



**Australian Government**  
**Productivity Commission**

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**PRODUCTIVITY COMMISSION**

**NATIONAL WATER REFORM**

**DR J DOOLAN, Commissioner**  
**MR J MADDEN, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**AT CANBERRA**  
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**COMMISSIONER DOOLAN:** Good morning. Welcome to the public hearings for the Productivity Commission's National Water Reform Inquiry, following the release of our draft report in September. My name is Jane Doolan and my fellow commissioner is John Madden.

I would like to begin by acknowledging the traditional custodians of the land on which we meet today, the Ngunnawal people, and I would also like to pay my respects to their elders past and present.

The purpose of this round of hearings is to facilitate public scrutiny and input into the Commission's work on the national water reform and to get comments and feedback on our draft report. Following this hearing in Canberra, we'll also have hearings in Sydney and subject to attendance, in Melbourne as well and we'll be working towards completing the final report to present to government in December, a bit later this year, after having considered all of the evidence presented at the hearings and in submissions that we anticipate receiving, as well as informal discussions with various stakeholders.

Participants and those who have registered their interest in the inquiry, will be automatically advised when the final report is released by government. The government has 25 sitting days of parliament after we submit to actually then make the report public. So effectively, it could be made public any time in the New Year through to about June.

We do like to conduct our hearings in a reasonably informal manner but I do remind participants that a full transcript is taken. For this reason, we cannot take comments from the floor but at the end of the proceedings I will provide an opportunity for any persons wishing to, to make a brief and individual presentation.

Participants are not required to take an oath but we do expect that they are truthful in their remarks and they are welcome to comment on issues raised in other submissions during their remarks. The transcript will be made available to participants and will be available on the Commission's website following the hearings. Submissions will also be made available on the website.

In terms of occupational health and safety, the evacuation arrangements for today are that should it be required, we will go out, turn left and exit the building, turn left on the road and assemble outside the Hotel Kurrajong. So if that is all clear, I would now like to welcome Edmund Hogan, representing the National Farmers' Federation to provide us with his submission. So Edmund, if you would mind, just an overview, a short overview of the position of NFF and then perhaps we start to have a question and answer session.

**MR HOGAN:** That sounds good. Thank you and good morning. My name is Edmund Hogan. I am the policy officer for national resource management at the National Farmers' Federation. The NFF welcomes the opportunity to provide a submission in response to the draft report of the Productivity Commission's first inquiry into national water reform. On matters related to water, NFF is the only national body that brings a 100 per cent farmer focus viewpoint. We represent the interests of farmers that are affected by water management decisions, including irrigators, riparian floodplain landholders and stock and domestic users.

For the rural water sector NFF concurs with the Commission's overriding narrative, that good progress has been made in implementing the national water initiative in most jurisdictions. That the reform stemming from both competition policy agreements and the national water initiative have improved the management of Australia's precious water resources and that

maintaining a commitment to the key principles and foundations of the NWI are crucial to our continued success.

This is not to say that reform has not been without cost or pain. Indeed, many rural water stakeholders, particularly in the Murray Darling Basin are fatigued after almost a quarter of a century of reform. We recognise that some stakeholders, particularly in the urban water sector, are looking for the Commission to make recommendations for steps to change reform. We urge the Commission to ensure that its final recommendations reflect the nuance between the reform for fatigued rural water sector and the reform hungry urban water sector.

In responding to the draft report, NFF has focused our comments that we've prepared for today and for a submission on those recommendations that relate to the rural water sector.

**COMMISSIONER DOOLAN:** Okay. John, do you want to - - -

**COMMISSIONER MADDEN:** I wonder if NFF has any further comment on our recommendation with the Murray operation costs and regulatory oversight for those operations?

**MR HOGAN:** Certainly.

**COMMISSIONER MADDEN:** And following on from that, also any comment regard the Border Rivers Commission and oversight of those joint venture operations on the Queensland and New South Wales border?

