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SUBMISSION

Draft Report: Independent Assessment of Social and Economic Conditions in the Basin

April 2020



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.

NSWIC welcomes this public exhibition as an opportunity to share local, practical and operational knowledge and expertise in water management. NSWIC offers the expertise from our network of irrigation farmers and organisations on an ongoing basis to ensure water management is practical, community-minded and follows participatory process.

This submission represents the views of the Members of NSWIC with respect to the *Independent Assessment of Social and Economic Conditions in the Basin*, Draft Report. Each member reserves the right to independent policy on issues that directly relate to their areas of operation, expertise or any other issues that they deem relevant.



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. |



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Overview

NSWIC welcomes the *Independent Assessment of Social and Economic Conditions in the Basin* (herein, the Assessment) - *Draft Report* (herein, the Report), and thank the Panel for the work on this Assessment to date.

Whilst we generally agree with the findings and support the recommendations, we do have some concern that the recommendations may be too general to guide action on resolving the issues identified. Through this submission, NSWIC has sought to provide guidance to the Panel on specifically how the recommendations could be further developed to guide Governments to positive change.

The main points raised in this submission include:

- Need for a specific recommendation for **no more water recovery** (a real risk to communities), as well as recognition (as a finding) that shifting water out of the productive pool of water resources will *necessarily* have significant social and economic impacts.
- Change recommendation 5 (as this currently is not supported) to ensure the **neutrality criteria** agreed by the Ministerial Council in December 2018 is **diligently applied**, and not watered down. Governments must strictly maintain their commitments to this criteria, even if that means it is not possible to recover an additional 450GL this way.
- Inclusion of omissions – such as recommendations relating to the need for increased flexibility and new projects for the **SDL Adjustment Mechanism** (potentially the largest risk for further social and economic impacts), over-recovery and underusage.

The findings and recommendations from this work should be actively delivered to inform and drive change in implementation of the Basin Plan, and other reforms, for the desired outcomes to be realised.

[Need for a specific recommendation for no more water recovery](#)

NSWIC strongly feel that the Final Report needs a recommendation for no additional water recovery from the consumptive pool. Communities and the agricultural sector simply could not sustain any further water recovery, yet this remains as a real concern to communities. The findings from this report clearly show that communities are struggling as a result of water reforms already, and we feel that it's untenable for any additional water recovery to occur. The prospect of additional water recovery is real for communities (particularly if components of the Basin Plan fall through), and the cause of much anxiety. Thus, stopping further damage (i.e. stopping going backwards) would be a significant additional recommendation to the Final Report, and aligned with the Findings.

Now that the Sustainable Diversion Limits (SDLs) are in place, further environmental progress should be sought by working with the available environmental water to achieve the best possible outcomes. The Productivity Commission has provided a number of constructive recommendations in this regard.

NSWIC Recommendation:

In the Final Report, include as a Recommendation:

“There should be no additional water recovery from the consumptive pool, as communities and the agricultural sector could not sustain further reductions to water access.”



Recognition of the impact of shifting water

NSWIC seek a direct recognition at the forefront of the Final Report that shifting (20% of) water out of the productive pool will necessarily have significant and drastic social and economic impacts. Whilst it is possible to mitigate and address some of these social and economic impacts, the fundamental irretrievable community cost of shifting water (out of production) needs to be acknowledged. Part of the lack of trust which communities are feeling, is a result of Governments not truly recognising this necessary cost of removing water from communities. Water is irreplaceable and non-substitutable for communities reliant on irrigated agriculture.

NSWIC Recommendation:

In the Final Report, identify as a Finding:

“Shifting water out of production will necessarily have severe social and economic impacts. Whilst efforts to mitigate some of these impacts are possible, there is an underlying ultimate cost to communities of removing water from production which is not fully compensable or replaceable. Government recognition of these costs is critical to rebuilding trust from impacted communities.”

Implementation of Panel Recommendations

NSWIC have some concerns that the recommendations may be too broad or general. Broad and general recommendations do not give firm direction to Government on how to address the issues identified. This then presents the risk that the Government response will be insufficient, or not ideal. Where possible, NSWIC encourages the Panel to develop specific and clearly deliverable actions, and avoid broad/general or more philosophical recommendations.

NSWIC Recommendation:

Refine the recommendations in the Final Report to be clear, specific, tangible and actionable goals that could be directly implemented in a timely manner.

