In other words, there's no measurable environmental ecological gain at all.

During one of the seasons throughout the trial, the 2016-17 water year, around 75 gigalitres was accessed by farmers in the Lower Namoi. That water generated up to $200 million in regional activity and sustained over 100 local jobs. It kept Wee Waa ticking over for another year, when otherwise drought would've been the reality for that community. Despite the science and despite the trial results, the New South Wales Government in 2019 reinstated the 90-10. There was no new evidence, just a policy decision that cost this valley and our communities both confidence and income. That's not reform; that's a mistake on repeat. The people paying for it are the ones who live here.

The second example is the Menindee Lakes trigger change. Originally, the Namoi regulated water sharing plan stated that floodplain harvesting could only occur when the Menindee Lakes held more than 195 GL, which Mr Chair confirmed earlier—thank you. Without consultation in the Namoi, that threshold was lifted to 250 gigalitres, not because of the Basin Plan but because the regulator at Lake Pamamaroo, 600 kilometres away from here, needed structural repairs. That infrastructure fall is now operating as a permanent policy penalty for a valley that had nothing to do with it whatsoever. The department informed us openly that they intend to include that higher trigger in all the water sharing plans across the northern Basin. If a higher trigger is needed temporarily to protect those works, it should've been set down for discussion as a possibility of an operational order, not a law. Don't use a maintenance problem to punish entire regions upstream. Under national water policy, governments—not licence holders—are meant to carry the cost of reliability loss caused by policy decisions. That principle has been ignored.

Mr Chair, these are two clear, evidence-based examples of rule changes here in the Namoi—just one valley in the northern Basin—that have caused undeniable harm socially, economically and environmentally. Nobody has been compensated. They might look like technical adjustments on paper, but on the ground the reality is they mean fewer crops, fewer jobs and less confidence in governments and departments. We can't keep making the same mistakes in keeping the reform. These rules must be understood for what they are: bad policy that punishes good communities. They need rescinding and most certainly don't need repeating anywhere else across the Murray-Darling Basin. Thank you, Mr Chair. I table this statement for the inquiry.

The CHAIR: Thank you. We will now move to questions from the Committee. Before we begin the questions, I inform you that you may wish to take a question on notice and provide the Committee with an answer in writing. I will ask the first question about something we haven't really touched on today. We've touched on the impacts but not some of the answers. In your submission you note that community adjustment programs have not adequately addressed the impact of buybacks. Can you provide examples of specific programs, and in what ways are those programs falling short?

MICK COFFEY: Good question.

The CHAIR: You can take it on notice, if you want to go away and think about it.

MICK COFFEY: I might take it on notice, simply because my time of employment was before that—with Namoi Water—but I can certainly speak a lot to how we might see them moving forward as far as if and when the conversation turns back to compensation around any rulesbased impacts. As mentioned, we've been dealing with that for 21 years with the 90-10 across the valley.

Mr JUSTIN CLANCY: Thanks, Mr Coffey, for your introductory statement. One thing in your submission I'd love to get a bit more clarity around or a bit more understanding from you was around the definition of planned environmental water. You said that between the Commonwealth and State, there is a difference there and that has impacts in itself. For the benefit of the Committee, if you could help by walking us through that a little bit further, please.

MICK COFFEY: Give me a second and I will skip to the page. I think it was Michael Murray earlier who touched on it.

Mr JUSTIN CLANCY: It's page 7, I think. Submission 45, page 7.

MICK COFFEY: Michael Murray referred to a bit of a discrepancy in the definitions between Commonwealth and State. With pure cross-border resource plans—we're still waiting for our water resource plan in the Namoi, along with the Gwydir.

Mr JUSTIN CLANCY: It's a bit further down the page, sorry.

MICK COFFEY: The question was about inconsistent interpretation.

Mr JUSTIN CLANCY: Basically, it will help me to get a better understanding of what the implications of that are.

MICK COFFEY: I will just refresh. I've never done one of these so I'm a bit nervous.

The CHAIR: That's all right. Take your time. You've got plenty of time in front of you.

MICK COFFEY: I think, without trying to be overtechnical and confuse the Committee, or myself, looking back here, one of the key issues as communities and industry is that we always try to adapt and evolve, which has been alluded to today. That also comes into what we're looking at as far as allocations, reliability et cetera, as to what component of a flow down the river can be allocated to where. We've seen confusion as to people's level of understanding as to how much water flowing down the Namoi in a day is allocated to the environment, is allocated to Narrabri Shire Council, might be available for the irrigation industry to take—that kind of thing—and how it can be utilised as cultural flow water has been brought into that conversation as well, and bodies of water having multiple uses, or not. I am probably not articulating it very well, I'm sorry, but the complexity is probably in the answer. It's hard to explain.

The CHAIR: It's a is fair comment because in different water sharing plans, environmental water, some of it's returned to the consumptive pool at the end of its journey. With others, it remains environmental water for the whole time it's in the river. It's a fair comment that the definition can be confusing because, in the Barwon-Darling, it's a different definition.

MICK COFFEY: That's right. Then again, to keep flowing down the system into Menindee, then you're into that complexity of State-based management to a point back to the Commonwealth et cetera.

The CHAIR: Yes, 640, 480.

MICK COFFEY: And what that water had been here—so right into the Namoi—is different into the Barwon and is different again into the Menindee, and there's confusion around how that works in valley, northern basin, Menindee et cetera.

Mr JUSTIN CLANCY: To that point, it's not even State and Commonwealth. It may be between different water sharing plans, different valleys, that will have different definitions of those environmental waters.

MICK COFFEY: Potentially. And it's part of the issue with not having accredited water resource plans either. In the Namoi or the Gwydir, there isn't a defined water resource plan. What does it mean in the Namoi? I can't reference a water resource plan to tell you, because we don't have one.

Mr JUSTIN CLANCY: That's okay. Going on with that, do you have an understanding of where the water resource plan for Namoi is up to in that regard?

MICK COFFEY: No, not specifically.

Mr JUSTIN CLANCY: So you haven't been given an understanding of how much longer in terms—

MICK COFFEY: We've seen various iterations of it. It's currently not accredited. If you replaced a few words in there with "industry" and removed others, we would have the same concerns and feedback. But it's time to either have those addressed properly and move on and get that resource plan done or get left behind.

Mr JUSTIN CLANCY: You've got a water sharing plan for the valley but not a water resource plan.

MICK COFFEY: We have a water sharing plan for the regulated valley that's due to expire at the end of this current water year. We've got a lapsed unregulated water sharing plan that's still floating around in whatever space that is in the halls of power.

Mr JUSTIN CLANCY: Thank you for the two powerful examples you've given. Obviously, part of the discussions today have been around the connectivity review and what that might mean for future rules-based changes. Do you have some early considerations in terms of the discussion paper on the connectivity review and what that might mean in terms of further rules changes?