**MR HOGAN:** The NFF are very supportive of Recommendations 7.2 from the draft report, regarding River Murray operations. In a connected water market such as the Southern Murray Darling Basin parity of costs, recovery of shared services such as the RMO is essential. We support the recommendation for independent oversight of RMO by economic regulators and we urge the Productivity Commission to go further with this recommendation, including recommending a review of RMO that canvasses the full spectrum of options for reform, including full institutional separation of service delivery functions and its policy and regulatory functions.

Furthermore, we consider that this recommendation also be applied to the Borders Rivers Commission and this is something we highlighted in our initial submission to the Productive Commission. We have seen as a result of the implementation of both competition policy and/or national water initiative reforms, rural water services that are delivered by government are monopoly service providers, are subject to the oversight of a pricing regulator that ensures that service delivery is efficient and prices are set transparently.

Stark exceptions to this are asset service providers such as those like the Border Rivers Commission. The costs that these organisations pass on are significant. I have some stats here but for a customer of the Border River Valley, the cost of – that are passed on to them, are somewhat of 35 per cent of their total bill.

Water users and land holders across New South Wales continue to be frustrated by the lack of transparency in the process, and it's our view that there's a great need for transparency and independent oversight to ensure RMO and BRC costs are prudent and efficient and it is long overdue that this take place.

While it makes sense to manage the asset base holistically, it is important the cost of building, operating and maintaining these assets is transparent and that irrigators are only

asked to pay their fair share of costs through fees and charges. Recovering costs associated with water, use a service provision such as the RMO and BRC should be subject to a clear and transparent process for establishing efficient costs of agreed services.

**COMMISSIONER MADDEN:** Do the NFF have a view on who should take carriage or responsibility for review of RMO?

**MR HOGAN:** We are currently consulting with our membership and it's something that we'll include in our draft submission once we have been able to gather the full view of our members, but I am happy to take that on notice and provide that to you later.

**COMMISSIONER MADDEN:** That would be welcomed.

**MR HOGAN:** Yes.

**COMMISSIONER DOOLAN:** I think we've heard through your initial submissions that you think there should be less of a focus on held environmental water and perhaps more on planned. Could you just, sort of, expand on that a little?

**MR HOGAN:** Sure thing. The NFF is very supportive of the Productivity Commission's recommendations regarding the management of environmental water and the held environmental water portfolio. We are very glad to see – and it was highlighted in Recommendation 5.1 by the use of the terms "where possible" by the Commission. It is NFF's view that environment outcomes should not be compromised in the pursuit of other goals for water management.

In regards to the draft report, we were wholly supportive of all the recommendations, for example, 5.2, it strongly aligns with NFF's view, the planning and integrated management of waterways is an important environmental assets, must recognise that the volume and timing of water events is only part of the solution to achieving environmental outcomes and that non-flow efforts may also play an important role. In NFF's view management at a catchment scale and catchment planning most supports integrated management and the incorporation of local knowledge and expertise.

We are also very supportive of Recommendation 5.3 relating to the importance of an at arm's length governance arrangement for managing held environmental water portfolios, as is the case for the CEWO water portfolio managers should be able to operate in a way that is not subject to ministerial direction. We recognise that the water portfolios are a significant government owned asset, however we hold the view that the government decision-making will dictate water plans and the outcomes to be achieved from those use of the asserts. Combined with transparent reporting of use and outcomes, provides, in our view, sufficient government oversight.

We believe that the Recommendation 5.3 could be extended to also include decision-making for rules based environmental water where rules enable water managers' discretion as to the time of use, for example environmental contingency allowances.

**COMMISSIONER DOOLAN:** All right. So the distinction is more about, in planned water, it's whether decisions being made by operators that are allowed for within the rules that you'd like enhanced?

**MR HOGAN:** Yes.

**COMMISSIONER DOOLAN:** Or you said it important to have enhanced transparency.

**MR HOGAN:** Yes. We'd like to see a lot of transparency. I know a lot of our membership and landholders are – become frustrated when they don't have an open view as to the decisions that are to be made in regards to a significant held portfolio.

**COMMISSIONER DOOLAN:** All right. We also heard through the stakeholder working group, that you believe it's important that there is significant information on climate change as it unfolds and how it transfers into conditions that your members are experiencing. Could you just give us a little bit more of an indication, what sort of information you feel would be important to have available.

