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SUBMISSION

Independent Assessment of Social and Economic Conditions in the Basin

Terms of Reference & Assessment Framework

August 2019



Introduction

The NSW Irrigators' Council (NSWIC) is the peak body representing irrigation farmers and the irrigation farming industry in NSW. Our Members include valley water user associations, food and fibre groups, irrigation corporations and commodity groups from the rice, cotton, dairy and horticultural industries. Through our members, NSWIC represents over 12,000 water access licence holders in NSW who access regulated, unregulated and groundwater systems.

NSWIC engages in advocacy and policy development on behalf of the irrigation farming sector. As an apolitical entity, the Council provides advice to all stakeholders and decision makers.

Irrigation farmers are stewards of tremendous local, operational and practical knowledge in water management. With over 12,000 irrigation farmers in NSW, there is a wealth of knowledge available. To best utilise this knowledge requires participatory decision making and extensive consultation to ensure this knowledge can be incorporated into best-practice, evidence-based policy. NSWIC and our Members are a valuable way for Governments and agencies to access this knowledge.

Background

Improving understanding of social and economic impacts from water reforms, and conditions of irrigation communities, has been a centrepiece of advocacy of NSWIC for some time.

In March 2019, NSWIC called on both State and Federal Government to undertake a Socio-Economic Impact Assessment of water reforms. NSWIC was thus very pleased when Minister Littleproud announced in April 2019 the *'Independent Assessment of Social and Economic Conditions in the Basin'* (herein, *the Assessment*).

We wish to thank the Chair of the Panel, Robbie Sefton, for presenting to NSWIC at our General Meeting in early July.

NSWIC looks forward to engaging with the Independent Panel and offers our services where appropriate and relevant to assist the Panel in their efforts to undertake the Assessment.



NSW Irrigators' Council's Guiding Principles

Integrity	Leadership	Evidence	Collaboration
Environmental health and sustainable resource access is integral to a successful irrigation industry.	Irrigation farmers in NSW and Australia are world leaders in water-efficient production with high ethical and environmental standards.	Evidence-based policy is essential. Research must be on-going, and include review mechanisms, to ensure the best-available data can inform best-practice policy through adaptive processes.	Irrigation farmers are stewards of tremendous knowledge in water management, and extensive consultation is needed to utilise this knowledge.
Water property rights (including accessibility, reliability and their fundamental characteristics) must be protected regardless of ownership.	Developing leadership will strengthen the sector and ensure competitiveness globally.	Innovation is fostered through research and development.	Government and industry must work together to ensure communication is informative, timely, and accessible.
Certainty and stability is fundamental for all water users.	Industry has zero tolerance for water theft.	Decision-making must ensure no negative unmitigated third-party impacts, including understanding cumulative and socio-economic impacts.	Irrigation farmers respect the prioritisation of water in the allocation framework.
All water (agricultural, environmental, cultural and industrial) must be measured, and used efficiently and effectively.			Collaboration with indigenous nations improves water management.



Overview

This submission provides comments from NSWIC in relation to the draft Terms of Reference and Assessment Framework.

NSWIC was overall pleased with the draft Terms of Reference and Assessment Framework.

We see this Assessment as a great opportunity to contribute towards evidence-based policy by providing much needed data and modelling to ensure the triple-bottom line objectives (social, economic and environmental) can be attained.

NSWIC agrees that it is critical that the focus of this review covers both the impacts/vulnerabilities and strengths/opportunities for communities. This is an opportunity to reflect constructively upon the positive and negative outcomes, learn from previous mistakes and develop a sound evidence-base to inform future policy development and move forward constructively.

NSWIC notes that, given the relatively short timeframe to conduct the Assessment, one of the greatest contributions and outputs from this Assessment would be establishing the methodologies, tools and frameworks for *on-going* modelling and assessment of socio-economic impacts in the long-term. We seek that this Assessment sets the foundations of future Socio-Economic Impact Assessment (SEIA) of water reforms, by establishing strong and broadly accepted methodologies and critical thresholds of SEIA itself. NSWIC will be seeking a commitment from Government to the on-going assessment and modelling of socio-economic impacts.

The *relatively* short timeframe means it is critical for the Panel to prioritise areas of most importance. NSWIC considers the highest priority as gaining the ability to understand the likely future socio-economic impacts. This is due to (1) the on-going nature of reforms meaning the full socio-economic impacts are not fully realised, (2) the need for the outcomes to be constructive and implementable as ways forward, but also (3) differentiation from previous assessments. The key priorities from NSWIC are outlined in this submission.

Whilst not a review of the Basin Plan, it is critical that the findings from this assessment are used to inform and guide further implementation of reforms such as the remainder of the Basin Plan. In particular, this involves understanding the risks and consequences for communities of key elements of the Basin Plan (such as the Sustainable Diversion Limit Adjustment Mechanism, or socio-economic criteria for efficiency projects) being under-delivered or improperly applied. Whilst these *currently* do not manifest as socio-economic impacts, there is real threat of severe socio-economic impacts in the future, and we ask these risks and consequences of future impacts are explicitly addressed.