MICK COFFEY: Yes, I do. Again, it was referenced earlier, and I'm sure it will be again. I'm fortunate—or unfortunate—to be bookended by the A-team, with Cotton Australia and Gwydir valley either side of me. After the initial rollout of that connectivity report 12 months ago, or whenever it was, we again met here. There was no decent modelling, particularly around the socio-economics. One of the most significant reasons there are no regulated floodplain harvesting licences in the Namoi yet is that the model to generate those entitlements is poor. It's not yet fit for purpose. The assumptions and the inputs are continually found to be wrong. From a Namoi Water perspective, and as part of the northern Basin, I really struggle to accept any of those outcomes from the model, given that the one from here is—essentially, we're sitting here with a lot of farmers, the way the regulations now sit, who are on a cutback because they can't pump that water because it's a recognised form of take but they don't have a licence. So less water is available to farmers in the Namoi. To go back to the socio-economics—wasn't there.

To run off on a bit of a tangent, I got a an email late last week or early this week saying that the department are doing a consultation on basically consultation overload. There is too much going on for the department and too much going on for us, so I haven't had the time to read what's come out in the last week on the connectivity stuff in detail to give you a proper answer. But based on the bits and pieces I have read and from talking to others around methodologies et cetera, there is a really heightened sense of alarm there. It's still nowhere near anything that we would be interested in—sorry, that's the wrong way to put it. It's still nowhere near anything that we would be coming to terms with at the current time. We certainly need to sit down and talk a lot more.

I reference not just myself. I don't proclaim to be the expert on the Namoi. But the local knowledge and actual water take—Michael Murray spoke about the SDLs et cetera—as opposed to what a model and the pie in the sky stuff can spit out, it's only as good as what you put in. The reality is, with actual pumped data, we're nowhere near breaching anything. The key fact that seems to get forgotten about a lot of the time is that the northern Basin is an ephemeral system. It's meant to dry up. We don't have massive ranges covered in snow where snowmelt can fill our dams up to give us that reliability. The paddle steamer reference and all those things—the rivers are meant to stop flowing here occasionally. We were just really smart a few generations back and figured out how to build dams and regulate them to build communities along the river. To then turn around and basically reverse-engineer investment—you read stories in the paper, like one on the weekend that said that 40 per cent of populations are going to live regionally by 2032, or whatever it is. They're not going to come here if there is no water and people aren't keeping the communities going. I don't mean to be alarmist about Wee Waa. I think that's realistic. If the irrigation industry is decimated, Wee Waa is Collarenebri, and I'm not being an alarmist. That is what will happen. You go out there and talk to them. Reliability is key and knowing any of those SDLs, which is a key component of the Basin Plan. Rules-based recovery as part of connectivity is just a hard no. It's an overreach and it's really going to hurt people.

Mr JUSTIN CLANCY: And a lot of that farm infrastructure that is being invested in over decades would be stranded asset as well.

MICK COFFEY: Yes, 100 per cent. Someone said to me earlier—it was a great comment—that we've got the land here. It's developed. It was encouraged actively by governments of all persuasions—State, Federal and our local council. All levels of government have encouraged that over time. With various water reform over previous decades, we are already at a point where there is more dirt than there is water. It's water that makes decisions for farmers. It's not how much dirt you've got. There is a balance there. It's, "What people do I have available to me this season? What state are my fields in? Do I have machinery that is working? How much water do I have?" It's not about how many acres am I going to grow. It's, "What can I grow with the megalitres available to me?" Michael referenced it well. Cotton gets demonised. But it's an asset and it's a property right to a farmer. If I've got 100 megs, I'm going to grow whatever gives me the best return for my water. It's not about an evil group of people deciding to grow cotton and all those other fanciful things that go on. It's the bang for your buck that comes out of your water. If the cotton industry was decimated for whatever reason, we'd pick up the next crop that does the best job per megalitre and away we go. We would still be growing food or fibre with water.

Mr WARREN KIRBY: In your submission you note that the community adjustment programs haven't adequately addressed the impacts of buybacks. In what ways have those community adjustment programs fallen short?

MICK COFFEY: I'll probably take a bit of that on notice. As I said, I've been fortunate to come into this role outside of a drought. The drought broke in 2021. The bulk of those were happening before my time. I can only speak to what I've been told anecdotally after the fact. The common line that gets rolled out is another barbeque in the park or a coat of paint on the local toilets. That doesn't cut it. That doesn't help anybody at Collie or any of the other places water was removed from. How it would look as far as incentives for businesses to transition based on removal of irrigated agriculture or a percentage of, I'm not sure. That's probably a topic for

another day. I just think that the community adjustment stuff probably missed the mark and got lost in the ether behind it and it was just slapped together to tick a box at some point. That is how I've interpreted it from people.

Mr WARREN KIRBY: One of the things you've been struggling to get a handle on is since all the initiatives for improved environmental flows have been in. How effective have they been? Have you got any measure on how much more or less water is going into the river system?

MICK COFFEY: Actual numbers, no. I would have to come back to you on that, I'm sorry. I think the 90-10 is a great example. I ran out of paper in my printer. I've got a copy in my bag, which I'll circulate afterwards. It's an independent ecology report regarding the reason behind the 90-10 sub-flow rule, which is for fish passageway breeding et cetera. The 0.2 margin that they found is all in this ecology report. That is a great example of it was a rulesbased change brought in. I think Mr Clancy referenced science rather than politics earlier in the day. It was brought in based on science, "We think this will happen. Here is our theory. Let's go out to the Namoi and try to prove it." After well over a decade, it was proven to be—I can't remember my exact words, but no measurable environmental gain at all. It was 0.2 when, depending on what report you read, they thought it could have been upwards of 50 to 60 per cent. That's a big number, in anyone's book. So it went nowhere near it.

We then demonstrated that the socio-economic benefits, in a single event, to stave off drought for an extra 12, 18 or 24 months at Wee Waa, to then have it put back in with no real rationale. That's a great example of how it was brought into a valley for the right reasons, for the environment. No-one is disputing that we need to be trying to do what we can there and meet our obligations, by all means. It was brought in and it failed, but we're still paying the penalty for it. So it's very hard to have that bit of faith in the next iteration of whatever the environmental outcomes might be.

Adding additional water to the system—that's a catchcry that you all would have heard. It's not the answer anymore. If you go down just below here, it's a gravelly piece of the river. The river is not running super high. At dark tonight it will turn into a seething mass of carp just rolling over. It's full of carp, the river. The biggest degrader of the river at the moment is that biomass of carp in there. Fix that up and we start fixing a few other problems. It's not going and getting another 100,00 or 50,000 megalitres, whatever it might be, and sticking it in the river. You are just giving them more space to breed in. It's about getting into those complementary measures that we can see tangible outcomes from—riverine bank restoration and that kind of thing. There are good examples of that locally and across the northern Basin that work, but the investment into taking physical water away from a purpose that it is currently providing for to tick a box to say that we've got more water to run out the end of the Namoi isn't the answer.

Mr WARREN KIRBY: If I may just follow up on that. Thank you for bringing up the carp. Noting that there were no measurable environmental positive gains from increasing water flow and pointing out how things like carp are greater issues to resolve for better environmental outcomes, what other measures do you think would be of benefit to the intention to increase environmental outcomes that don't involve limiting water use by producers?