Improving the Basin Plan

Whilst we acknowledge that the Assessment is explicitly not a review of the Basin Plan, the further implementation of the Basin Plan provides an important opportunity to improve social and economic conditions.

It is important that the findings of this Assessment inform the further implementation of the Basin Plan (and other reforms), so that it can progress with the least possible impact on communities. Our industry have seen continual reviews and inquiries (over 45) into the Basin Plan since it commenced, with little action taken by Government to genuinely adopt the recommendations to address the findings. NSWIC recommend that the Panel take active steps to ensure these recommendations are acted upon. This may include seeking to establish an implementation taskforce, or establishing a review period in 12 months time to assess progress on actioning these recommendations.

NSWIC Recommendation:

Take active steps to ensure the Recommendations are acted on by Governments adequately and in a timely manner, such as by seeking to establish an implementation taskforce, or establishing a review period in 12 months time to assess progress on actioning these recommendations.



Feedback on Draft Recommendations

Governments must rebuild community trust in water reform, and lead from the front

Recommendation 1:

The Panel recommends all Basin governments commit to providing greater clarity and certainty around long term policy, and drive greater accountability and improved delivery of outcomes to build trust and ensure more people share in the benefits of Basin water reforms. Specific commitments and initiatives should include:

- All Basin governments and relevant authorities must work together cooperatively, to deliver the Basin Plan. This work may require adapting to changing circumstances and new information.
- The Murray–Darling Basin Ministerial Council should demonstrate a shared vision and clear objectives, showing it can articulate what it sees as common goals with clear roles, accountabilities and actions, that provide long term policy certainty.
- All parties involved in the design, development, implementation, monitoring and evaluation of water policy and reform should recognise the importance of transparency, and accountability in providing certainty and confidence to communities. Basin governments must find better and more effective ways to engage with rural and regional communities. Basin communities want to be part of decision and policy making that makes their communities better places to live. This engagement should empower communities and keep government accountable, as well as making the case for reform.
- Basin Governments should invest in the ongoing development of effective water markets and improving the water literacy of participants and users of basin assets. This could be done by developing an easily accessible, Basin-wide water resource information platform. The platform could provide timely information and simple description and definitions of water terms, policies, operational settings, rules and their implementation, and changes (or those proposed) to them. It could also provide easily understandable indicators of water supply and demand and enable rapid understanding of the composition of, and changes in, river flows, and storages, both temporally and spatially as well as access and release triggers.
- Basin governments need to invest in developing improved water literacy in communities and within government, so all understand what policy proposals mean in practice.
- Strong and effective local leadership that understands is what is required for successful outcomes. Basin governments should explore ways to build local leadership capacity to work with governments to design policies that are tailored to community needs.

NSWIC support these recommendations, but note they are rather general. NSWIC encourage the Panel to further refine these to be clear pathways forward for Government to address these issues. Alignment with the recommendations of the Productivity Commission (as the official statutory review of the Basin Plan) would be a valuable way forward in specifying the required path of action.

NSWIC also recommend that the recommendations clearly identify who will be responsible for delivering on the action, to assist with accountability. Many recommendations identify 'Government', and we encourage the Panel to specify which Government (or even agency) to



ensure that there is a clear delegation of responsibility when it comes to implementing the recommendations.

NSWIC Recommendation:

In the Final Report, clearly indicate who will be responsible for that recommendation to ensure accountability and responsibility for acting on the recommendation. ‘Government’ should specify which Government (or agency if appropriate).

NSWIC particularly support the recommendations seeking to improve water literacy, as this lack of public understanding becomes a large inhibitor in progressing water policy, as misinformed discussions inhibit progress. We note that water literacy is also about the broader community / general public, including in metropolitan and non-Basin areas as Basin water resources are a point of public interest. Education programs or public information campaigns that actively seek to engage the general public (rather than just having resources available) would be beneficial for this.

From this point on, governments should match the pace of all further water recovery to the capacity of systems and communities to absorb and adjust to change

Recommendation 2:

The Australian Government should time further water recovery to match the capacity to deliver water to where needed to achieve enhanced environmental, social and working river outcomes. This approach means slowing further recovery in the Basin, and **accelerating efforts to relax delivery constraints**.