NSWIC emphasises that this is an exceedingly difficult time people in the Basin are facing, and consequently, there are foreseen challenges of receiving constructive feedback to inform this review. This Assessment will involve having difficult conversations with communities, and it will be critical that the Panel are able to structure their method of assessment accordingly.

NSWIC emphasises that the mentality of many stakeholders of this assessment is to “fix things” to improve socio-economic outcomes rather than simply assessing and adjusting to an impact. This means it will be critical for the Assessment to not just assess the current situation (with the impact assumed), but to undertake scenario modelling of possible future impacts through pathways of development that do not take the impact as given. This will ensure the Assessment remains practically focused, action-based and with a clear line of sight to positive change.

NSWIC also sees this as an opportunity to develop models of community empowerment, to facilitate communities to develop strategies from the ground-up, and ways to implement those strategies.

We hope this feedback will contribute positively to the work of the Panel in undertaking the Assessment.



Submission

Draft Terms of Reference

A. *The review will provide an independent assessment of social and economic conditions in rural and regional communities across the Basin.*

Strongly Agree.

NSWIC strongly agrees with this draft Term of Reference, as it broadly captures the overall purpose of the Assessment.

Future Impacts

NSWIC highlight the importance of the Assessment looking at *future* socio-economic conditions, rather than *just* the current conditions. This is because:

1. The impacts of the Basin Plan, as well as other water reforms, are still emerging. Thus, understanding the full extent of the impacts, will involve understanding likely future impacts.
2. Many rural communities want to see constructive ways forward, and this requires understanding the possible future scenarios. The use of scenario modelling may also assist to gain constructive input from structured community sessions during consultation phases.
3. The socio-economic conditions at present have been largely captured by existing studies¹, but the future impacts are less well understood.
4. There is need for improved capability of socio-economic modelling from water reforms and water management tools more broadly to inform decision-making.

Recommendation: Expand (A) to also investigate the likely future socio-economic conditions of water reforms in the Basin. NSWIC recommends the use of scenario modelling.

B. *The review will also assess the impact of the water reforms including the Basin Plan on the vulnerability, resilience and adaptive capacity of Basin communities and their development potential.*

Agree.

NSWIC agrees with the importance of assessing the impact of water reforms (including, but not limited to, the Basin Plan) on communities. NSWIC encourages the Panel to consider the below points in finalising this term of reference and undertaking the Assessment.

Model

NSWIC notes the framework of vulnerability, resilience and adaptive capacity, as perhaps the most common and widely accepted framework adopted in assessments of this kind. This model has usually been adopted in the context of impacts which are largely given or unavoidable to the individual (e.g. climatic phenomenon), and thus the framework assumes the impact to be fixed. In the context of water reforms, this is not the case, as the decisions are a result of conscious and deliberate decision-

¹ As one example, see: <https://www.mdba.gov.au/publications/mdba-reports/southern-basin-community-profiles>



making and trade-offs, and there are options for interventions to prevent, fix, or ameliorate the severity of the impacts. Thus, the impacts themselves cannot be treated as assumed, given or fixed – but the impact (nature, extent, severity) is the variable itself.

Whilst the vulnerability, resilience and adaptive capacity framework has merit in determining impacts, and better understanding those impacts (and is thus supported within the context of that purpose), it must be noted that the framework is largely designed as a defensive and retrospective model in response to an assumed (not variable) impact.

The way of thinking of many farmers is typically not to assume the impact, but to look at ways to fix it. This is not to say that the model is redundant in this context and should be abandoned, but rather extended to reflect the empowerment of communities and government to shape the outcomes proactively, and thus not necessarily assuming the impact. This empowerment of communities to “fix” the impacts, rather than simply adapt or be resilient would be a valuable incorporation into this framework.

NSWIC does note that the inclusion of “development potential” may partly serve this purpose, but there is greater scope to look to actions-based measures such as “*development pathways to overcome current (and prevent future) extent of these impacts*”.

Recommendation: Suggested wording – “*The review will also assess the impact of the water reforms including the Basin Plan on the vulnerability, resilience and adaptive capacity of Basin communities and ~~their development potential~~ development pathways to overcome the current (and prevent future) extent of these impacts*”.

Multiple levels-of-analysis

NSWIC are aware that socio-economic impact assessments in the past have focused on ‘local hotspots’ or communities of concern, and NSWIC members have raised the need for both localised assessments, as well as a more comprehensive, whole-of-system assessment at a Basin scale. NSWIC members emphasised however that Basin-scale assessments should be in *addition* to more local (or valley-specific) assessments².