**MR HOGAN:** Certainly. And the NFF was very supportive of the Recommendation 8.1 of the interim report relating to building capacity and sharing information knowledge capability, and as you said, along the consultation process, we've certainly highlighted that we believe there's an opportunity for the Commission to make it clear why the investment in climate, social, economic, cultural environmental knowledge is required to inform water planning. In preparing their final report, the Commission is, what we believe, is setting the pathway forward for future NWI implementation and what we hope is really refreshing the NWI in setting out those areas where future reform is possible and we, as the NFF, believe that in order to deliver policy that is appropriate and has that long-range view, it really has to be underpinned by the scientific data that makes the decision-making for policy makers easier and will reflect the real world when we come to be there.

**COMMISSIONER DOOLAN:** Thank you.

**COMMISSIONER MADDEN:** I note the NFF made a strong statement in its submission to the issues paper on infrastructure investment. I would like some comment on our recommendation in that area, whether the explanation of economic viability was seen by your members, as far as you can ascertain, as providing enough detail. Whether within the interim period between your submission and to date, is there experience from your members of proposals and the degree of information that they have been provided about future costs. So if you could comment on that new infrastructure development that would be welcomed.

**MR HOGAN:** Thank you. And we are still engaged in that consultation process with our members, but in regards to your question, I can say that we were pleased to see the recommendation, but we believe that the Productivity Commission could go further. The focus of chapter 7 of the interim report is water infrastructure for agriculture and the recommendations relate to ensuring an investment in infrastructure is transparent and prudent.

The NFF is very supportive of the principle of independent oversight of economic regulators to support the transparent setting of efficient prices. However, we do not accept the goal of full cost recovery or upper bound processes in all water sources is appropriate, and indeed, much of the recent interest in developing water infrastructure proposals has been driven for water uses other than agriculture with proposals to augment the Eden Bann Weir and build a weir on the Fitzroy River in Queensland, being good examples of this.

So it is NFF's view that chapter 7 really lays a foundation that is relevant for the development of all infrastructure regardless of its use, and we recommend the overall framing of the chapter be broadened to include all uses and not just agricultural uses. The NFF supports the PC's proposed recommendations which will encourage governments to ensure that they make the upfront investment in scientific analysis required to support the long term sustainability of projects and ensuring that NWI consistent water entitlement and water resource planning

processes are in place, and that investment decisions are made on sound and transparent business cases, and as I said, we're still consulting with members, but we will provide an expanded view in our submission.

**COMMISSIONER DOOLAN:** Could I just follow up? You said that you don't accept necessarily that full cost recovery is appropriate in all systems. Could you just expand on that a little?

**MR HOGAN:** Certainly. So that's particularly the case where water resources – where investment in infrastructure has been less than prudent. For example, where assets are heavily under-utilised and where services are delivered at standards that far exceed user needs. Water users should not bear the brunt of poor investment decision of asset owners, and these circumstances where efficient prices are deemed to be beyond the ability of the user capacity to pay, transparent community service obligations are required.

**COMMISSIONER DOOLAN:** All right. So it's a reflection really of those situations where there's been poor investment in the past, leaving a legacy.

**MR HOGAN:** That's what we say. A real legacy and it falls on the water users to make up for that.

**COMMISSIONER DOOLAN:** All right. So effectively quite supportive of many of the recommendations in the report and the directions. Areas to date that you'd like to see us go further on is that one that you've mentioned just now, about the investment in rural being extended to all new water infrastructure. The extension of the recommendations on River Murray Water and River Murray operations to also include the Border Rivers. Are there any other areas that you feel that the Commission did not go far enough?

**MR HOGAN:** We are still in consultation with members, but they're the areas that we've highlighted for now.

**COMMISSIONER DOOLAN:** We can take that overall supportive of a new or refreshed renewed national water initiative generally?

**MR HOGAN:** Yes, generally. That's our view. It's crucial that the Productivity Commission have a look at the NWI and there's a real chance to provide a refreshed view. There is one more matter.