NSWIC agree in-principle with the *first part* of this recommendation regarding ensuring further water recovery is matched to the capacity of the system to deliver water. However, we note serious concerns around constraints relaxation which require resolving rather than ‘accelerating’ regardless, and fear the Panel have confused ‘constraints relaxation’ with ‘deliverability’. These are separate matters.

1) Constraints

a. Recommendations on Constraints

NSWIC do not support the inclusion of “*accelerating efforts to relax delivery constraints*” in this recommendation.

NSWIC note that recent reports have emphasised the need to use an adaptive management approach, and these reports found that if the approach is not changed then the projects will fail and/or have significant impacts. ‘Accelerating’ the approach, without adaptive management and without addressing the significant concerns (particularly of riparian landholders), is not a supported way forward.

The 2019 report by the NSW and Victorian Ministers’ Independent Expert Panel on *Murray-Darling Basin constraints modelling*¹, found:

- “that the various models used... [are] insufficient to give confidence in relation to the matters listed in the terms of reference” which includes “third party risks”, and “risk of inadvertently inundating landholders”.
- “The current modelling is not suitable for assessing and communicating the 3rd party risks.”

¹ https://www.industry.nsw.gov.au/data/assets/pdf_file/0011/285626/Murray-Darling-Basin-constraints-modelling-report.pdf



- *“The Panel found modelling information about changes in flooding risk have not been presented at a scale needed to build the confidence of landholders”*

NSWIC asks the Panel to remove constraints relaxation from this recommendation, and when addressing constraints relaxation to link it with the findings of the recent 2019 report. NSWIC also encourages the Panel to ensure the 2019 commitment from the NSW and Victorian Water Ministers is upheld:

“The Victorian and NSW Governments will not inundate private land without landholders’ consent nor compulsorily acquire land or easements as part of possible adjusting physical and operational limits to higher environmental flows.”²

Simply, Government must develop environmental flow options and river operational rules under the Constraints Management Strategy and the PPMs to ensure **no adverse or unmitigated impacts** on the **reliability of irrigation supplies** or **on private property**. The focus should be on innovative opportunities for environmental outcomes, developed with local communities.

b. Constraints v Deliverability

Furthermore, NSWIC are concerned that the Panel may have confused constraints and deliverability. These are separate matters.

NSWIC reject constraints relaxation as an option to address deliverability issues.

The key difference is that the intention of constraints relaxation under the Basin Plan was to **achieve environmental outcomes**, whereas deliverability refers to the capacity of the system to deliver water orders (to all water users), and relates to concerns that water volumes for delivery are larger than channel capacity, particularly with water demand trends moving further downstream. This is addressed in more detail later in the submission.

Constraints management should not be to enable the delivery of irrigation water above river system channel capacities. There are enormous costs to this, including large operational losses, as well as damage to riparian landholders.

It is critical that this error/confusion is corrected in the Final Report, and that it is clear deliverability and constraints are separate matters.

NSWIC Recommendation:

In the Final Report:

- Remove *“accelerating efforts to relax delivery constraints”* from this recommendation;
- Accurately distinguish between deliverability and constraints in the entirety of the report;
- If addressing constraints relaxation, recommendations should focus on the findings of the aforementioned 2019 Report, and ensuring no adverse or unmitigated impacts on the reliability of irrigation supplies or on private property (as per the above 2019 commitment).

2) Timeframes

NSWIC supports flexibility in timeframes for implementation of the Basin Plan, provided any changes are linked to improved implementation arrangements and a secure agreement by Government not to pursue buy backs.

² <https://www.premier.vic.gov.au/independent-expert-panel-to-investigate-basin-river-flows/>



It is very important that further water recovery can actually be used to achieve outcomes, and this requires the capacity to deliver it. NSWIC question the value of recovering additional water if it is not possible for it to be delivered, and thus agree in-principle with the first part of this recommendation.

Flexibility in implementation timeframes would allow environmental water managers to learn by doing, developing and implementing new and improved options for the use and management of environmental water. Communities could also be more effectively engaged in the development of SDLAM projects, allowing new and adaptive approaches to be properly explored, ultimately resulting in an improved triple bottom line outcome.

We see significant opportunity to align Recommendation 2 with the Productivity Commission recommendations, particularly under Chapter 5 of the Productivity Commission Report.