The Terms of Reference suggest that the scope of the Assessment will be at a community level. This is supported. NSWIC notes the importance of also looking across multiple levels of analysis (individual, community, basin-wide and industry-wide). NSWIC believes that the Panel will find new and different information by considering a cross-section of levels-of-analysis, as well as the interactions between them. However, it is critical that any breadth of scope doesn’t detract from a community focus, as communities are of the expectations that the Assessment will deliver for communities.

NSWIC does have concerns about the indication on Page 5 that the Panel “*will assess conditions in, and impacts on and opportunities for, Basin communities, rather than on specific sectors*”. NSWIC believes this requires clarification. Specific sectors are often at the heart of certain communities, and it may be difficult to distinguish between impacts on a sector, and the impact on the community being upheld by that sector.

² An important methodological consideration for the Panel, when approaching a Basin-wide assessment, will be the need to discern between aggregated local impacts (the sum of local impacts equalling basin-scale impacts), and the collective Basin-scale impacts (the way local impacts metamorphise when understood and assessed at a larger scale). This approach identifies the localised nature of phenomenon, uniqueness of each valley and community, as well as the linkages between local impacts.



Recommendation: A cross-section of levels of analysis would be a valuable contribution to understand the individual, community, industry and basin-wide impacts, as well as the interactions between them. This however, should not detract from a central focus on communities.

Uniqueness of valleys in the Basin

NSWIC highlights that each valley in the Basin is unique and is far from homogenous in terms of the extent and severity of socio-economic impacts, nor the capacity to change and adapt to water reforms. There is a need to assess the drivers and limitations to change of individual communities in each valley. This includes understanding the resilience of a community to continue to thrive despite water reforms, but also looks beyond resilience to assess adaptation capacity to continue to thrive because of adjustments made to ameliorate the impacts of water reforms. Research and Development was noted as an important driver of change for communities.

- C. *The review will support longer-term efforts to monitor and understand the social and economic conditions in the Basin, and the impacts and opportunities of water reforms on Basin communities and will be used by governments and leaders to help evaluate the outcomes of the water reforms including the Basin Plan. This is not a review of the Basin Plan.*

Strongly Agree.

Basin Plan

Whilst this is not a review of the Basin Plan, it is an important opportunity for the findings to be used to inform the future implementation of the Basin Plan (and other reforms).

It is critical to be mindful that current reforms are not fully implemented yet, and thus the socio-economic impacts are not yet fully realised.

NSWIC asks that the Assessment explicitly addresses understanding the risks and consequences of:

1. The Sustainable Diversion Limit Adjustment Mechanism under-delivering; as well as
2. If the agreed socio-economic criteria for the efficiency projects is not properly applied.

Whilst these would not currently present as a socio-economic impact, they are key elements of the Basin Plan which may have significant potential for future socio-economic impacts if they do not proceed.

Recommendation: Explicitly address understanding the risks and consequences of the Sustainable Diversion Limit Adjustment Mechanism under-delivering, as well as if the agreed socio-economic criteria for the efficiency projects is not properly applied.

Timeframes

The timeframe to conduct this assessment is relatively short. Whilst there is a great breadth and depth of areas the agricultural industry hopes this Assessment will cover, the timeframe for this Assessment means that it will need to become part of an ongoing process to be most effective.



NSWIC hopes that the Panel uses this as an opportunity to establish a longitudinal assessment of the on-going socio-economic conditions in the Basin. Simply – that this sets up the process for future. NSWIC seeks a Government commitment for this Assessment to be the start of a journey for better understanding and predicting socio-economic impacts of water reforms in the long term.

Given the limited timeframe, a valuable output from this Assessment would be developing a modelling capability for future, so Government can better assess and predict socio-economic impacts in the future. This would be a valuable tool to guide future reforms.

The short timeframe also means it will be critical for the Panel to prioritise the key areas of interest, as outlined throughout this submission.

Recommendation: NSWIC seeks a Government commitment that this Assessment will be the establishment of an ongoing long-term process to better understanding socio-economic impacts of water reforms, rather than a one-off assessment. NSWIC recommends the Panel explicitly focus on enhancing the capability of Government to be able to determine likely future socio-economic impacts by developing modelling capability, agreed methodologies and critical thresholds as the groundwork for future assessment.

Methodology for SEIA from water reforms

NSWIC highlights that the lack of decisive or agreed methodology for assessing socio-economic impacts is one hindrance to having a long-term measure of the impacts, and acceptance of the measures as critical thresholds for action. This is perhaps the greatest limitation of SEIA's in general terms to date. A great contribution from this Assessment would be, more broadly, contributing towards a more decisive and acceptable methodology for SEIA's for water reforms itself. This would be in a similar manner to the more resolved methodology and thresholds for Environmental Impact Assessments, which warrant action/in-action when thresholds are met. Whilst initially this may seem like more of an academic/intellectual exercise, a more cemented and agreed framework of socio-economic impacts would assist in determining whether action was required where critical thresholds had been met. Thus, creating rigour and acceptance of a methodology is beyond just an academic exercise, but critical for ensuring that the findings and recommendations (from this Assessment, and future assessments) have adequate political appetite and community acceptance to be responded to.