MICK COFFEY: I think there are some really good examples of people before their time that are easily accessible, and I will happily give you a trip. There is one back near Boggabri. You pick up any environmental study about fish ecology, breeding and spawning et cetera in the Namoi, and it will tell you that, around Boggabri, there is a stretch of river that's the most productive for native fish breeding, naturally. Any fisherman will tell you that. The best fish are around Boggabri. There seem to be less carp. It's not a fluke. There are some big holes there, yes, but there is a family out there that, since the '80s, have had the riverbank fenced off, re-establishing grasses on the bank, and trees et cetera. That stretch of river has better shade because cattle aren't treading the little suckers and seedlings that come up after every flood back in those big established trees. It's essentially a corridor of biodiversity.

Ethan Towns was talking about beneficial insects earlier. I've seen a crop of canola be planted next to that, and wild mustard and turnip of the same family. In here, it's covered in mould and disease, and aphids are chewing it to bits. Out here, the canola, in a productive paddock with well cared for dirt under a farming operation with good nutrition—no aphids there. If you've got no aphids that are hurting your crop, guess what? None of the evil pesticides that all of us farmers throw around are being sprayed out into the air. That farmer is off doing something else, growing another crop, shearing a sheep, marking a calf or whatever it might be. But their investment in a little bit of a biodiversity corridor along their farm is helping them economically, obviously with less farm inputs. It is doing wonders for the environment because an artificial, synthetic substance isn't being sprayed anywhere, regardless of its level of schedule, and that bank is breeding the native fish up naturally.

He's my go-to for a farm tour for anyone. He'll happily take you. Everybody is amazed by it, and everybody says, "Why aren't we doing this?" We had Andrew McConville and Sir Angus Houston out there last year. It blew their minds. That's the head of the basin. There are these demonstrable advantages. The same thing—the carp go

hand in hand. Because the native fish stocks are higher, they're eating more of the little dirty carp fingerlings in there. I think we need to be looking into carp herpesvirus a lot more than we are. However, the science of politics comes around that. I realise it's a minefield.

The riverine bank restoration project —that's a no-brainer for me. It doesn't tick the box to get more water anywhere this year or next year, but it's a long-term play. We don't want to be hitting the panic button and trying to solve everything in the next five years, because we're not going to do that. But there's a timeline, with photos—everything out there. Things like that need to move from every person I've ever taken there saying, "This is amazing. We should be doing more," and never seeing them again. The deckchairs shuffle within the department or whatever it is, and you're re-educating a new bunch of people when they come back. It needs to be escalated and recognised.

We were having a conversation earlier about agencies not talking to each other. Fisheries needs to talk to DPI Water planning. DPI Water planning needs to talk to WaterNSW to understand more about turbidity and flows and all these kinds of things, but they just don't. The departments say they don't have resources to do this kind of thing. Guess what? No-one else does either. If Treasury can't fund them, how is private industry ever going to do it? There are some great instances like that that don't get recognised enough up here in the northern basin.

Mr STEPHEN BALI: I've received your information on how to improve the water but, for the immediate situation at the moment that we're working with, there's debate over how water is currently being disproportionately taken from different areas and having different impacts on the river from the north down to the south. How do you see a potential for resolving that, taking on board population, employment et cetera? If we need to reduce the water, how would councils and the state look at where you rationalise services? I haven't seen the report. But with 40 per cent of the population being in the regions, I can't see that happening. How are you going to upgrade every hospital and school and all that stuff? We don't even do enough for Western Sydney, let alone spreading it all over the place? There are lots of financial challenges out there.

With the current water, how do we proportionately or disproportionately—which towns do we pick? How do we allocate the water to the right farming? Do we pick the types of crops or agriculture to allocate water to? At the moment, it's up to individual farmer to say, "I'm out of here. I'm selling my licence." If you get a couple in the one town who sell it, then that town dies because you don't have enough water or you don't have enough farming activity. Therefore, there are not enough people. Employment drops; shops drop. How do we rationalise it so that it actually works in the regions with the water that we have available?

MICK COFFEY: It's a good question. I'd say you don't pick anybody. Winners and losers doesn't work. That strategy—forever—divide and conquer. That tears communities apart. We've already heard about the Tamworth pipeline today, and that's what it's doing within our own valley. We'll leave that for now. I go back to the SDLs that Michael Murray referenced. We're not breaching any diversion limits. We're nowhere near it. We adapt and evolve all the time. If the climate is changing and it's going to be hotter and drier for longer et cetera, we'll adapt and evolve with it, depending on what model or case study you look at as to what the temperature might be in 2050 or what the annual rainfall might be in 2050 and these kinds of things. There's a multitude out there. Pick your worst case scenario down to whatever model you want to run. We'll adapt and evolve in the same way that has been referenced with how the cotton industry has evolved over time. We're smart people in Australia. We're smart farmers. We're smart communities, local governments et cetera. We certainly wouldn't be picking anybody.

The clear thing is that all decision-making around the management of water in New South Wales and Australia—outside of the basin—has to be science. If you ask me, "What is the biggest single frustration or issue for you as the executive officer of a peak industry body?" I would say, "The fact that politics overrules science in a science-based employment space". That's the big one. Rules changes about connectivity, water reforms such as the 450 gigalitres moving to the north—it's meant to be in the south. It was legislated for down there. None of the water that we can contribute to that is going to achieve any of the outcomes that was there for. So again politics, not science, has come for us. And, clearly, the State Government feels like, as part of that, they've got to pull their weight too, and bring in the connectivity, leave the 90-10 in, change our trigger at Menindee, all these kind of things, to try and claw back a bit of water here, there and everywhere. It needs to be the science. If you can come with science, demonstrate, justify to us and consult us properly, use our local knowledge—we're not always going to be right. We won't always agree. But that's how it has to be, moving forward. Otherwise, you are picking winners and losers, and no-one's going to win out of that, long term.

The CHAIR: We've still got some time up our sleeves, so I thought it's probably good—you've talked about Menindee a couple of times. As someone who was heavily involved in the floodplain harvesting reg, the reg would not exist, we would not have a reg, we would not have a push towards licensing and metering and all that sort of thing if there wasn't a compromise in regards to a low-water trigger at Menindee. The original

low-water trigger was 195, and 195 in Menindee is, basically, dead. You can't get it out. The whole purpose of that was to have water to pulse down the lower Darling. But 195 you can't get out. That's why it went from 195 total to 195 active, because otherwise the reg would have been disallowed again, and then it would have just been ongoing without regulation, after 20 years of no regulation.

I appreciate that not everyone is stoked about that, but the reality was, if we didn't do that, if we didn't put in the hardwired reviews—I think it's a two- and a five-year hardwired review, and there's also valley flow targets that are also subject to review. No-one's saying that we got all of those targets right. But, if we didn't have targets, we wouldn't have a floodplain harvesting reg, and the risk was then that floodplain harvesting, because the people who were against it, basically, wanted to kill it—there was a risk that you would never have floodplain harvesting again. That's the background to that 195. But it is still subject to two hardwired reviews if it needs to change.

MICK COFFEY: My response to that would be I recognise that with the disallowances and all the rest historically.

The CHAIR: Four disallowances.

MICK COFFEY: But, as a reference, we've had it moved to 250 GL in November last year. The department have stated that industry agreed and supported to that. In a public meeting, they've said that. You can probably imagine the reaction. It was outwardly rejected quite strongly. And to have it explained as that piece of infrastructure feels like a really weak excuse to change it and leave it there. And same thing—they've openly said, the next time they touch the Gwydir water sharing plan, they'll chuck the 250 in there as well.