3) Under-recovery

Regarding under-recovery, NSWIC supports irrigation farmer led approaches for further water recovery where the local recovery target is under-recovered. Where Governments have failed to 'bridge the gap' and there is under recovery of the local target, NSWIC recommend the reasonable excuse provisions should apply and irrigation farmers in affected valleys should not be negatively impacted by Government failure to secure the required water.

Current funding is not enough to support community led transitions for Basin communities impacted by water reform

Recommendation 3:

The Australian Government should extend the Murray–Darling Basin Economic Development Program beyond its 2023 completion date, and increase its scale. Past and future impacts of Basin water reforms will still be passing through Basin regions and towns after 2023. The program should be extended to 2030, then reviewed. Project delivery timeframes should be extended beyond the current four year timeframe to 2030. This extension will empower communities to make longer term investments in their future.

Recommendation 4:

The Australian Government should prioritise future investment in the Murray–Darling Basin Economic Development Program in vulnerable and disadvantaged communities most negatively impacted by Basin water reforms. The Panel's assessment shows these communities include:

- Basin regions where more water has been recovered through open tender buybacks, and less through on-farm irrigation investments
- dairy and annual cropping regions and towns in the southern Basin that have benefitted less from past water reforms and will decline with future water recovery
- smaller Basin communities that have poor socioeconomic conditions and rely heavily on irrigated agriculture, and/or where water recovery and other reforms proceeded quickly (such as through single 'strategic' purchases).

NSWIC supports these recommendations.

We note that only a very small percentage of investment under the Basin Plan has gone towards social and economic assistance (approximately 1%). There is therefore significant need for greater investments towards achieving the social and economic objectives of the triple-bottom line plan.

NSWIC note that genuine social and economic programs in rural communities – whilst certainly worthwhile and much needed – are very difficult. Whilst these measures are



welcomed, they must be recognised as only mitigating *some* impacts at best (i.e. no silver bullet). Regional economic development is inherently complex.

There will be winners and losers from any measure, and notably difficulties in deciding which communities and groups of people are the beneficiaries (or not) of such programs. Deciding which communities and groups of people are most vulnerable/deserving will be a challenge. Further, often regional development programs and funding are poorly coordinated.

Ultimately, maximising the possible amount of water that can be retained for communities (i.e. no additional water recovery), would be the greatest source of economic development by allowing industries to continue, employment in local communities, and the flow on effects more broadly.

Socioeconomic neutrality criteria should be accompanied by a process to provide flexibility for communities to move to less water dependent futures where communities request this

Recommendation 5:

Where an upwater recovery proposal fails to meet established neutrality criteria, this failure should trigger a formal process to consider and agree on whether and how third party impacts could be offset in a way that is acceptable to those negatively affected by the change. This process must be community led. The Panel considers this process would likely stimulate a more diverse range of community led recovery proposals, which may alleviate an otherwise protracted and even more painful and unmanaged transition for regions.

NSWIC **does not support** this recommendation.

We are concerned that this recommendation effectively waters down the agreed to neutrality criteria, which is critical (and was long fought for) to protect the potential social and economic impacts of the 450. NSWIC request that this recommendation is firmer, to say that if an upwater recovery proposal fails to meet the established and committed to neutrality criteria, it cannot progress.

We feel that the purpose of the neutrality criteria was to prevent social and economic impacts, particularly third-party impacts, and these criteria should be firmly upheld, as has been committed to, with no exception.

NSWIC does not believe that an additional 450GL of water can be recovered in a way that is consistent with the social and economic criteria agreed by the Ministerial Council in December 2018. Diligent application of these criteria is a critical requirement of recovery of any of the targeted 450GL.

NSWIC has never supported the 450 up-water proposition, due to the impacts on the consumptive water pool by lowering the SDL, and has focussed on negating any impacts if it is implemented.

We feel that it would be almost impossible to reach genuine consensus across all ‘those negatively impacted by the change’ if a failure to meet the neutrality criteria, given that the impacts span to the broader irrigation industry with the lowering of the SDL.

NSWIC Recommendation:

In the Final Report, strengthen this recommendation to be:

“Where an upwater recovery proposal fails to meet established neutrality criteria, that proposal should not be progressed. Diligent application of the neutrality criteria is a critical requirement of recovery of any of the targeted 450GL. Governments must strictly



maintain their commitments to this criteria, even if that means it is not possible to recover an additional 450GL this way.”