It would be a significant contribution to a gap in the literature if the Panel were able to contribute towards an agreed criteria, thresholds, methodology and performance indicators for how SEIA's from water reforms should occur.

Recommendation for an additional Term of Reference: Develop, and trial/demonstrate/pilot through this Assessment, a robust and accepted methodology or modelling for SEIA's of water reforms, to give greater legitimacy and decisiveness to socio-economic impacts to be responded to when critical thresholds are reached.

Economic Objectives and Indicators

Currently economic objectives and subsequent economic indicators in water policy are largely based around the market and trading rather than economic benefits to communities from water use. There is great opportunity to consider economic development and community-based indicators to expand



the reach and appreciation of current economic objectives and indicators more broadly. This remains under-developed.

NSWIC has raised this concern to the NSW Department, in the context of economic objectives and indicators in Water Resource Plans (WRPs), and there was shared sentiment that economic objectives and indicators need improvement. NSWIC understands that, to date, the largest hindrance towards having clearly defined economic objectives (and measurable indicators) in water policy documents is a lack of clearly defined and accepted understanding of what that would entail. NSWIC believes this is a further area of opportunity for this Assessment, to suggest (and pilot) economic objectives and measurable indicators that are specific to understanding the value of water for communities, and the flow-on effects more broadly.

Where there is water, there is healthy and prosperous communities, and this has flow on effects more broadly. Irrigation farming fosters substantial economic development in regional communities through multiplier (flow-on) effects across the supply chain and broader communities. Irrigation farming creates jobs, and the income derived from it supports local businesses, industries, schools, sporting facilities and community groups. These broader economic development and multiplier effects are currently not captured appropriately in existing economic objectives and indicators.

It is critical that economic objectives, indicators and modelling is available which is tailored to water dependent communities and industries to understand the value of water for the community, related communities, business and industries along the supply chain. Inclusion of these economic development and multiplier effects as economic indicators would give a broader and more representative indication of the true economic benefits from water access (availability, deliverability, reliability and certainty/security).

NSWIC notes that the Australian Farm Institute is undertaking research in this regard, using a general-equilibrium model, and we encourage the Panel to be in contact to seek further information. NSWIC can provide contact details upon request.

Recommendation: A valuable contribution from this Assessment would be guidance of economic expertise on how to value irrigation (and water more generally) to communities through socio-economic objectives, indicators and modelling.

D. The review should take into account the ongoing structural changes in agriculture and communities in the Murray-Darling Basin, and seek to separate the effects of these trends, and events such as drought, from the effects of the water reforms including the Basin Plan.

Strongly Agree.

Drought

The Basin is currently experiencing one of the worst droughts on record. With less than 1% of typical inflows into the Basin (according to WaterNSW), the situation for communities and the environment alike is dire. NSWIC has been appalled that media reporting and public opinion continue to blame the drought and related events on either irrigation farmers or the Government. Whilst water management is not perfect and could always be improved, there can be no denying that we are amidst a serious drought, and water allocations across much of the NSW Basin have been on 0% for around 2 years in many areas. Water management becomes very difficult when there is no water to manage.



NSWIC continues to be disappointed by claims, even by Government, that fail to make this distinction between the impacts of a severe drought and the actions by Government or farmers. This confuses a natural and a man-made crisis. NSWIC thus strongly supports that the Assessment will seek to separate the effects of trends and structural changes, and events such as drought, from the effects of the water reforms. NSWIC encourages the Panel to note that this is an impact itself on communities in the Basin, by exposing them to unjustified public scrutiny and potential for misinformed policy.

NSWIC does, however, note that it may not always be appropriate to fully separate the impacts of drought from the impacts of water reforms. On the ground, both these causes manifest to be felt by the same absence of water. In many cases, it is the combined impact which takes the largest toll.

NSWIC also notes that drought is an amplifying factor of other impacts, as well as often being the driving force of water reforms.

As a result, NSWIC believe it should rather be the focus of the Panel to account for all socio-economic impacts, whether that be drought impacts, water reform impacts, or the combination and accumulation of the two.

Recommendation: The Panel should seek to account for all socio-economic impacts, whether that be drought impacts, water reform impacts, or the combination and accumulation of the two.