**COMMISSIONER DOOLAN:** Yes.

**MR HOGAN:** That I think – and that point brings us around to that. Is that in describing what that refreshed NWI is, the NFF's view is that that could be underwritten in the final report of the risks associated with further lagging of NWI implementation or the risks of not pursuing these reforms at all. And the NFF believes that providing that base offers a real opportunity to describe why a refreshed NWI and further implementation is required.

**COMMISSIONER DOOLAN:** I certainly take that point that we perhaps need to draw out more specifically the risks of not going forward. It would be helpful if, in your submission, your members actually highlighted what they perceived to be the risks of not going forward from their perspective. Is that something that you can either comment on now, or ensure that the submission could cover?

**MR HOGAN:** Yes. More than happy to provide expanded comments through our submission, and I can provide a few comments now. It goes really to providing what we see

is the risk of not continuing with these implementations and the risks of not refreshing, really go back to why the need for the National Water Initiative arose in the first place, and it arose from growing frustration from stakeholders at the slow pace of the implementation of water reforms agreed under the National Competition policy and also a lack of confidence in the way that the National Competition policy principles were being interpreted by jurisdictions.

The NWI in initial funding that supported the implementation of reform, provided the impetus for the states to deliver reforms that were either politically difficult or where there was administrative inertia, and in the absence of a contemporary agreed water reform framework, the NWI's now 13 years old and we've learned a lot of lessons in those 13 years from either mistakes that have been made or from new knowledge, and particularly since the introduction of the Water Act 2007, there's been changes in policy frameworks and the new institutions have emerged, so they are the risks that the stakeholders that we engage with really see that if this process doesn't continue, they'll go back to being frustrated in transparent processes and also that the really good things that we've learned along the way in the last 13 years, just won't be picked up and carried forward.

**COMMISSIONER DOOLAN:** All right, thank you. Have you got any closing comments that you would like to make or questions of us that you would like to ask about the report?

**MR HOGAN:** No, I'm good, thank you. I just thank the Productivity Commission for the time and we look forward to receiving your final report.

**COMMISSIONER DOOLAN:** Thank you very much.

**MR HOGAN:** Thank you.

**COMMISSIONER DOOLAN:** And we look forward to receiving your submission.

**MR HOGAN:** Thank you.

**COMMISSIONER DOOLAN:** Thank you. So we are departing a little from the agenda and we have the representative Meredith Macpherson from the Central New South Wales Councils, known as Centroc. So Meredith, I am sorry, would you just introduce yourself.

**MS MACPHERSON:** Certainly.

**COMMISSIONER DOOLAN:** And tell us a little about the position of Centroc.

**MS MACPHERSON:** Okay. My name is Meredith Macpherson and I am the program manager for the Centroc Water Utilities Alliance, it's a role I have held for five years. My role with Centroc is two-fold however, I delivery on the Centroc board's objectives for water infrastructure including advocacy, intergovernmental relations and strategic regional planning, while also managing the operational delivering of the program for the alliance.

Given this, Centroc has a strong interest in the draft recommendations by the Commission in the areas of water resource planning and particularly institutional and funding arrangements for the delivery of local water utility services to our communities. Centroc represents an area of approximately 220,000 population, so we've got 14 utilities within our membership so we represent a fairly large part of regional New South Wales.

So firstly, thank you for the opportunity to meet with you today. Andrew Francis, my chair, I believe met with members of the Commission at a workshop in Sydney a few months ago to talk specifically around regional institutional arrangements. He was hoping to be here today,



but unfortunately was unavailable at the last minute, so I am standing in his stead and I'm hoping I can do justice to some research that we've done subsequent to presenting to you in Sydney in July and this research has – what we've done is, we've gone onto a greater depth of analysis on the performance of the alliance using the existing DPI water performance monitoring data to benchmark performance across some key metrics against other utilities in the State.

This was the subject of a presentation to the Local Government New South Wales Water Management Conference in Dubbo a couple of weeks ago and has received quite a lot of interest around the State from those who were there and I've been asked to provide this presentation to a number of people. So if time permits, I'd like to just touch on some of the findings from that research and I will refer to my notes so bear with me.