The CHAIR: The 250's new to me. It was always 195 active, which is actually about 380 gigs when you take the dead water and the water on top, but the 250's not a number I'm familiar with. That could have changed. I'm not sure.

MICK COFFEY: That's on plenty of letters flying around that have been out for a while, even going back to—we thought we must have missed something—Western Regional Water Strategy, connectivity reports, NRC reports. The 195's still in there. We didn't get consulted. It was just gazetted in November, the 12th or something, last year. And we cannot get what you would call a constructive meeting with the department on it, for any justification, other than the Pamamaroo works, and they just keep fobbing us off to Water NSW. As we know, they're not in charge of water sharing plans and making the rules. So it's another great example of a rules-based change that—we don't have floodplain harvesting licences in our reg system yet. But, when we do, it's going to reduce the ability to harvest that water. As we pointed out, it happens in a flood. It doesn't happen in a dry time, because the water's not there.

The CHAIR: I appreciate that.

MICK COFFEY: That's two really good examples. I'm recognising where you've been across the state and read plenty of submissions. Everyone talks about the what-ifs about rule change. Well, we don't deal with what-ifs here in the Namoi. We've copped two, with one specifically being 21 years old, and lots of literature and demonstration behind the pros and cons to that. Hence, I think you should be really, really alarmed and alerted by the fact that that's a rule that came in and has not delivered whatsoever but has really hurt communities.

The CHAIR: As we deliberate as a Committee, obviously from the evidence we take, we then go and discuss the evidence and we put together a report, all that sort of thing. Obviously, I have to speak to my other Committee members, but I'm confident that 90-10 reference will come up in that report, and questioning the applicability of it or the usefulness of it for its intended purpose, because sometimes rules get put in place and they just stay there because people don't change things, because they're too scared to.

MICK COFFEY: It's important to understand that rule is not a reduction in entitlement. It's a change in the timing you can access your water. So, if I own 100 megalitres of supplementary entitlement and it pours, rains or floods—like we've had this year in August—if I could normally access 50 per cent of the flow, I might get my 100 megs. But I can only access 10 per cent of that flow, and I've got to share it with everybody else along the stretch of the river. So you put in an expression of interest for supplementary water, and I might say I want 100, but if everybody else has said they want water too, they then split it down to, say, 50. Then, if it's only another 10 per cent, it gets dropped again.

Floods can come at any point in time. Yes, we're summer storm rainfall heavy, but we can get a flood in winter, and that's when the tap turns off. That was either side of some massive droughts, the trial, when we were able to access that 75 GL. I think it was 34 months before that and 36 months after that water year, it was just literally threading the needle where there was no allocation to general security water, which is pretty much the staple for the surface water in the Namoi. It's quite important that that gets reversed, because if that's the only opportunity to access water through your property, that makes a difference to your planting decisions. I'm going

to plant corn, mung beans, cotton, sorghum—whatever it might be. Whatever your water budget tells you will give you the best return, you're going to plant that.

But if you've only been able to access three-fifths of nothing, you might have wet the bottom of your dam up to hope for another flow to come down that doesn't eventuate. But if you've got a 50-50 sharing rule, which is just an equitable playing field across the rest of the water sharing plans, business becomes a lot more sustainable on farm, hence the knock-on effect down the main street. Mr Chair, if you could seriously take that on board, like you say, to push back to get that changed—because it's been really, really damaging here in the Namoi. I can't overstate it. It should never, ever be repeated anywhere else. It needs to go from here.

The CHAIR: As I said, I can commit to you that we will be discussing it. I just can't say what the decision of the Committee would be yet. I know what I think about it, but I have to talk to my Committee members about it. We will do that. We are hitting time now, so I would like to thank you very much for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for corrections. Committee staff will also email you any questions taken on notice—I think there was one question asked twice that you're going to take on notice. Any supplementary questions from the Committee, we kindly ask that you return these answers within seven business days of receiving those questions. Thank you very much.

(The witness withdrew.)

Mr JIM CUSH, Vice Chair, Gwydir Valley Irrigators Association, affirmed and examined

Ms LOUISE GALL, Executive Officer, Gwydir Valley Irrigators Association, affirmed and examined

Mr MICHAEL SEERY, Chair, Gwydir Valley Irrigators Association, affirmed and examined

The CHAIR: The time is 4.02 p.m. I'd like to welcome our next witnesses. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages, websites and public communication materials. Please inform the Committee staff if you object to having photos and videos taken. Please also note that only Committee staff and media organisations are allowed to take photos and videos. If you would like a copy of these photos, please contact the Committee staff during the break. Can you please confirm that each of you have received or been issued with the Committee's terms of reference and the information about the standing orders that relate to the examination of witnesses?

LOUISE GALL: I have.

MICHAEL SEERY: Yes, I have.

JIM CUSH: Yes.

The CHAIR: Do any of you have any questions about this information?

MICHAEL SEERY: No.

LOUISE GALL: No.

JIM CUSH: No.

The CHAIR: Would one of you like to make a short opening statement before we begin the question? In the interests of time, I ask that it is limited to 90 seconds. It hasn't worked so well today, but we'll see how we go.

LOUISE GALL: I'm afraid it won't work this time either, Mr Chair, sorry. Good afternoon, Chair, Committee members, ladies and gentlemen. Thank you for the opportunity to appear before you today and present the perspectives of the Gwydir valley in relation to the water amendment Act 2023 and its impacts on regional New South Wales communities. The Gwydir valley Irrigators Association represents over 400 water entitlement holders across the Gwydir region. Our members depend on reliable access to water not only for agricultural production but also for sustaining regional economies, supporting local employment and maintaining community viability. As the chair, vice chair and executive officer of the GVIA, we aim to represent the concerns, views and experiences of our members and the community of the Gwydir valley.

It is critical that we first remember that the purpose and objective of the Basin Plan actually was a "healthy working basin". This means that all basin communities work proactively to meet the legislative requirements of the Murray-Darling Basin Plan 2012, including achieving the long-term diversion limit equivalent entitlements for local in-stream environmental outcomes and volumes for shared contribution. It means that SDLAM adjustment projects and complementary measures are achieved and that balance is maintained. A healthy working basin is not one where policy is adjusted to achieve numbers on a page with no consideration of the environmental outcomes, community wellbeing or the constraints preventing water or fish passage through the basin. Achieving a healthy working basin requires much more than simply more water.

As responsible water users we recognise the legitimacy of providing for environmental water. Our region has already met the legislative requirements of the Murray-Darling Basin Plan of 42,000 megalitres of long-term diversion limit equivalents, and that is entitlement for both in-stream environmental outcomes plus a further 7,600 megalitres of shared contribution for the northern basin. The New South Wales and Australian governments hold 54,600 megalitres of long-term equivalent entitlements—5,000 megalitres more than necessary.