Ongoing structural changes in agriculture and communities in the Murray-Darling Basin

NSWIC strongly supports inclusion of this aspect of the assessment but suggests that it is extended to “*structural changes in agriculture, communities and water use*”. NSWIC notes that it would be important to align with the current ACCC Review, which will include “*market trends since 2012, including the demand for water, changes in the location where water is used, the quantity of water traded, water availability, water users and their communities, development of new trading products, and the number of participants and sectors participating in the water markets*”. NSWIC notes that the market results in water being used for the highest value use, which can be reflected in changing crop patterns across the Basin. It is unfortunate that this has resulted in public perception of certain crops being “greedy” or “thirsty”, given that simply by using water for higher value crops does not increase the amount of water used by agriculture as water use must remain within capped levels. NSWIC encourages the Panel to make this clear in any publication regarding changing patterns of agriculture and water use.

The change that does result, however, is the seasonality, timing and reliability for water in the Basin, as a result of these structural changes. NSWIC raises to the attention of the Panel the growing challenges of deliverability (largely on the Murray) resulting from a switch to higher value permanent plantings which require more consistent water use.

Recommendation: NSWIC recommends adding structural changes in “water use” to this aspect of the Assessment.

Not just the Basin Plan, but a history of water reforms

In conducting this Assessment, the Panel must be mindful of the longevity of water reforms, as well as the breadth of the water policy architecture, and how this impacts on socio-economic conditions.



The current social and economic conditions in the Basin, as well as the sentiment felt by individuals, is the product of a long history of water reforms. The cumulative impacts may not have occurred in the same nature, extent or severity if it was just a one-off singular reform.

The cumulative socio-economic impacts may be either positive or negative. On the one-hand, the lengthy nature of reforms has led to structural adjustments which may have impacted upon resilience; but on the other, it creates instability and breaking points for communities whose resilience has been worn down by successive reforms.

NSWIC appreciates the wording of the Terms of Reference that the focus will be on water reforms *including* the Basin Plan, which we assume to mean that the assessment will not be limited to the Basin Plan. Whilst the Basin Plan is a centrepiece of water management in the Basin, it is certainly not the only policy mechanism impacting communities. NSWIC encourages the Panel to consider the broader architecture of water policy (state and federal) including, but not limited to, the Basin Plan.

The agricultural industry has been active in providing submissions in response to public consultations over many years, on a diverse range of topics. The submissions now form a historical record documenting the perceived and actual socio-economic impacts of communities throughout the long process of water reforms. Examining these submissions would demonstrate the persistence of some of the key socio-economic impacts, as well as providing artefacts to compare the perceived then actual socio-economic impacts from before and after a particular reform. NSWIC encourages the Panel (as part of a broader literature review) to use these submissions as a key source of data to inform the Assessment.

Recommendation: The Assessment should include the cumulative impacts of water reforms, including the longevity of water reforms to date.

Recommendation: NSWIC advises that the Panel examines submissions made by the agricultural industry on water reforms to build an evidence base of socio-economic impacts over time. In particular, the public submissions provided on the Northern Basin Review would be a valuable starting point for this process.

Recommendation: The assessment should include, but not be limited to, the Basin Plan.

Lack of public understanding of water reforms

NSWIC remains deeply concerned about the lack of public understanding of water reforms and policy, by both the general public, media and even some of those in Government. Admittedly, water policy in the Murray-Darling Basin is complex and multi-faceted; however, even that complexity remains poorly understood in general terms. This has significant impacts on rural communities in the Basin, as poorly informed public opinion drives poorly informed policy, creates public alarm and angst about water management, threatens the mental health and wellbeing of law-abiding primary producers in rural communities who (dispute abiding by laws) face ridicule by the public, media and some politicians, whilst also risking the social licence of irrigation. There is a serious (and understandable) anxiety faced by many rural communities, that the lack of public knowledge about water management and irrigation may lead to the end of irrigation in their community.

There is opportunity for the Assessment to seek to understand the divide by the general public between perceived and actual realities of irrigation farming and water reforms. If it is found that the public, particularly the activists, poorly understand the realities and actual systems of water management, this would be valuable information to encourage Government to take a more leading



role in explaining both how water is being managed, and the value of irrigation for providing fresh food and quality fibre.

NSWIC encourages the Panel to consider perceived impacts, in addition to actual impacts. The perceived impact of water reforms is critically important, as it influences public support for water reforms, dictates the narrative of community conversations, and has a significant influence on the mental health and wellbeing of communities.

NSWIC notes a potential role of this Assessment for contributing to restoring the social licence of irrigation, by showcasing the value and contributions of irrigation to communities and economies.

Recommendation: There is opportunity for the Assessment to seek to understand the divide by the general public between perceived and actual realities of irrigation farming and water reforms. There is opportunity for the Panel to provide recommendations to Government on the need to bridge the divide between the perceived and actual impacts of water management, and irrigation farming, both to restore confidence in water managements as well as the social licence of irrigation.

Recommendation: NSWIC recommends that the Assessment clearly articulates the winners and losers from water reforms.