The Panel may also wish to consider a dispute resolution process whereby communities or individuals may contest the application of the criteria, and appeal the decision.

In addition, the Panel may wish to go further and say that no further water recovery should occur until the recommendations in the 2018 Productivity Commission Five-year review of the Basin Plan are fully implemented. The Productivity Commission report includes significant findings and detailed recommendations in relation to the “efficiency” measures, and these should be acted on, to improve implementation, before progressing with projects.

Basin communities need greater clarity around river operations

Recommendation 6:

Reflecting community concerns, Basin governments should continue addressing deliverability constraints as a priority. This work includes:

- Commonwealth and state water ministers developing an aligned multi-state approach to development below the Choke, as a priority action.
- Consistent with Victoria’s approach, NSW and South Australia not establishing new or expanded water licences until a clear long term plan for managing deliverability below the Choke is agreed.

The Panel considers long term clarity and confidence around coordinated development above and below the Choke will better stimulate, support and promote healthy and sustainable rural and regional communities in the Basin, compared with the current approach.

This matter is particularly important, given that in December 2019, the Independent Panel for Capacity Project Review identified in their report titled “*Understanding River Murray water delivery shortfall risks*”³ that:

“Irrigators and communities along the River Murray should be aware that there is an increasing risk that water cannot be delivered to users when they want it”.

NSWIC recognise the significant deliverability challenges, particularly at the Barmah-Millewa Choke, but wish to highlight that there a number of considerations when it comes to Government addressing this, which would be a valuable addition to the Final Report.

NSWIC are of the understanding that the MDBA will be publishing an options paper in coming weeks around deliverability. There is opportunity for the Panel to provide guidance to the MDBA on which options pose the lowest risk to communities and social and economic outcomes, or develop a list of critical considerations to protect communities. In that regard, NSWIC have developed a criteria for Government action on deliverability challenges, as follows:

- Protect the property rights of entitlement holders (i.e. water availability, accessibility, reliability);
- Ensure no negative unmitigated third-party impacts (including for the environment);
- Delivery shortfall risks are to be borne by new developers;

³ <https://www.mdba.gov.au/publications/mdba-reports/river-murray-water-delivery-shortfall-risks>



- Be agnostic to (not discriminate between) agricultural industries;
- Seek to minimise operational losses – with delivery of productive water not being overbank;
- Maintain entitlement characteristics;
- Enforce trade rules;
- Improve the understanding of risk, and the management of risk, for all water users (historical and new);
- Recognise and account for the environmental benefits from the delivery of productive water;
- Ensure consultation with stakeholders.

In the Final Report, the Panel may wish to elaborate on the reasons why deliverability poses such a risk to social and economic conditions. Water users are concerned that deliverability limitations could impact water property rights (in terms of water availability, accessibility and reliability) and cause significant environmental damage.

The consequence for irrigation farmers is a risk to both the reliability of water entitlements, and risk to the accessibility of allocations. The risk to reliability is a result of substantial losses in the system reducing the total water balance; and the risk to accessibility is a result of the physical capacity of the system to deliver desired volumes of water.

As a sector, we do not want to stand in the way of new development, however, there needs to be a way of ensuring new demand for water access does not have unmitigated impacts on other parties.

NSWIC Recommendation:

To improve the generality of this recommendation, include in the Final Report guidance to Government on how deliverability challenges could be managed in a way that minimises social and economic impacts. For example, developing a criteria of conditionalities (similar to the components listed in the NSWIC criteria) would better direct Government towards the best possible way of approaching this issue.

Clarification is needed (in regards to Recommendation 6) around water licences (volumetric). There are no new licences, and there cannot be, thus this is likely referring to works or use approvals. Clarification and correction is required.

Recommendation 7:

Improve water security planning and investment for Basin towns and cities. Improvements should include better supply and demand forecasting and planning; more focus on non-rainfall based supply options; investment decisions based on a full assessment of costs, benefits, risks and uncertainties; and better meeting of the water supply needs of First Nations communities.

Recommendation 8:

The Australian Government should develop regional pilot programs for alternative urban supply sources, including indirect potable reuse. These investments may be part funded through the National Water Infrastructure Development Fund.