We believe that the manner in which reforms are implemented must be fair, transparent and cognisant of the cumulative effects rather than treated as standalone interventions. We are concerned that the current New South Wales reforms are a greater threat to irrigation and regional sustainability than the implementation of the water amendment bill itself. Throughout our submission we referred to numerous instances of poor government performance. The GVIA recommends that there is a comprehensive review of the performance of the department to ensure it is operating in a balanced and efficient manner, adhering to the better regulation principles, and completing legislated requirements in an open and transparent manner. This review should include an analysis of the cumulative impacts of water reform from a socio-economic and environmental basis.

Our written submission focused on four of the Committee's terms of reference: the social, economic and environmental impacts of repealing the limits on the cap; the risk of effective implementation of the amendment bill, including unlicensed take of water and options to address these risks such as rules for floodplain harvesting; the impacts of rules-based changes on the reliability of water allocations in New South Wales, including their impact on different water license categories—

JIM CUSH: Are we going to just table the rest of it now?

LOUISE GALL: I have two paragraphs.

JIM CUSH: Keep going.

LOUISE GALL: —and any other water-related matters.

The CHAIR: You're our last group today, so it's okay.

LOUISE GALL: Of primary concern to members of the GVIA are rules-based changes, the application and interpretation of the risk assignment framework as included in the National Water Initiative, and the issues with our water resources plan and over-recovered water in the Gwydir. Gwydir valley Irrigators does not oppose the principle of environmental water, but we emphasise that reforms must be designed and implemented in a way that supports both environmental integrity and community resilience. We ask the Committee to ensure that accountability, transparency, fairness and respect for water rights are central to any adjustments or future legislation. We look forward to your questions and to engaging with you further as the inquiry proceeds.

The CHAIR: We will now move to questions from the Committee. Before we begin the questions, I wish to inform you that you may wish to take a question on notice and provide the Committee with an answer in writing. As the Chair, I will put the first question to you. In your submission, on pages 9 and 10, you talked about the issues you experienced with floodplain harvesting regulations. Can you expand on that?

LOUISE GALL: There have been quite a lot of issues associated with the implementation of floodplain harvesting, and I think it's really important to note first and foremost that the regulation was principally for compliance, it's completely impractical to implement and it is riddled with a whole range of mistakes. As an organisation, we've been working really closely with WaterNSW and DCCEEW to try to address a large number of these mistakes. We have made significant progress, but there are still innumerable steps, convoluted procedures and issues being identified on an ongoing basis. I'm going to pass to my chair and vice-chair to add to that.

JIM CUSH: I'll jump in there. In '22, entitlements were handed out in the Gwydir. It is now '25; it is almost the end of 2025. Our valley has less than—we're not quite sure but it's less than [audio malfunction] per cent, possibly 25 per cent, with somewhere between 25 per cent and 30 per cent of farms able to declare a floodplain harvesting event. That means they've met all the criteria, they have the metering in place, they have the storages accredited and everything is done, but we still have 75 per cent, or possibly 75 per cent, not done. The point is that after three years, it's not the farmers' fault; it's what has been implemented upon us.

It seems to be that every time there is a problem encountered, the department or the Government, whichever way you want to call it, decides to add to the complexity of the problem to try to solve the problem. Invariably it creates long delays at an expense, but the biggest expense is actually to the economy of New South Wales. I'm sure the Treasurer down in your part of the world in Sydney would love to have as much economic activity as possible in the region and in the State, and that's not happening because of the departmental matters one way or another. I'll bite my tongue there because I think everyone knows how I get on with floodplain harvesting stuff.

LOUISE GALL: I think it's also fair to note there are two mechanisms by which you measure and monitor your floodplain harvesting. One's either a storage meter or a point-of-intake meter. At the time that we were given our licences, they actually didn't know how to install a point-of-intake metre. They didn't actually understand how it would work and what was going to be required to enable that to take place. We worked hand in hand with both WaterNSW and the department to ensure that can now take place. The system they've got to add the information into also is still not working. It was built as a minimum viable product, so the DAS does not work properly yet. There have been additional funds put into it since it was built and it's still struggling to deliver. Guys that were able to take some floodplain harvesting entitlement in April still don't actually know what that is because it's not linking from the DAS to the iWAS system, which is the accounting system.

JIM CUSH: We do know what it is because it has been put through, but iWAS, which is the accounting system, hasn't been able to debit our floodplain harvesting accounts. When we get to bank review periods, which is basically the last two months—we've all been doing reviews with our banks—the first question our bankers ask us is how much water do you have available for your business. Normally what we do is we print off the iWAS page, which shows us what our general security volume is in account, the supplementary in account and our

floodplain harvesting. Our floodplain harvesting has been going up. We've got 400 per cent of volume of licence in the account and no debits. Unfortunately, it's false.

For the last four or five years, we've been told repeatedly by the department that we always trust iWAS and that the account numbers on iWAS are correct, yet here we are at the moment with our floodplain harvesting volumes incorrect. It's extremely frustrating—almost as frustrating as not having a water resource plan in place at the moment. We are six years late on that. Our departments have created a power of veto for a certain group, which is why we haven't got a water resource plan in place. I would've thought blind Freddy would've been able to figure out what was going to happen in that situation. In a situation like that, you would expect the Government to come up with the means to address the situation and make it so it becomes workable. We have the inspector general in Canberra who keeps saying, "We haven't got a water resource plan to be able to assess SDL compliance." Our departments tell us that there are means in place to work all that stuff out, but Canberra is the boss. I'm sidetracking now. I'd better shut up and we can get back on track.

Mr JUSTIN CLANCY: To drill further into that, what does it mean for the 75 per cent of landholders or farmers who haven't been able to have their accreditation?

LOUISE GALL: There are a few different reasons for it. In some cases, it's works approvals. Some of these guys have got a storage that they've put a second cell in to make it more efficient to store water in and the paperwork hasn't been done to actually put that into two works approvals as opposed to one work approval. There are delays in getting the LIDs, which are the local intelligence devices, for each of those, because you need the two. That's one of the issues.

MICHAEL SEERY: Part 8 applications for—

The CHAIR: You had Manly Hydraulics for a while. That was a blockage for a while because you couldn't get the gear from Manly Hydraulics.

LOUISE GALL: Part 8—do you want to talk about that a bit more?

JIM CUSH: We also had surveying problems. The surveying is a classic example of what can possibly go wrong. We are trying to meet a standard, so we're arguing the point in the world of surveying how accurate we have to be. Understandably, some surveyors who are more accredited and do a finer job than, possibly, others decided to go for that higher accuracy model. The unfortunate thing about that was that it eliminated most of the surveyors in the district from being able to survey because they couldn't meet the criteria and they weren't qualified to do it. As a consequence of that, we end up with a waiting list of over two years for surveyors to come through.

Mr JUSTIN CLANCY: But what's the implication of that? For those farmers, are they able to take at the moment?

LOUISE GALL: They are not.

Mr JUSTIN CLANCY: If you had an event, they would—

JIM CUSH: It would be very similar to an inside restaurant in Sydney and they have seats outside on the pavement, but they need a special licence to be able to access those 20 seats outside. They still have the 50 or 80 inside, but they've got 20 outside and they have to jump over every hurdle imaginable to be able to operate those 20 seats. That's what it means to a farm that can't access 20 per cent of their water entitlement, which may or may not be a number like that.