E. The work of the Panel should also explore a range of options that stimulate, foster and promote healthy and sustainable rural and regional communities in the Basin.

Strongly Agree.

NSWIC strongly agrees with this term, as it covers broad opportunity to look for proactive means to improve socio-economic conditions. NSWIC note that water users are fatigued by reforms and assessments, and the critical aspects for water users is seeing a clear line of sight to tangible and implementable actions resulting from the assessment.

NSWIC thus encourages the Panel to work across Governments to ensure the recommendations and options arising from this assessment can be cleanly incorporated into actions on the ground in a timely manner.

Community Empowerment

NSWIC recommends that the Panel assess what model can be applied to empower communities to develop their own solutions over time. This would involve (1) communities developing strategies (ground-up), and (2) communities facilitating the implementation of those strategies.

This would involve exploring key questions such as:

- How do you facilitate communities to develop solutions from the ground-up?
- What input should communities be providing toward developing solutions and ways forward?
- What is the role of Government in facilitating this community empowerment?

This model would involve a co-investment from the community, industry and Government, and lead to greater community ownership, and thus acceptance, of reforms. This requires and empowers the community to be part of developing ways forward.



Research & Development

NSWIC emphasises the critical importance of Research & Development (R&D) for stimulating and enhancing the resilience of rural communities. R&D creates development pathways for communities through improvements, rather than picking winners and losers. R&D also provides more wide-spread and equally distributed income for communities, rather than grant programs which only target particular pockets of the community.

Recommendation: Water users are fatigued by reforms and assessments, and critical to overcoming this fatigue is the need to draw a clear line of sight to implementing tangible actions as an outcome of the assessment.

Assessment Framework

- The seven key questions determined by the Panel to investigate and answer are below:
- 1) What are the visions and hopes of Basin people for themselves and their communities?
 - 2) What have been the social and economic experiences of Basin communities, relative to other rural and regional communities in Australia, and what have been the main underlying drivers of these experiences?
 - 3) What are expected to be the most significant drivers of future change, opportunities, and risks for different Basin communities?
 - 4) How have water reforms and changes impacted different Basin communities to date, and what future impacts and opportunities are likely?
 - 5) If irrigation ceased to be viable in some regions, what would that mean for communities in those regions and what could be done to manage the impacts of the possible changes.
 - 6) What strategies have the greatest potential to enhance the resilience, adaptability and wellbeing of different Basin communities?
 - 7) What are the responsibilities and distinctive contributions of governments, businesses, non-profit groups, and individuals in enabling action to promote prosperous and sustainable Basin communities?

NSWIC understands that the Panel are interested in stakeholders identifying the order of importance of each of the key questions forming the Assessment Framework. Please see this below.

Order of importance	Key Question	Reason
1	<i>(4) How have water reforms and changes impacted different Basin communities to date, and what future impacts and opportunities are likely?</i>	As aforementioned, the likely future impacts are the priority area of focus for NSWIC. Q4 has potential for valuable contribution to inform evidence-based policy with consideration of the socio-economic impacts of water reforms.



		<p>This is currently the source of great angst, and a better understanding of the exact nature of the impacts would assist in constructively responding to this angst.</p>
2	<p><i>(5) If irrigation ceased to be viable in some regions, what would that mean for communities in those regions and what could be done to manage the impacts of the possible changes.</i></p>	<p>Q5 is currently poorly understood aside from anecdotal accounts. Understanding the importance of irrigation is necessary for developing policy which recognises that importance, as well as managing the impacts if irrigation was to cease.</p> <p>Q5 also reflects the lived experiences (fears and anxieties) of those in the Basin.</p> <p>NSWIC is curious to see how this will be measured, noting the impacts will vary significantly at a farm-level, scheme-level and community level. Each of those levels of analysis would require asking very different questions about the nature of the impacts.</p> <p>Q5 may have important implications for social licence to operate, in terms of valuing the importance of irrigation. We note importance of also considering the impacts outside of Basin Communities, such as the impacts on fresh food availability in urban areas, and on food prices, as people in urban areas can more closely connect.</p>
3	<p><i>(3) What are expected to be the most significant drivers of future change, opportunities, and risks for different Basin communities?</i></p>	<p>Q3 is important to understand what the ‘real effects’ will be, and to inform policy to not only prepare for change but to proactively shape that change.</p> <p>It would be important for this question to not only be answered in defensive terms, but to be proactive to search for future opportunities.</p>
4	<p><i>(6) What strategies have the greatest potential to enhance the resilience, adaptability and wellbeing of different Basin communities?</i></p>	<p>Q4 was considered critically important as it is also a proactive measure to prepare to enhance the resilience and adaptability of communities. However, it was viewed as being a defensive measure, rather than seeking opportunity to develop and thus was not ranked as highly as other questions.</p> <p>NSWIC members have noted they are fatigued by the word ‘resilience’. To many, it has come to mean simply coping or tolerating hardship, rather than proactively taking measures to fix things or respond. Whilst this is a minor detail, the connotations of the word ‘resilience’ in the context of water reforms has often become synonymous with ‘taking the hit’. Communities want to be more than just ‘resilient’, but seek to be proactive, strong and part of the solution (rather than a symptom of reforms).</p>



