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NSW Legislative Assembly

Committee on Investment, Industry and Regional Development

Inquiry into the Impacts of the Water Amendment (Restoring Our Rivers) Act 2023 on NSW Regional Communities

RGA Supplementary Submission
November 2025

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RGA Supplementary Submission – November 2025

Thank you for your email of 14 October 2025 advising of the expanded terms of reference for the above inquiry. We welcome the opportunity to provide this supplementary submission.

This submission provides additional context, relevant to the new terms of reference, and is complementary to our original submission lodged in April 2025.

As mentioned in our original submission virtually all the rice grown in Australia is concentrated in the Murray and Murrumbidgee Valleys of southern NSW (the 'Riverina') so this submission will focus on the impact in those valleys; however, we acknowledge the cumulative impact of water reform has had significant impacts across all valleys and irrigated industries.

Rice is a crop highly suited to the Australian variable climate. That is to say, it is generally grown in wetter seasons when water allocations are higher and not planted when allocations are low. In the intervening years, some growers turn to the temporary water market to supplement their entitlement holdings to plant and sustain a crop though the season.

Access to water, how much is in storage, how much and wen it can be allocated to entitlements, and how much is in the consumptive pool (market) can make the difference between a high or low production year.

Other NSW water reforms impacting water allocations and landholder rights

The cumulative impact of water reforms over decades cannot be understated. While not all water reform has been negative, all reform has led to changes in water users' behaviour and management of their resources to adjust. A key example is the introduction of carryover in both the NSW Murray and Murrumbidgee valleys which has changed the pattern of water use and as a result the level of water in storages and how or if that water can be allocated.

Many reports written on various water reforms since the turn of the century have observed the ongoing trail of reforms.

> *"During the course of its investigations the Committee received a considerable amount of evidence on the success or otherwise of the implementation of the COAG Water Reform Framework which commenced in 1994."* Getting Water Right(s), 2004[1].

[1] Inquiry into future water supplies for Australia's rural industries and communities, House of Representatives Standing Committee on Agriculture, Fisheries and Forestry, June 2004.

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> *"The cumulative effects of water reforms have flowed, and will continue to flow, through communities."* Independent Assessment of social and economic conditions in the Murray-Darling Basin, 2018[2].
> *"In addition to general water reform, there has been close to three decades of endeavour by individuals, industry groups, water corporations and governments to improve water efficiency. These past efforts mean that the most cost-effective and low-impact water recovery projects have already been implemented."* Murray-Darling Basin Water Infrastructure Program, Independent Report, 2018[3].

Prior to the turn of the century, water reform via rules to restrict access to water or establish new environmental entitlements occurred with no compensation to existing water users despite having an impact on both the timing and scale of allocations announced.

Since the ratification of the National Water Initiative and the unbundling of land and water, most water recovery has been conducted through infrastructure or purchase programs to compensate the individual water holder; however, this does not compensate other water users, industries or communities for the cumulative impact of removing this water from the consumptive pool.

In 1987 the Federal, NSW, Victorian and South Australian Governments signed the Murray-Darling Agreement (superseding the River Murray Waters Agreement) with Queensland and ACT signing on in 1992. This set the scene for decades of continuing water reform, particularly in the southern connected system.

1987	Murray-Darling Basin Agreement	Established water sharing rules between NSW, Victoria and monthly entitlement flows for SA.
1995	NSW privatises irrigation districts	Transferred ownership of irrigation infrastructure and bulk water licences to members.
1995	NSW establishes Additional Environmental Water Allowance (AEWA)	Transfer 30GL of conveyance entitlements from the Murray Irrigation Conveyance Licence.
1997	Introduction of the Cap on Diversions	Limiting the amount of water extracted for consumptive use.

[2] Final Report: Independent Assessment of social and economic conditions in the Murray-Darling Basin, 2018, also known as the Sefton Report, page 57.
[3] Murray-Darling Basin Water Infrastructure Program: Consultation for additional criteria - independent report, December 2018, Page 22.