NSWIC agree with the recommendations on water security, and note that a process is already in place in NSW through the Regional Water Strategies to improve water security planning (Recommendation 7). We feel that the NSW Regional Water Strategies achieves the intent of



this recommendation, and is a detailed process which encompasses this recommendation and also broader areas of water security.

It may be worthwhile noting the progress on this Recommendation for NSW (to avoid any duplication in implementation). We recognise that this recommendation may still be required in other Basin states, and thus we have no issue with it remaining.

More needs to be done to improve social, cultural and economic outcomes for First Nations communities

Recommendation 9:

Governments should do more to increase First Nations communities' access to water for cultural and economic purposes, by:

- working with First Nations groups to define levels of access required to support improved outcomes for First Nation peoples across the Basin
- recognising the relationship between, and benefits from, First Nations' increasing access to water and land, and working on approaches that provide for both.

Recommendation 10:

The Australian Government (potentially in partnership with state governments) should fund First Nations groups to work with experts in valuing ecosystem services provided by, and the benefits arising from, culturally significant sites (including, but not limited to, the 17 Ramsar sites in the Basin). The goal should be to better understand the cultural and economic benefits of improving First Nations groups' access to water, and environmental outcomes.

Funding should also be provided to support Aboriginal enterprise development in associated First Nations communities that use (or could use) ecosystem services.

Recommendation 11:

Basin governments should work to better embed and mainstream First Nations participation in water policy and planning at all levels over the long term. Basin-wide processes have provided for greater First Nations involvement, but involvement in state and local decision making and planning varies and should be increased.

NSWIC recognises and supports the traditional and cultural uses of water by Aboriginal people.

NSWIC seek further information in clarification of where this additional water access would come from, given that all water has been fully allocated.

It is important that access to water for commercial use is based on attainment through the existing market. There needs to be a clear separation of cultural water and economic/productive water in this regard. It is important that First Nations people who wish to use water for productive purposes are able to do so via the water market.

NSWIC has commenced a new project with our Principal First-Nations Advisor, focused on Billabong Restoration, for cultural water management. Further information on this project is available upon request.



The quality, timeliness and awareness of indicators related to wellbeing and the environment need to be better

Recommendation 12:

To improve decision making and enable well focused and timely responses to wellbeing concerns, governments should agree on a framework to more regularly monitor and, where feasible, develop improved and more granular indicators of community wellbeing in the Basin. Consideration should be given to reporting Basin community wellbeing at least every four years, and every two years in communities with higher vulnerability.

Recommendation 13:

Basin governments should fund a program for First Nations groups to build a baseline and track social and economic conditions, and water reform outcomes. First Nations groups could partner with the Murray–Darling Basin Authority and Australian Bureau of Statistics to complete this work.

Recommendation 14:

Improvements in monitoring and evaluation should include creating a solid baseline and tracking environmental outcomes from water reform, and how these impact Basin communities' social and economic wellbeing. Measures should include, but not be limited to, demonstrating how enhanced environmental outcomes of water reform affect tourism, recreation, liveability, human health and wellbeing, and cultural values.

This tracking is a critical need, and communities should be more involved in the design of this program compared with previous efforts.

NSWIC agree with the principles of these recommendations, and the intent to develop greater data. We do feel that these recommendations lack a clearly defined direction and outcome. NSWIC recommend that the Panel seek to tighten these recommendations with the aim of shaping them with clearly defined objectives, and direction, particularly regarding how these fit within existing processes, reviews, data collections and performance indicators.

Research and innovation need more focus on helping farm businesses transition to flexible farming systems

Recommendation 15:

In response to the emerging risks in Basin, increase the focus and funding of research and innovation in the following key areas:

- enabling the diversification of farm systems across industries
- translating research and innovation knowledge into on-ground application.

NSWIC support this recommendation.

We note the existing Research and Development avenues to deliver upon this recommendation.

Water is the most limiting factor to agriculture in Australia. Yet, there is no national research body to improve water productivity, efficiency and management in agriculture. This must be addressed. Research and development tends to be commodity-specific, so a vehicle focused on water productivity more broadly would be a beneficial inclusion.



We note that whilst research and development is very important, the opportunity to apply research on the ground is also underpinned by water availability and access.

The Australian Government needs to further invest in regional connectivity in the Basin

Recommendation 16:

Governments should invest to improve essential infrastructure in Basin communities, particularly in outer regional and remote communities that are at a relative disadvantage.