5	<i>(7) What are the responsibilities and distinctive contributions of governments, businesses, non-profit groups, and individuals in enabling action to promote prosperous and sustainable Basin communities?</i>	<p>NSWIC believes that the most critical element related to this question is the role for both Government and Communities in facilitating structural change (if any). If communities are beyond breaking point, should there be a role for Government or communities to assist in an exit strategy (e.g. structural adjustment, modernisation or to speed up the process)?</p> <p>The need for the Government to pay more attention to the 'social' component of the 'triple-bottom-line', as well as having broader measures of economic objectives, was raised.</p>
6	<i>(2) What have been the social and economic experiences of Basin communities, relative to other rural and regional communities in Australia, and what have been the main underlying drivers of these experiences?</i>	<p>This was considered to be largely already well-understood, albeit with limitations and need for updated and revised measures. However, this was still considered crucially important, as this data (particularly updated data) will be critical to inform policy making and advocacy.</p> <p>NSWIC note that a particular focus to this question will be the driver of change. For dryland communities, the driver of change has largely been economic or climatic factors. For most of the irrigation communities in the Basin, the driver of change is largely policy decisions. Since this is a result of decision-making, the sentiment of the change is shifted.</p>
7	<i>(1) What are the visions and hopes of Basin people for themselves and their communities?</i>	<p>Whilst important, this was viewed as having less capacity to influence and drive change.</p> <p>NSWIC suggests that this question may become more meaningful if refocused to empowering communities to articulate and assess their vision and future directions.</p>

Further possible considerations

Public Consultations

NSWIC welcomes the emphasis from the Panel on developing this Assessment with the impacted communities. NSWIC is pleased to see that *“Our priority in engaging with Basin Communities will be given to those whose livelihoods and lives are strongly connected to and impacted by water.”*³

NSWIC emphasise that this is an exceedingly challenging time for communities in the Basin and seeking constructive input will require sensitivity and caution due to the emotiveness of the topic. It is important that this does not become another outlet for anger and frustration but is a constructive forum.

³ Page 2.



The questions entailed in this Assessment will no doubt be hard conversations to have with communities. NSWIC encourage the Panel to conduct (in addition to open public sessions) structured workshops with community leaders where possible. NSWIC also recommend ensuring that communities are provided with information prior to public information sessions to inform discussions and allow time to think through community responses. Discussion of viable alternatives, as well as scenario modelling, may be a constructive method of talking with communities.

NSWIC strongly encourages the Panel to be mindful of events in the local area when holding workshops or public information sessions and align with existing workshops where possible. Water users are facing numerous public consultations on a range of measures (e.g. Water Resource Plans, new Metering Framework, Floodplain Harvesting, etc) and are fatigued by the constant nature of public information sessions. NSWIC encourages the Panel to align with these sessions to reduce the time commitment on water users, as well as to maximise participation. NSWIC and our members offer to assist in coordinating public information sessions.

Recommendation: Conduct (in addition to open public sessions) structured workshops with community leaders or focus groups, where possible. Ensure that communities are provided with information prior to public information sessions to inform discussions. Where possible, align any public sessions with existing public consultations to improve the accessibility and participation of water users.

Meeting the needs and expectations of farmers and communities

NSWIC notes the common practical mentality of those in the agricultural sector to get things done and fix things, and to search for solutions to problems, rather than to weigh too heavily on assessing the issue.

This tendency is both an opportunity (for the Assessment to be very practically focused), and a necessary methodological consideration, for the Panel to meet the needs and expectations of those being impacted.

NSWIC offers the below recommendations in response:

1. **Content** – Rural communities will be interested to see the practical outcomes arising from this assessment, including the key recommendations and how they will be implemented.

Recommendation: NSWIC advises that the Assessment remains very outcome and action focused, by producing tools (such as methodologies, indicators and measures) or recommending development pathways to respond to impacts, rather than simply be resilient to them. This is not as a substitute for data to build the evidence base of understanding socio-economic impacts, but part of an implementation strategy to create positive change from the findings.

2. **Methodology** – Given the difficult conversation entailed in this Assessment, the methodology must be sensitive to the emotion embedded within the topic of socio-economic impacts of water reforms.

Recommendation: NSWIC advises that the methodology for the Assessment is constructed accordingly, such as through scenario modelling, and ensuring communities have adequate information (and time to consider information) prior to public consultation sessions. Strategic structured workshops (in addition to larger public forums) would be valuable.