LOUISE GALL: I think it's important to add that there was a 29 per cent reduction in access to floodplain harvesting licensing. Then we've got 75 per cent of those guys that can't actually source that. Some of those guys are also stuck with waiting for DQPs, which is duly qualified persons, to actually understand the numerous steps they've got to go through to actually set a storage meter to install so it's actually working properly. The paperwork that these DQPs are trying to navigate—they are just confused. They are so far behind it's not funny. There was a delay in getting meters as well. That's pretty much fixed now. We've got the works approvals issues, we've got part two to part eight, and there is a massive backlog and lack of information associated with some of those structures. Guys have had structures in place for 20 or 30 years and the paperwork is missing in action.

Mr WARREN KIRBY: You mentioned earlier that the overarching objective is a healthy working basin. What methods would you support to enable the New South Wales Government to meet those targets?

LOUISE GALL: I think we need to actively consider—and it came up a little bit earlier today—the Northern Basin Toolkit. There are still some components of that that haven't been completed. Some of the easy paperwork administrative actions have been taken, such as the changes in access in the Barwon Darling—the word escapes me. They couldn't pump to lower levels.

The CHAIR: IDECs and IDELs and active management.

LOUISE GALL: Active management, yes.

The CHAIR: And first flush rules. They are the three parts.

LOUISE GALL: Yes. I think what we've got to remember as well is we need to look at the other components of it. We still do have constraint management in the Gwydir, which is not going to be an easy process. We have very few members in that area, but they are very concerned and worried about how that is going to take place. Yes, I know the New South Wales Government has made a number of steps with the landholder negotiation schemes, but there is still a lot of work to be done. I don't know if they will have it done by the deadline that is in place. I hope so.

The other thing is, of course, fish passage. There is the fish passage and fish screens. Fish passage is now finally starting to get done more efficiently than it was. We've got fish screens that have started to go in to actually prevent fish being taken up in pumps so that fish stay within the actual river system. One of the other things we've got to do is, yes, we need to manage our carp. I think Mick from Namoi Water touched on that quite well. That needs to be managed and we need to really strategically think about getting that carp virus out there as quickly as we can. It will be tricky to do it properly.

But we've got legislated fish passage in the Gwydir that hasn't been put in for over 10 years. It was related to the dam wall safety side of things. At that stage, the costings were under $20 million. Now they're over $250 million. There was also a fifty-fifty share, I believe. Don't quote me on that one. I'm not 100 per cent sure. But there was a share as to user and government payment for that when it was initially put in place. Now it's moving mostly to users having to pay. It's one of the problems in the WaterNSW IPART challenge. Those fish passages and that side of things is essential. If we want the fish to breed, we actually need to ensure they can get from A to B. I think we've also got the same issue in Menindee. The fish passage in Menindee is also a rather important issue. If we are going to enable fish to move and stop the water stagnating, it's one of the essential—infrastructure is a really major investment requirement to enable the Basin Plan to get the achievement it should.

JIM CUSH: The trouble is all that doesn't matter, though. It all comes back to votes in the cities. I'm sorry to be cynical, but the Chair has, what, 44.5 per cent of the State, and he's one member. It doesn't matter.

Mr STEPHEN BALI: He's got a lot of friends.

JIM CUSH: I know. We love him.

The CHAIR: I am on the crossbench in a minority government, which is not a bad place to be.

JIM CUSH: But the trouble is that we don't matter. It seems like we don't matter at all. It all revolves around city electorates. It seems so good. Why wouldn't we have a river flowing? It would have to be better. The average person in the city or George Street or wherever you may want to be, if you asked them the question, "Are you better off to have a river being stagnant and waiting for the next rain, or are you better off to have it flowing?", of course they're going to say it needs to be flowing. But at what cost?

Mr WARREN KIRBY: I dare say the folks in Menindee would probably side with those city folk who just want the river flowing as well.

LOUISE GALL: I think we need to also take a rational step back and remember that we are talking about an extremely ephemeral river system. If we think about the inflows into the Murray-Darling Basin, it's somewhere in the vicinity of 32,000 GL. Of that, 22,000 GL comes from the southern Basin and approximately 10,000 from the northern Basin. In wet conditions, the northern Basin volume can crack 100,000, but in dry conditions it can be down below 10,000. I think you've got to remember that the rivers naturally have always stopped flowing and that Menindee was initially an inland salt lake. So let's not forget the rational thought processes of that.

Yes, we are now in a regulated river system, not an unregulated one. We can't go back. We can't change that that much, but we've also got to remember—and I'm just going to quote some information from Water NSW's river operator—those inflows, as I've just alluded to, are highly variable, and there is no consistent base of flows. We've got to remember that. It's never been a consistent base of flow. Delivery losses in a drought can be extreme. As an example, in September/October 2019, the river operator released, from Glenlyon Dam on the Border Rivers, 15,000 megalitres to get it to Boggabilla Weir for town water supply. It usually would take him five days to get it there. It took 11 days to get it there, and he got less than 5,000 megalitres of his 15,000 megalitres there. That's a 200 per cent loss.

The losses in these rivers are extreme in drought conditions. He was lucky the water was sitting there in Glenlyon Dam to enable that and to provide the water source for Boggabilla and Goondiwindi. Also, you've got to remember, at Mungindi, 242 days of no flow took place in June 2019 to February 2020 because it didn't rain.

If it doesn't rain, the river doesn't flow. If the bucket's empty, there isn't any water to make the river flow. I think we've got to remember that.

Mr WARREN KIRBY: I don't think anybody is disputing that.

LOUISE GALL: I'm not saying you are, but I think a lot of people in Sydney actually haven't got a recognition of the fact that if it doesn't rain the river cannot flow.

JIM CUSH: But in this day and age, we can do lots of things. We can put a man on the moon and we can do all sorts of things. Most definitely we could make the river run all the time, but at what cost? We could shut down all of the agricultural irrigation. We could do that to make the water run down the river, but is that good for the state? I don't know.

Mr WARREN KIRBY: The question was, what are your recommendations for what could be done. I deliberately didn't say increasing water flow for the outcome.

JIM CUSH: I'll come back to that point straightaway. The point is, I think it's disrespectful to go back to the people who worked out all of the water sharing plans to now say they got it all wrong. All of the water sharing plans were done to share the water and share the resource between the environment and the consumptive sector. Generally, it's about 20-80 or 80-20—80 per cent to the environment.

Remember, the consumptive sector gets its water when it is raining, when the rivers are flowing and the water runs into the dams or whatever, or we meet the rules or the 50-50 rule below—50 per cent runs through or 50 per cent is accessed by agriculture. But we don't know which stream is going to run. It's going to rain. There are 12 tributaries above Menindee which are flowing into the Barwon-Darling. We don't know if it's going to be the Namoi. We don't know if it's going to be the Castlereagh. It could actually be the Culgoa. It could be that Weir River. It could be the Border Rivers. We don't know. But the point is, with the water sharing plans that are in place, all that hard work has been done. On average, each tributary puts so much water in, and that's what it's based on—averages, which is the best way to go. That's what I mean by being disrespectful to the way the water sharing plans were done. The first ones were done 21 years ago. The point is they were done, and that was the basis of how they were done.