Firstly, we were very pleased to read in the draft recommendations, positive feedback about alliances. As you know we have been a strong advocate for the benefits of working collaboratively across local water utilities. We know it works for our region, but we wanted to put our money where our mouth is and start to explore some of those key metrics for performance, both for an individual utility and for an alliance and to test the limits of the alliance model as a potential model for other utilities, particularly in regional areas.

So in doing this project that we've worked on, we've gone back and looked at the DPI performance monitoring data. We've done comparisons across the top ten local government utilities by number of connections with the bottom, then we've compared these to the State medians where reported and against Sydney Water as a comparison against what's a very size-conscious utility.

We've reviewed all the 266 business indicators, the 68 sewage treatment and 36 water treatment indicators used in New South Wales to measure performance to arrive at a list that we can use as a basis comparison across utilities. So what we've found, I will include in our submission because the findings have been quite interesting. They are quite detailed. I think it pretty much demonstrates what you would expect, that the top local water utilities – the top ten are dominated by coastal utilities with fairly consistent supply needs and that these align pretty well with the state median. The bottom ten, however, there's a higher variance, much higher median, and are dominated by the inland and western local water utilities which, of course, is of great interest to us.

For these climate is the main driving factor and potentially security of supply. So this, sort of, further reinforces the geographical challenges of sparse populations in smaller western utilities.

So what we've then done is we've gone on to look at the 350 data points reported to DPI water each year, because ultimately these are what our performance is judged on. So what this is telling us from the work that we have done, is that despite all the other metrics that we're looking at, despite what we found to be a fairly high performance across the sector in all areas, at the end we are judged by two things. Water quality management and ability to generate access or capital.

So the way we've done it is we've gone back through the 2015/16 reporting year and we've undertaken an independent audit of all our performance monitoring data across our 14 utilities and then we've drawn a system boundary around the Centroc council region and aggregated the metrics or developed an appropriate weighed average for the key indicators and then

we've compared ourselves against the top ten and the top bottom to see how we're performing, and partly the reason why we've done this is there's a bit of a tendency to say, "Oh, look alliances just sit around and have a cut of tea and a good chat, and it's lovely, we mentor each other", and certainly we do a lot of that.

But we, in our region, see fairly strong evidence that it's a good model and a good way to proceed and the results that we're finding are demonstrating that. So just quickly how we've compared is that we've found, consistent with previous results when we've looked at the top ten and the top bottom utilities, the inland skew leads to higher water consumption and similar sewer collection rates. Again, densities of connections are much lower for water and similar for sewer implying that sparser populations and remote water sources.

Asset water maintenance, there's probably a key difference for us, particularly where there's non-revenue water loss, is something that we know we have to focus on. Environmental indicators and human health, we're finding all positive, the indicators are positive. The financial indicators are positive. The operational cost for water is higher as expected and for sewer is lower and the capital spend per property is consistent, noting that we have got some skewed data given that we've just had a \$70m project undertaken in one of our councils.

So we'll provide more comprehensive details around the results that we've found, but I think what we're trying to say is that size doesn't really matter is what we're seeing, is that for us the importance is in having local water utility services delivered to our communities at the local level. We're finding that the group work being done through the alliance is working well. We're now starting to get some results on the ground to actually be able to quantitatively measure that, and while this is just the beginning, we'll further work in the next 12 to 18 months.

In relation to pricing, we recognise that the New South Wales model of what Andrew refers to as lumpy capital works subsidised by the taxpayer rather than fully self-funded by the utility through user generated charges, does not fit the NWI principles of transparent pricing and self-sufficiency, although what we've found through the work that we've done recently is that the model works and allows the utilities across the State to set fair pricing based on capacity to pay.

So there are varying views across our membership in relation to the draft recommendations require independent bodies to review financial performance reporting frameworks for providers in regional New South Wales. Some see this as a good thing, but ultimately they're concerned about threats to their ability to set prices where council, through its IP&R processes are seen as best able to negotiate price and discussion with their communities.