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1997	Barmah-Millewa Forest Environmental Water Allowance (BFMEWA)	Creates the first environmental water entitlement equivalent to 100GL High Security and 50GL Lower Security entitlements supplied by NSW and Victoria equally.
2003-2012	Water for Rivers	A NSW, Vic and Federal Government program that recovered 314GL across the NSW and Vic Murray and Murrumbidgee.
2004	Introduction of Water Sharing Plans	Establishes water allocation rules including enshrining the BMFEWA and AEWA (Murray), Environmental Water Accounts (Murrumbidgee) and Transparent and Translucent Flows (Murrumbidgee). Included in these rules is a restriction on the declaration of 100% high security allocation until other measures have been met.
2004-2009	The Living Murray Program	Included the recovery of 250GL entitlement from NSW Murray for environmental purposes.
2007	Water Act 2007	Commonwealth legislation establishing the basis for the development of the Basin Plan.
2008	Basin Plan Water recovery commenced	First open tender purchases undertaken by the Commonwealth in the name of the Basin Plan.
2012	Basin Plan legislated	Includes water recovery targets of 2,750GL with an adjustment mechanism to allow for reduction of target by 650GL if equivalent environmental outcomes can be met and an increase of 450GL if social and economic impacts are positive.
2023	Restoring our Rivers Act	Amends the Basin Plan to allow more time for delivery and, significantly, changes the parameters for recovery of the extra 450GL

It is important to note that, since the introduction of the 2004 Water Sharing Plans, all of the water reforms have been rolled out while preceding programs were underway.

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We will never know exactly what outcomes the Water for Rivers program delivered because the Living Murray program was rolled out within a year. Likewise, we will never know whether the ecological improvements in Hattah Lakes, Koodrook-Perricoota Forest, or other icon sites are due to the Living Murray Program or the Basin Plan.

It is also critical to note that these ongoing reforms give no certainty to water users or industries dependent on their products.

Since the introduction of the Water Sharing Plans but prior to the reintroduction of water buybacks under the Restoring our Rivers Act, water available in the consumptive pool has fallen by over 30% in the Murrumbidgee[4] and around 27% in the NSW Murray[5] - most of which has occurred under the Basin Plan.

Figure 42: Held environmental water share component in the Murrumbidgee[15]

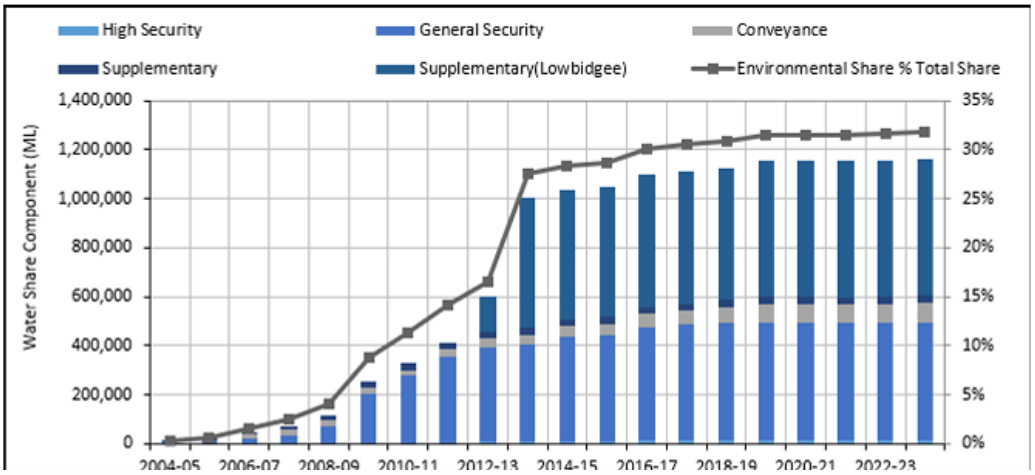
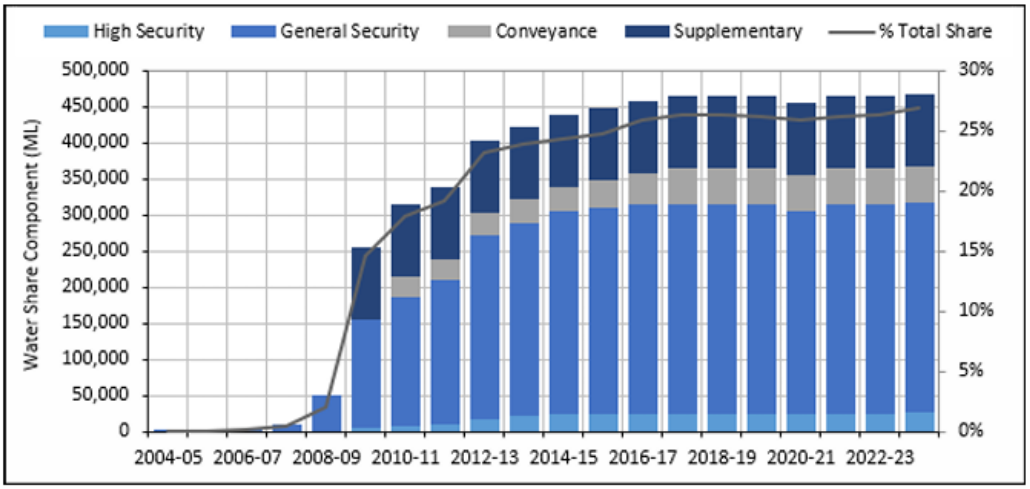