Going back to my opening statement a while ago on the water resource plan and how we're six years late, a water sharing plan is a 10-year plan with a five-year built-in review period. That's the same thing with a water resource plan—it's a 10-year plan with a built-in five-year review period. When we go six years without one, we've actually missed two reviews. Then we wonder, "Are we as good as we can be in our water management?" I believe we have a fundamental failure to—the movies would say—communicate. I think we've got departments incapable of actually doing the required stuff that has to be done. When we have a water resource plan that's six years late, it's a gross failure. It has to be. If I was the Minister, I'd be disappointed in my department if they were six years late on a water resource plan, because it's a fundamental requirement.

The CHAIR: Jim, for what it's worth, I know what goes into a water sharing plan, and it is a balancing act. It is very much a balancing act that teeters on the edge of, have we got it right all the time?

JIM CUSH: The other thing, Mr Chair, is that we always have a possibility for the Minister to call a 324. If the world falls apart and it hasn't rained, we can suspend all the operations and do what we can. Basically, it's a panic mode. That's what a 324 is. We suspend and let gravity take it's place. But we've got to have that there. Of course we've got to have that there. If it was said that a highway patrolman cannot stop the traffic on the highway, what a failure that would be. You've got to be able to stop the rules. That's what a Minister is there for. We've elected a Minister to have the discretion to do what's the best thing to do, and that is what a Minister should be doing in that situation, I would have thought.

The CHAIR: The last time we used a 324, there was no clear legal link between the 324 and floodplain harvesting, but the goodwill of people who floodplain harvest meant they left the water alone. There was no clear legal requirement not to take water because the activity was not in a water sharing plan.

JIM CUSH: That's right. I was on that independent committee—we were ministerially appointed. The great frustration in that was that there would be storms every afternoon. Every morning there would be more water going into the gauges. The problem was that no-one knew how much water was required to meet the requirement at Menindee. It was overcooked to the extent that we ended up with 350,000 megalitres in the Menindee. I think from west of Walgett, irrigators were able to access the water, which was great.

LOUISE GALL: Some of our guys got flooded.

JIM CUSH: That's right. But also the lower Darling got a 30 per cent AWD.

The CHAIR: Under that 324, we had some properties under two feet of water. They couldn't do anything with it, and it didn't flow back to the river. We had other people watching the water flow away.

JIM CUSH: Exactly—highly frustrating.

The CHAIR: But the good thing—and the point I'm making on record—is that the irrigator community left the water alone just out of goodwill. There was no clear legal requirement for them to do that.

JIM CUSH: Correct, Mr Chair. The other thing is that we won't stop water going to communities below us. When Walgett was in dire needs—shit, we live in this country. The country people look after each other. I will leave it at that.

Mr STEPHEN BALI: Can I pick up on a point, if I may?

What do you feel the hold-up is for these water resource plans?

JIM CUSH: The hold-up?

Mr STEPHEN BALI: Have you seen a draft of it?

JIM CUSH: You can't get concurrence.

The CHAIR: You need multiple Ministers to sign off. It's State and Federal.

LOUISE GALL: Water resource plan or water sharing plan?

Mr STEPHEN BALI: Yes, the water resource plans.

LOUISE GALL: It hasn't been—

JIM CUSH: Mr Chair, you know what's going on. I'm not going to say it on *Hansard*.

Mr STEPHEN BALI: From my understanding, they're up to the last stage.

JIM CUSH: Yes. They can't get it signed off.

Mr STEPHEN BALI: According to what I'm seeing here, it's saying they're consulting with the Aboriginal communities.

JIM CUSH: I think you're correct, sir.

Mr STEPHEN BALI: And once that's completed—

JIM CUSH: We've been waiting for three years for it.

Mr STEPHEN BALI: So it's been about three years.

LOUISE GALL: At least.

JIM CUSH: But the trouble—

Mr STEPHEN BALI: The only thing I'd like to correct is—there's a couple of us from Western Sydney. We do have a feeling for the country people, and I get your pain and passion. I think I would probably add to it by saying that you've probably sat through quite a few inquiries—

JIM CUSH: Yes, sir.

Mr STEPHEN BALI: —and you feel like you're saying the same thing 30 times over the last five years.

JIM CUSH: Fortunately—

Mr STEPHEN BALI: But I just want to say Warren and I—I'm throwing Warren under the bus because he's a good friend of mine as well, and it's actually great having people from Western Sydney on this inquiry because we've learned a hell of a lot. My idea of water is you turn on tap, turn off tap and maybe you have to have a 15-minute shower instead of a two-minute shower. So we've learnt a lot.

JIM CUSH: Why shouldn't you have a 16-minute shower?

Mr STEPHEN BALI: Yes, but people in Western Sydney and Sydney in general are friends of the regions.

JIM CUSH: Fortunately, I was the chair. Now I'm on my way out. Next door, I'm out the back door.

LOUISE GALL: When you see me kicking him under the table.

JIM CUSH: Basically, I'm in that risky position where I can say things without a lot of kicking at me.

Mr STEPHEN BALI: People tell me that as well. There's nothing more ex than an ex. You're going out all guns blazing, obviously.

JIM CUSH: I'm pretty toned down today, Mr Chair, wouldn't you say?

The CHAIR: He is. This is calm Jim. Did you give him some Valium on the way in or something?

LOUISE GALL: It's the shoes.

Mr WARREN KIRBY: Chair, can I load some ammunition to that? I'd appreciate if you could talk about the social, economic and environmental impacts that the previous rounds of buybacks have had.

JIM CUSH: Everyone talks about Collarenebri. Everyone talks about Dirranbandi, which is in southern Queensland, so probably not. Who's the other one?

Mr JUSTIN CLANCY: Menindee?

JIM CUSH: Exactly. Menindee. The guys who were here first, the guy with the green shirt on and the "flood a duck" and "grow more cows", whatever it was, on his shirt—I feel for those guys. Honestly, I do because pastoralists have been the backbone of Australia for 200 years. The thing is, though, somewhere along the line, probably 70 or 80 years ago, maybe 100 years ago, government of the time decided it'd be a good thing to actually store some water so we had some water in the next dry time. The unfortunate consequence of that is floodplain harvesting or grazing harvesting or however you want to call it, floodplain grazing—it's all about floodwater breaking its banks, growing grass and fattening the cows and the ducks, which is exactly what they're doing.

Because of the development of the dams, that's all changed. It's different to what it was 50 years ago. But, as a consequence for our community, I believe, it's better off to be where we are today. But is it fair for those guys? Possibly not. Should we do something about it? If I was the Premier, I probably would. But I'm not the Premier. Unfortunately, we're going to have to go through—I've heard that same story for a long time, at least 30 years. But I do feel for them. But it's changed. And you understanding fundamentally what it is. It's like outside. If you look outside the window, you'll see some logs on the grass outside the crossing. That's from the last flood, a few weeks ago. Slim Dusty sang about it: The best crops are always in flood reach. Why? Because you've got the silt coming out, extra fertility and all the rest of it. And that's where your best grazing country is too. But, when you stop the flooding, you create an economic harm to those guys, and that's happened, but that was done 50 or 60 years ago or longer, when the government of the day decided that, for the benefit of the State, we will store some water in the wet times and use it in the dry times. But that's the consequence.