So we have long advocated that one size fits all approach within the New South Wales context is not useful. We favour the alliance model and welcome the positive feedback about that. We know it allows for local water utility ownership and local values in customer engagement and service delivery, while providing the arrogation needed for some economies of scale. It allows for each utility to do what it does best. We've demonstrated that through the data research that we've done recently and while not directly allowing for the sharing of capital generated in one area with another, it pushes the bounds of this, so we believe that – you know, we're very keen to sing the benefits of the alliance and happy to recommend it as a key option for New South Wales water reform but I think the challenge is going to lie in how you institutionalize that if it is to go ahead. We understand the mechanisms and the

governance framework. We've been doing it for eight years now so we recognise the need to clearly articulate that framework and describe the limits of that model.

I do have some comments about the funding framework, but I know I have been – I have probably used more than my five minutes, so I am happy to hold back and let you ask questions at this point if you would like, or I am happy to provide comments on the funding framework.

**COMMISSIONER DOOLAN:** Feel free.

**MS MACPHERSON:** Can I go on?

**COMMISSIONER DOOLAN:** Yes, of course.

**COMMISSIONER MADDEN:** I've got a few questions and then move to that.

**MS MACPHERSON:** If you like.

**COMMISSIONER MADDEN:** With a statement.

**MS MACPHERSON:** Yes, sure.

**COMMISSIONER MADDEN:** So just to break it up. Thank you for the over-view and the information provided, and I do note the accountability and transparency with the Centroc governance arrangements and transparency you provide by minutes on the web and plans et cetera.

I just wonder, the work that's done and also any comments given that you've been there throughout, what are the key driving elements that actually would improve performance, and has there been an improved performance over time, not just snapshot benchmarking compared to others? So I guess it is two parts, maybe first about that improvement over time.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** And then second, what has the alliance actually enabled you as an organisation and a group to do it through planning or operations, you know, that actually has driven that improved performance?

**MS MACPHERSON:** Yes, well, I will start with the first question. So I am the first ever program manager of the alliance and I have to say that personally I have seen great deals of improvement over the time that I have been there, but it's how we measure that and that's what we're trying to do now. So in the last eighteen months, we've really focused our attention on drinking water quality management, and we're doing a lot of work in that area and what we see is important at the moment is the data basically.

We are going back to all the data, we're cleaning the data up, we're making sure that our data is consistent across all our utilities so that we can provide really good quantitative measures of the performance improvements. At the end of the day, we know that's what we're going to be judged on, so even the process that we've been through recently with the performance monitoring audit and analysis, has highlighted for us where we need to work – where there are still gaps in what we've done so far and where we need to improve.

So generally speaking, I'm watching the graphs do this. I'm certainly in the drinking water quality management side of things. We've done a lot of work in that area and I'm happy to provide further evidence of that in our submission. Its early days but we see that as our top -

safe quality drinking water to our community as the absolute top priority. We've probably come – we've changed a little bit over the last couple of years. We had a \$4.5m grant so it was very operationally focused – it was about 18 months ago so the work I've been doing has been very operationally focused which has been heavily involved in asset management and asset improvement, so really helping our members, you know, with their pipe relining all those sorts of, you know, energy efficiency, real on the ground work.

Now what we are doing, having delivered that with a bit of fatigue amongst my group, we've pulled back and we're being far more strategic looking at that drinking water quality and the data management. So you are right in asking me that question how we're gauging that performance. That's what we're into now. So the second question?

**COMMISSIONER MADDEN:** Was really, not just performance over time.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** But what are the key planks or elements that the alliance has allowed you as a group in terms of chains operations. So what are the, I guess the nub of the things that allows you to do differently that then drive that performance?

**MS MACPHERSON:** Interestingly enough, with the alliance, it's amazing what the power of peer pressure can do. So we've got two large utilities in Orange and Bathurst. Then we've got the middle – what I gauge as the middle-sized ones so that the councils like Parkes and Cowra. Interestingly enough the middle-size ones are the ones who often do the heavy lifting. They're very, very – like they're the core group that support the alliance. So that core group really influences what the smaller probably not so well resourced councils do. So I suspect that some of those smaller councils may not do some of the things that we as an alliance do without the larger group taking them along on the ride.