Figure 50: Held environmental water share component in the NSW Murray catchment[9]



[4] Water Library: General Purpose Water Accounting Report - Murrumbidgee Catchment 2023-2024 p46

[5] Water Library: General Purpose Water Accounting Report - NSW Murray Catchment 2023-2024 p57

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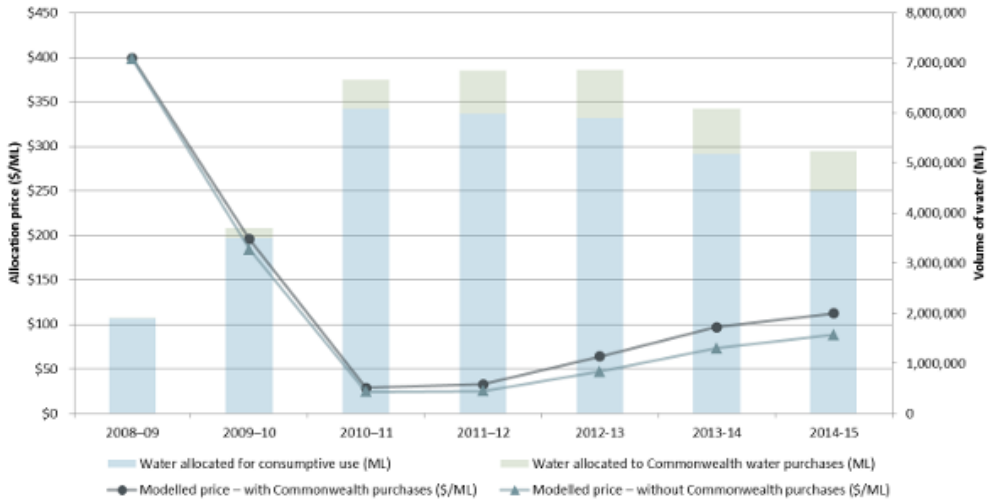
Demand for water has not fallen by a similar rate which has impacted both permanent (entitlement) and temporary (allocation) prices.

> *"(These) recovered entitlements are no longer available for consumptive use, reducing the total potentially available consumptive pool. Simple economic theory suggests that this could potentially lead to increasing water prices."* Marsden Jacobs and Associates[6].

A 2016 report by consultancy firm Aither, commissioned by the MDBA found Commonwealth water purchases increased temporary (allocation) prices by around 25% across all weather scenarios (wet, average and dry years)[7].



Note: The total volume of water allocated to Commonwealth water purchases is reported based on the year to year cumulative portfolio growth (i.e. it is not just purchases in that year).

Source: Aither 2015. New South Wales Water Register, South Australian Water Register and Victorian Water Register. Based on Commonwealth water purchase data provided to Aither by the Department of the Environment.