Alignment with current or recent assessments and reviews

NSWIC notes that it is critical that this Assessment aligns with on-going or previous efforts in this space and notes the Panel has undertaken a broad literature review to ensure that occurs.

NSWIC notes that in recent times there has been a magnitude of recent reforms and assessments. Specifically, in recent times, there has been over 37 reviews/inquiries/commissions (see Appendix 1). On the one hand, that is a positive contribution to informing evidence-based policy. On the other hand, however, it means that it becomes important for any new assessments to align with work currently being undertaken.

NSWIC also draws the attention of the Panel to the MDBA community profiles, to avoid duplication.

NSWIC believes that many of the areas seeking to be addressed by the Terms of Reference are poorly understood to date, and thus industry strongly welcomes (and called on) this Assessment to address those areas.

Recommendation: Ensure this Assessment aligns with, and builds from, existing assessments which have occurred.

Need to look beyond just water recovery

To date, the focus of SEIA's has been on the physical removal of water from agriculture. Water recovery is largely acknowledged to have significant impacts on communities and regional economies, and it is critical that those impacts are fully understood and documented. However, there is a gap in knowledge in understanding the socio-economic impacts arising from other components of water management, aside from just water recovery. For example, the impacts from changes to water reliability, the changing patterns of water usage more generally, the management of environmental water, and physical constraints of deliverability, and how that impacts communities.

Recommendation: It is important that the Assessment is not limited to the socio-economic impacts of water recovery, but also captures the socio-economic impacts of water management more broadly.

Security of Water Property Rights

Water users continually feel that water property rights are being eroded as a result of water reforms. This generates substantial uncertainty for water users, businesses and their communities, such as by potential losses to compensation if a property right is not recognised (stalling means to adaptive capacity) and generating community angst, whilst also destabilising appetite for investments if there is a lack of certainty.

Legally, there are varying degrees of recognition of water property rights across the Basin. Under the 2004 *National Water Initiative* well-defined water property rights were identified as a precondition to the effective development and operation of water markets. However, fifteen years on, with established and operational water markets, only two states (South Australia and Tasmania) have



water property rights expressly declared under state water legislation⁴. Whilst a lack of expressed declaration does not mean the property right does not exist (as this comes down to case law and further statutory interpretation), it does mean it is less resolved and unclear. Without clearly defined water property rights, there is enormous potential for future socio-economic impacts, as well as current uncertainty and angst. Whilst the legal clarification of this is likely beyond the scope of this Assessment, the impacts of a continual eroding of water property rights is within scope. NSWIC encourages the Panel to consider the security of water property rights as part of this study.

NSWIC staff is contributing to a research project on this topic and would be happy to assist the Panel should this area become of interest to the assessment.

Recommendation: NSWIC recommends the Panel considers the security of water property rights as part of this Assessment by highlighting the impact that a continual eroding of water property rights has on the certainty and stability of water dependent rural communities. NSWIC recommends that the Panel produce as a recommendation the need for water property rights to receive greater recognition.

Trust in Government & the Role of Politicians

NSWIC highlights the worsening trust in Government by communities. It is critical that Government can restore the trust of the public in water management, whilst also noting the impacts on communities from political actions.

NSWIC wishes to highlight the impacts on individuals and communities from the frequent political attacks and 'blame game', which often causes reputational damage to irrigation farmers as collateral damage. This extends to politicians either leading or following social media attacks that have had a known psychological impact on farmers. Mental health should not be collateral damage. Strategies to restore trust in Government, by articulating the importance of politicians understanding the implications of their actions, as well as by developing models for community empowerment (as aforementioned) would be a welcomed inclusion.

Mental Health and Well-being

NSWIC strongly encourages the Panel to specifically include mental health and well-being as a tenet of this Assessment. The poor mental health of many in the Basin could be attributed to impacts of water reforms, extensive drought, as well as the unrelenting ridicule by media (social and mainstream) and politicians which demonise those producing food and fibre as well as attributing ecological catastrophes (fish deaths and lack of rainfall) to farmers. This has impacts on individual well-being, but also community spirit, and the social licence of industry.

Recommendation: NSWIC asks that mental health and well-being is specifically included in the Assessment, at both an individual and broader public health level of analysis.

⁴ Water Resources Act 1997 (SA), s29(5) which states: "A water licence is personal property and may pass to another in accordance with the provisions of this Act or, subject to this Act, in accordance with any other law for the passing of property."



Conclusion

NSWIC is pleased with the draft Terms of Reference and Assessment Framework, and thanks the Panel for their work and insight to date.

NSWIC hopes the comments provided in this submission are of value to the Panel in the continuation of this Assessment.

NSWIC is available to assist with the Panel where appropriate and where required.

Please don't hesitate to contact us if you require any further information or have any questions.

Kind Regards,

A handwritten signature in black ink, appearing to read 'L. S. Smith'.

NSW Irrigators' Council.