Recommendation 17:

Governments should consider developing a Basin-specific infrastructure fund, with a focus on digital connectivity. Basin communities already have a significant infrastructure deficit, and they should not have to compete with other regions in a new fund.

NSWIC agree with these recommendations.

Moving towards more sustainable irrigation infrastructure

Recommendation 18:

Community Service Obligations may be helpful in some circumstances to clarify future service requirements and how costs are shared when off-farm infrastructure is provided to achieve water recovery.

NSWIC seek further clarification of this.

NSWIC note that Draft Finding 29 is not correct for all IIOs. For example, Coleambally Irrigation (as one case study) commenced modernisation in the early 2000s, and completed in 2017, which has had many positive benefits. These benefits include improvements to the level of irrigation service, and improvements to efficiency with the water savings now passed onto members. CICL will provide further details on this in their submission.

Basin regions and towns facing acute social and economic issues need immediate support

Recommendation 19:

Basin governments should direct resources to attract and retain frontline service providers that specialise in addressing household distress, mental health issues, and financial hardship, in Basin locations experiencing acute social or economic issues. Section 2.2 of this report identifies these Basin regions and towns, and their frontline resource needs.

Recommendation 20:

Governments need to work with communities in the Basin with acute social and economic issues to develop action and outcome plans that will address these issues over the next three years. Such plans should build on any existing plans and be driven by local communities that are provided with additional skills and expertise to help them develop long term (say, two to three decades) and short term (up to 10 years) tailored plans.

NSWIC agree with these recommendations.



We note that a large source of the aforementioned trust issues are the multiple agencies and Governments involved, and this complexity creates uncertainty of who is supposed to do what. Uncertainty of areas of responsibility creates transparency and accountability issues, which feeds into the lack of trust and confidence by communities. Clarifying and clearly communicating the roles and responsibilities of agencies, as well as having local ‘single points of contact’ to then liaise with the relevant authority, could aid in this.

We reiterate the need to specify which government (particularly regarding recommendation 20), to ensure clear responsibility and accountability for acting on these recommendations.

Omissions for consideration

Sustainable Diversion Limit Adjustment Mechanism (SDLAM)

NSWIC consider the SDLAM as crucial to minimising the social and economic impacts of the Basin Plan in the Southern Basin. The SDLAM aims to achieve environmental outcomes with less water, thereby reducing the impact on farmers and communities. Failure of the SDLAM is perhaps the **greatest risk for future social and economic damage** in the Basin.

NSWIC note that there is no specific recommendation around the SDLAM in the Draft Report, which is a **major omission**. NSWIC encourage the Panel to include in the Final Report a recommendation for flexibility and adaptability for **new and improved projects**, in addition to the relevant recommendations of the Productivity Commission.⁴

NSWIC strongly supports well-designed and locally supported SDLAM projects to achieve the equivalent of 650GL of water recovery as the most critical component to future implementation of the Basin Plan, providing the lowest risk to communities, and realising targeted environmental outcomes. Whilst NSWIC strongly supports the SDLAM as a concept, many of the specific projects which have been developed are not supported by local communities, as they were poorly developed and developed out of touch of local communities.

Flexibility and adaptability for new and improved projects is essential to success.

All stakeholders and communities affected by projects must be effectively involved in development and delivery.

NSWIC note the earlier recommendation from the Panel⁵, and recommend that this recommendation is at least retained, or preferably further developed.

NSWIC Recommendation:

Include in the Final Report a recommendation for the SDLAM, such as:

“Basin governments must enable flexibility and adaptability for new and improved projects, to ensure that the final projects have the support of local communities. Recognition by Governments is required that timeframe extensions are necessary to allow worthwhile projects to be retained or improved, contested projects to be reassessed, and new projects added. Governments must immediately commit that, should the suite of

⁴ E.g. Recommendation 4.2: “Basin Governments should be open to the possibility of extending the 30 June 2024 deadline for specific supply measures to be operational where an extension would be necessary to allow worthwhile projects to be retained. Basin Governments should make this position clear to project proponents early enough to inform the finalisation of detailed business cases for supply measures. It should be clear that extensions would need to be well founded, only apply in limited circumstances, and not alter the requirement to make good if a project ultimately fails.”