Figure ES2 Historical water allocation price impact of Commonwealth water purchases, 2008-09 to 2014-15

In 2024 ABARES reviewed the impact of further water recovery on allocation prices across three scenarios: buybacks of 125GL, 225GL or 325GL from a baseline of October 2023 (ie: preceding water recovery formed part of the baseline)[8]. They found in the NSW rice growing regions, further buybacks could increase the average price of allocations by between 5-11%. It is important to note that actual water purchases could exceed these scenarios further exacerbating the cumulative impacts.

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[6] Effects of water recovery on the southern Murray–Darling Basin water market 2024, page 1.

[7] Supply-side drivers of water allocation prices - Identifying and modelling supply-side drivers of water allocation prices in the southern Murray-Darling Basin 2016, page viii.

[8] The Impact of further water recovery in the southern Murray-Darling Basin; Interpreting the results, ABARES, 2024, page 6

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Table 1 Estimated annual water allocation prices, by region and scenario ($/ML)

Region / Scenario	Average price for 'dry' years (Bottom third of allocations)	Average price for 'average' years (Middle third of allocations)	Average price for 'wet' years (Top third of allocations)	Average price	Median price
Northern Victoria					
Baseline	701	280	222	401	294
125 GL buybacks	726	304	244	424	320
225 GL buybacks	777	324	263	454	340
325 GL buybacks	813	337	270	473	351
Murrumbidgee					
Baseline	683	349	170	401	343
125 GL buybacks	701	368	181	417	363
225 GL buybacks	714	383	191	429	378
325 GL buybacks	732	391	194	439	382
Murray (above Barmah)					
Baseline	585	250	140	325	249
125 GL buybacks	597	261	148	335	262
225 GL buybacks	607	270	156	344	272
325 GL buybacks	621	275	158	351	278
Murray (below Barmah)					
Baseline	1,244	347	228	606	347
125 GL buybacks	1,299	372	249	640	372
225 GL buybacks	1,351	394	267	670	393
325 GL buybacks	1,466	412	275	717	415
Southern Basin					
Baseline	917	321	185	474	320
125 GL buybacks	951	342	201	498	342
225 GL buybacks	985	359	215	519	359
325 GL buybacks	1,046	371	220	545	374

Note: Prices reported in $2022–23 dollars. Estimates for the Lower Darling are less reliable and have been removed from the table. "No further recovery" includes all water recovery as of October 2023, but no additional recovery. Barmah refers to the Barmah Choke.

This work found that, in a scenario of 225GL further water recovery through buybacks in the southern Murray-Darling Basin, rice production would fall by an average of 9% or $20million[9]. This is over and above the considerable industry restructuring that has occurred through previous reforms.

[9] The impacts of further water reform in the Murray-Darling Basin, ABARES, June 2024, page 14.