Mr WARREN KIRBY: On buybacks in this region, yes.

LOUISE GALL: Can I add to that? I think we learned firsthand of the direct impact of buybacks, especially when that impact is one large entity that pretty much sells their entire entitlement. That's what led to some of those really significant social impacts that took place at Collarenebri. It almost wiped Collarenebri off the face of the earth. It had really significant impacts in Moree as well. The figures are actually in our submission. But I think the socio-economic analysis is really important, where it actually talks about during that time. Most of the water in the Gwydir was taken in 2008, before the actual Basin Plan.

You went from the socio-economic index dropping from five to three for education and occupation from advantaged to disadvantaged, but it also then dropped for economic resources from four to two. A large percentage of that was definitely because of the water taken out of the system. We used to be able to grow up to 90,000 hectares of irrigated cotton. We can't grow any more than 70,000 hectares now. So 20,000 hectares is worth something in the vicinity of—quite conservatively—$150 million at the farm gate, which is worth $450 million to the community itself. That's just using the basic 4.2 ABS multiplier. That's not using what the cotton CRC originally came up with, which could even be as high as four or six as a multiplier for a town that's so reliant on a particular resource and a particular crop tied to irrigation.

To be fair, there have been technological changes that have also shifted and caused some of those changes, and those technological changes have actually made it even potentially worse, because the unskilled worker is now really struggling because they're not able to do so many of the jobs that are now available. We've had technology changes. We don't have guys helping with picking as much anymore, because there's a big round bale picker. It's taken away the workplace health and safety challenges for the actual producer because they're not likely to get as many injuries on the farm, but it has taken away that casual backpacker employee base.

But what it has done is secured that employee base for the long-term employees on a farm. What these guys are also doing is they try and utilise the liability of what they have, which is only 36 per cent reliable for our general security water. They try and utilise that with a strategic plan to keep those permanent staff employed on

farm throughout the whole time. They try and make sure that they've got production happening as often as they can. If you look at 36 per cent reliability, that means one year in three they've got a crop. These guys try not to have it one year in three. They try and spread that out so it's nine years in 10, maybe. It depends. Each farm will have a different approach. Do you want to—

MICHAEL SEERY: No, I think you just about nailed it.

LOUISE GALL: I think we've also got to think about when there's only $300 million made available to compensate and we're losing, potentially, $450 million in one community in one valley in one year—it's pretty pathetic. It's absolutely appalling. If you think about how much water is being spent on buying water back—where does the community sit? How important is the community in regional New South Wales to the viability of the State? You have to ask that question if you look at $300 million funding.

Mr WARREN KIRBY: That's literally why I asked the question, "What is the impact?"

LOUISE GALL: It's massive. If I'm talking one community being potentially $450 million, $300 million is a bit insulting, really. But the other thing we do have is that major impact on the socio-economic indices, and I don't know how we address that for our unskilled employees, because it's getting harder and harder for them to find a job. You used to be able to just go and do basic farm jobs, but those basic farm jobs don't exist as much anymore.

Mr STEPHEN BALI: But isn't the economy changing overall? If you look through the history of time, the industrial revolution, the farming revolution—people adapt and change.

LOUISE GALL: Absolutely.

Mr STEPHEN BALI: There's tourism, there's a whole heap of other jobs. Depending on where you are in regional New South Wales, some mayors would be saying, "We need more people, because there's too many unfilled jobs in some areas. It's a matter of people reskilling, I suppose. The question is, "How do we reskill the workforce?" and the impact of water on that.

LOUISE GALL: I think we need to try and reskill that workforce, absolutely. But we're struggling to get people to want to live in some of our regional communities. I'd be lying if I didn't say the social challenges we face in our communities at the moment isn't a significant part of that problem, and we won't address that until we stop putting bandaids on the outcomes and start addressing the cause. Basically, the family is where the cause of these youth crime issues are coming from. Some of that is related to the fact that there's no jobs for that lower-skilled worker. It's a real challenge that we, as a community, need to think about. How do we find purpose for those people? You mentioned tourism. We've got the Gwydir wetlands at the end of the Gwydir. It's big—massive. But you can't get to it most of the time because the roads are almost impassable most of the time, and the gate to get into it is locked. So Australian taxpayers have paid a fortune to put water in the Gwydir wetlands and you can't get to it.

The CHAIR: You're about to spawn a discussion about the purpose of national parks, which is way outside the terms of reference of this inquiry.

LOUISE GALL: I am so not going there, but I'm just saying tourism—

Mr STEPHEN BALI: That'd be the next inquiry.

LOUISE GALL: —is something that isn't going to be enough to fill those gaps. We need something more. I know the New South Wales Government has also got the SAP projects; we've got one happening in Moree. But, again, the unskilled worker is going to struggle to get a job there.

Mr STEPHEN BALI: Winding back to this inquiry, water is essential not only for farming activities but also for sustaining communities.

LOUISE GALL: Yes.

Mr STEPHEN BALI: Isn't another way of looking at it is there is a finite population growth that you can get to in regional areas?

LOUISE GALL: I think there is.

Mr STEPHEN BALI: So if we reach that—

LOUISE GALL: I wish there wasn't.

MICHAEL SEERY: Not unless you introduce more water into the system.

Mr STEPHEN BALI: Good response, so how do we introduce more water? I will pose this, and the Chair will get a bit nervous. I'm once again flying my Western Sydney Google knowledge, so if you could correct this. A lot of people used to talk about bore water. In my understanding—the Chair has been educating me—that is now contaminated, or there are challenges there. How do you see bore water?

The CHAIR: There's bores and there's bores.

LOUISE GALL: You've got to look at the different sorts of bore water. You've got the Great Artesian Basin.

Mr STEPHEN BALI: Yes, and I've got a map of that from the 1920s.

LOUISE GALL: That's a critical resource and it does exist in our region. It's basically the water that sustains my family farm and has done for over 150 years. It provides water for stock et cetera, and it is our basic stock and domestic resource. You then also have your groundwater aquifers. In the Gwydir we have a very small groundwater aquifer. It has a limited take of 32,000 megalitres available for irrigation and the other is owned by the environment. That's managed really tightly as well, because the major users of it are really conscious of sustaining that as a resource for the long-term viability because they have permanent plantings that are utilising that.

Mr STEPHEN BALI: So there is not too much left.

LOUISE GALL: Moree Plains Shire Council also has, I think, 3,000 megalitres of that resource as well.

MICHAEL SEERY: That's after a reduction.

LOUISE GALL: It was 68 originally. It got cut down to 32.

The CHAIR: We'll have more bore talk. We'll talk more about bores.

LOUISE GALL: Bore water is a really small component of our reliability.

The CHAIR: Folks, we've hit time. Thank you very much for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for corrections. Committee staff will also email any questions taken on notice—though I don't think there were any for you guys—and any supplementary questions from the Committee. We kindly ask that you return the answers within seven business days of receiving those questions. That concludes our public hearing for today. I again place on record my thanks to all the witnesses, Committee staff—the secretariat, Hansard and the Streaming Guys—and the Committee members who have made the time. I especially thank our witnesses who have travelled to be here today.

(The witnesses withdrew.)

The Committee adjourned at 16:45.