⁵ ‘The 605 GL of Sustainable Diversion Limit programs be delivered in partnership with affected communities. Earning community support for projects is crucial and options not supported by community should be given lowest preference. Should the suite of projects fall short of the 605 GL, more projects should be sought.’



SDLAM projects fall short of the 605GL, buybacks will not be considered, but rather alternative environmental projects (such as complementary measures) will be adopted.”

Over-recovery

The over-recovery of water from some valleys, and the significant social and economic impacts that has (by reduction of water from the consumptive pool), appears to be omitted from the Draft Report. As of March 2019, there is over recovery in the Gwydir (5GL) and Macquarie-Castlereagh (38GL). NSWIC supports the return of over recovered water to the consumptive pool within the effected valley, subject to consultation with water users.

NSWIC recommends aligning a recommendation around over-recovery with the Productivity Commission Recommendation 3.1, below.

Recommendation 3.1 (Productivity Commission)

Once Water Resource Plans are accredited, the Murray-Darling Basin Authority (as Basin Plan Regulator) should assess which (if any) resource units are over-recovered against the Sustainable Diversion Limit.

As soon as practicable, the Commonwealth Environmental Water Holder, in co-operation with Basin Governments, should develop a process and an appropriate timeframe to return any identified over-recovery to consumptive uses in accordance with Sustainable Diversion Limits.

NSWIC Recommendation:

Include in the Final Report a recommendation regarding over-recovery:

“Over-recovered water must be returned to the consumptive water pool immediately. The Commonwealth Environmental Water Holder, in co-operation with Basin Governments and water users, should develop a process to promptly return any identified over-recovery to consumptive uses in accordance with Sustainable Diversion Limits.”

Underusage

There is a significant and persistent trend of underusage of productive water, and the MDBA forecast that SDL credits will continue to develop.⁶ This has a major opportunity cost for industry and our communities.

Recently, the latest draft WSPs in NSW had a pleasing development with the inclusion of clause that:

“This Plan may be amended to facilitate total extractions reaching the long-term average annual extraction limit or long-term average sustainable diversion limit should an assessment of compliance with those limits made under Part 6 show that total extractions are in the Minister's opinion significantly less than those limits over the long term.”

However, further clarification is required as to what constitutes ‘significantly less’ (e.g. what the exact trigger point is) and how usage will/can then be improved. The recommendation of our Members is that the trigger point should be where average extraction is less than the limit

⁶ Transition Period Water Take Report 2017-18: Report on Cap compliance and transitional SDL accounting [16]. Available at: <https://www.mdba.gov.au/sites/default/files/pubs/Transition%20Period%20Water%20Take%20Report%202017-18.PDF>



by 3% or more (CAP account). The figure of 3% was determined given the WSP defines non-compliance as a case where the average annual extraction exceeds the LTAAEL by 3% or more.

The proximity of usage to the SDL is also a good reflector of how the policy settings are working, and/or the broader health/vibrancy of the irrigation sector. Social and economic objectives and performance indicators across water policy are typically fairly basic, and are acknowledged as requiring further development. Usage should be considered as an economic objective, and a performance indicator of having usage within 3% of the SDL should be established.

The important point is that it's more than just having our plans technically permitting usage up to the SDL – but it's about our plans actually achieving that in how they can be responded to and operationalised to achieve outcomes.

Recommendation:

Include in the Final Report a recommendation on underusage, such as:

“Basin Governments, and the MDBA, must collaborate to address underusage, and develop policy options in consultation with water users which seek to improve usage to reach the SDL.

The MDBA should identify a trigger point which requires underusage to be addressed by Basin states, set at underusage of 3% (against the Cap account).

Economic objectives and performance indicators in water policy should include usage and reliability.”

Conclusion

NSWIC welcome the Draft Report by the Panel, and look forward to viewing the Final Report when it is released.

We hope the information and recommendations provided in this submission assist the Panel to refine the Draft Report and best address the findings which have been made.

The responses provided in this submission are in addition to the areas identified in our initial submission in the earlier phase of the Assessment [[HERE](#)].

We again wish to thank the Panel for their time and efforts on this Assessment, and their engagement with NSWIC so far, particularly through the attendance of the Panel Chair at our NSWIC General Meeting in 2019. We truly hope this Report will lead to much needed positive changes for our Basin communities to be vibrant, prosperous and sustainable into the future.

Kind regards,

NSW Irrigators' Council.