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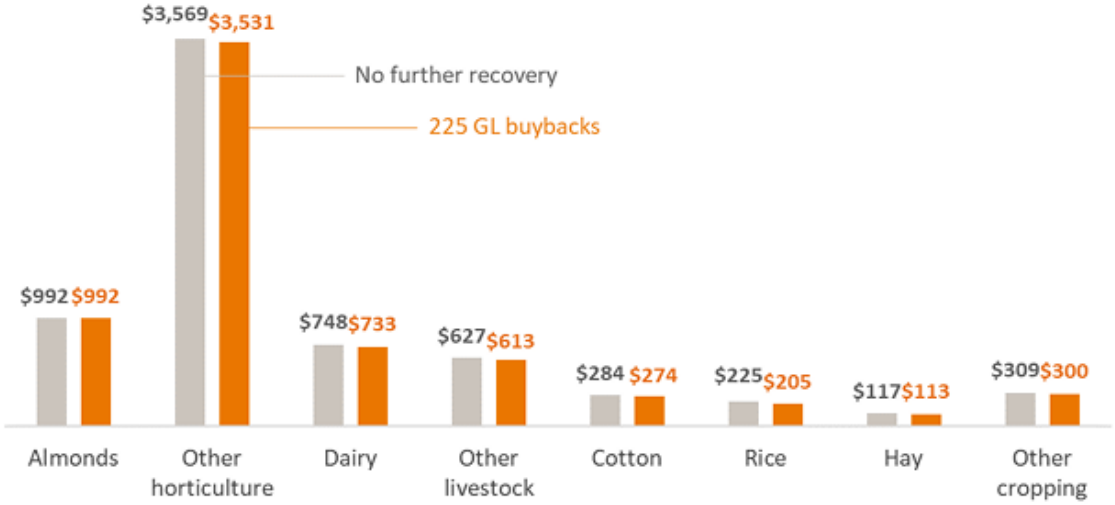
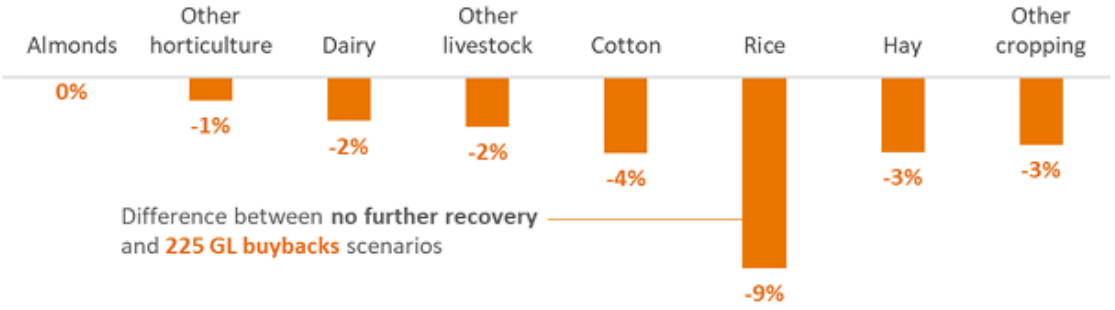
Figure 11 Average annual gross value of irrigated agricultural production, by industry ($m)



Note: Values reported in $2022–23 dollars. Dairy and other livestock both fall under the "pastures grazing" water use category, reported above. Percentage impact on dairy assumed to be equal to percentage impact on other livestock in each region. "No further recovery" includes all water recovery as of October 2023, but no additional recovery.

Figure 12 Change in average gross value of irrigated agricultural production, by industry



Note: Dairy and other livestock both fall under the "pastures grazing" water use category, reported above. Percentage impact on dairy assumed to be equal to percentage impact on other livestock in each region. "No further recovery" includes all water recovery as of October 2023, but no additional recovery.

It is this impact on costs that continues to impact on-farm crop and investment decisions.

Furthermore, it impacts on the flow-on jobs and services dependent on an economically sustainable rice sector including farm contractors, transport services and milling facilities.

The RGA believes the cumulative impacts of water reform must be considered prior to pursuing any further water recovery from the consumptive pool or any changes to Water Sharing Plans and water management that will affect the reliability of water entitlements and timeliness of allocations.

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The provisions of the Water Management Amendment (Intergovernmental Agreements) Bill 2025.

The implementation of the Murray-Darling Basin Plan has always been contingent on the cooperation of the relevant State Government's. The details, responsibilities and financial arrangements are contained in intergovernmental agreements (IGAs) signed by all states.

The original Basin Plan IGA, signed in 2008, was replaced in 2013 by the *Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin* (the IGA) which in turn has been amended at least five times since[10].

Given that the IGA outlines roles and responsibilities that have the potential to impact river operations, flows and other water users, it is only fair that stakeholders have the opportunity to be aware of the contents of the agreements prior to them coming into force.

The RGA would go further to say the Bill, which currently proposed any IGA be tabled in Parliament 15 days prior to finalisation, should also require consultation with relevant stakeholders prior to finalisation.

It is also critical that the Bill relate to any IGA entered into regarding water reform, not limited just to the Murray-Darling Basin Plan.

The RGA is aware that prior to the May 2022 Federal Election there was work underway to review and renew the National Water Initiative, which will also require a new IGA. Any revision to the NWI has the potential to significantly impact water users, therefore changes must be consulted.

In the interests of transparency and government accountability, the RGA supports the passage of this Bill through Parliament.

[10] Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin | Federation