So for example, the performance monitoring stuff that we've done, they wouldn't have done that. Only two councils are actually required to do that. That's the ones with 15,000 connections, but they've all come on board because they see that there's pressure to do that, and the same with the drinking water management side of things. At the moment we're doing a good practice in drinking water quality management. It's an audit process, Water Services Australia, like an audit process. They don't have to do it, but best practice is what drives us and so we're constantly pushing the bounds, I suppose, of what they would otherwise do by themselves individually as a group.

So they're two examples that I can provide you, and as I say, drinking water quality at the end of the day, that's our absolute number one priority. That and reliability and supply.

**COMMISSIONER DOOLAN:** So I suppose we saw some of the benefits of collaboration maybe in three phases; improved performance by sharing and by mentoring and working through. Potentially collaborative planning, looking forward.

**MS MACPHERSON:** Yes.

**COMMISSIONER DOOLAN:** And then possibly, in a mature phase, perhaps some form of coordinated asset management ownership.

**MS MACPHERSON:** That's what we - - -

**COMMISSIONER DOOLAN:** Is that how you see the - - -

**MS MACPHERSON:** Yes, that is definitely how – so we've actually – the way we started was, we started with the planning side first.

**COMMISSIONER DOOLAN:** Right.

**MS MACPHERSON:** So we started with – well, first of all, we had a region wide water security study. Centroc water security study. That was done in 2009 and that was really what guided the development of the alliance because the alliance was form to deliver on the recommendations out of the water security alliance and that came off the back of the last drought where we had communities that were running out of water basically.

So originally they were brought in to work at that strategic level and deliver that infrastructure that was needed, pipeline projects and the like. So off the back of that, the alliance actually started with the regional plan, so we did regional drought, regional demand, regional IWCMs, all those sort of regional level plans, whilst also running programs that enabled the individual members to do those plans as well.

So they were doing them and then the regional plans were sort of the end result. So we also did regional training and mentoring plans, regional resource sharing plans. So all that planning stage was done upfront. Then we got into the operational side of things which was delivering on the recommendations in those plans, and so that's, sort of, where I started and so what I've been doing since I've been on board, is really delivering on those initiatives that were in there.

So that includes a lot of asset management, so regionally procuring programs like pipelining, smoke testing, CCTV assessments. So looking at assessing assets and then working out what we would then do to manage them. So we have a five year procurement plan that we run with and that five year plan, obviously we look at it every bi-monthly alliance meeting, we look at that plan and we determine what our priorities are across the region, and not everyone buys into it, but I have to tell you, nine times out of ten I might get eight councils who say "Yes, I'll definitely put my hand-up to be party to that contract", I always leave the contracts open now. I write the other councils in because I can tell you by the time we've got halfway through the contract, they're all looking over the fence going "Oh, geez, maybe we should have been doing that too" so they all hop on board at the end.

So I think you are right. But I will probably recommend you do the regional planning side of it first and from my perspective, because I straddle the two areas within Centroc, because I've got that sort of board function which operates at that, sort of, higher arching regional level and the operational side of things, I see very clearly that those two things, they have to go hand in glove. You can't have one without the other, because one informs the other. I couldn't be here today if I hadn't had the experience at the operational level, watching what my alliance members are doing and knowing what they're experiencing because that informs the advocacy that we then run through Centroc.

**COMMISSIONER DOOLAN:** So in that regional procurement, are you moving to joint energy, insurance - - -

**MS MACPHERSON:** Absolutely.

**COMMISSIONER DOOLAN:** All of those?

**MS MACPHERSON:** Absolutely. Energy – we had a community energy efficiency program grant, that was the \$4.5m grant that we got a few years ago. It was matched, so the

total budget was \$4.5, it was \$2.1m whatever from the Federal government, and when we – that was actually an energy efficiency grant. It was the nexus between water and energy, so what we were doing was looking at how to reduce the costs of pumping water because, as you know, it's an enormous cost. In fact, councils like Parkes spend millions of dollars every year pumping water and it's a cost that they just can't – I mean, they have to do it, they've got to pump water.

So that particular program had half a dozen projects within it. Now, councils were able to opt in if they wanted to. All of them were involved in pipe relining which was to reduce the inflow into the system and then ultimately reduce the pumping. We then did a whole range of things like we developed a water loss management tool kit which we're about to roll out across the alliance, once again to reduce that pumping caused by water loss and the infiltration into the system.

So that was a huge amount of work, and now we're building on that. Centroc as a region has got a huge focus on energy. We've got an LED street light program running at the moment, and we're about to – at the moment we've got site inspections going on around water treatment plants and sewage treatment plants where we're assessing the options to do battery storage, whatever. So it's a huge project that's on at the moment and regionally wide, we've got, you know 14 members attending meetings where we're looking at site assessment for further programming. So yes, it's a bit one.

**COMMISSIONER DOOLAN:** So then, it would be possible not just to have the data that's starting to show improvements hopefully as a result of the alliance, against the DPI indicators, you'd possibly be able to give us a few case examples where the costs to customers have been reduced because of regional procurement - - -

**MS MACPHERSON:** Oh, absolutely.

**COMMISSIONER DOOLAN:** I think that would be very helpful.

**MS MACPHERSON:** Yes. No, we can certainly do that. It's interesting because it sometimes takes time – well, it always takes time. For example, with the community energy efficiency program grant, and this is where these sorts of grants are tricky because we're always at the, sort of, cutting edge so we're doing things that we're not entirely sure are going to work, but we've just got to have a go and have a crack at it, and there are a lot of benefits achieved on the way.

With that particular grant, for example, within the period of, you know, the funding program, you have to equip and provide evidence of the outcomes. Well, energy efficiency stuff, you can't just do it – it takes time to actually find out what the benefits are and to do the analysis and find out how that's actually benefitting the customer at the other end.

So with that particular grant, it's only really been recently where I've started to see some really strong results coming out from things like manhole replacement. A simple little exercise and in fact, I think the operator who said to me, "Oh, we're seeing some great improvements", didn't even realise that I've been waiting for that advice to come through. So now that's informing further manhole work around the region because we're starting to see that as an option for some quite good results.

So I can certainly have a look at what sort of evidence there is and provide that feedback.

**COMMISSIONER DOOLAN:** That would be very helpful. Do you see any limitations to your current alliance model?

**MS MACPHERSON:** Yes, I do, but they're in the institutional arrangements that currently exist. My problem is, as you know, Centroc is a regional organisation of councils, is a section 355 of Forbes Shire Council. That's how we're set up.

**COMMISSIONER DOOLAN:** Okay.

**MS MACPHERSON:** So through the whole – we were a fit for the future pilot regional organisation through the New South Wales government, sort of local government reform program, and our primary interest in that was to enable us to do the regional procurement within our own right. You see, it is very difficult for a council like Forbes Shire Council which is not a particularly big council, to take the risk on regional contracts because we're asking them – and was certainly the case during the community energy efficiency program work where they had to bear the risk for 13 member councils doing millions of dollars' worth of on the ground operational work.

Now, we've done that for a long time and we've got very strong governance around all of our processes and good contracts and all of that sort of thing, but it is a limitation and something that, you know, we've really been fighting for through the fit for the future process, to, I don't know, be a corporate entity, be a joint organisation, or whatever that institutional arrangement will be, to enable us to do what we do.

**COMMISSIONER DOOLAN:** So the potential next step would be some form of joint entity?

**MS MACPHERSON:** Yes.

**COMMISSIONER DOOLAN:** And currently it's difficult or impossible to do.

**MS MACPHERSON:** It is. No, it is not impossible, we do it. What I'm doing now is where we have contracts that are for regional planning or, where there's no risk associated, so auditing, drinking water management programs, I can do those through Forbes Shire Council. Where it's more operationally based, we will procure regionally and we do see great cost savings in that. I mean, it's something like – I think we conservatively estimated it's about \$15,000 – it saves the council \$15,000 in the whole procurement process, that's just the tendering and the advertising and the assessments and all of that.

So we can still do that as a group and scope out tenders regionally together and all of that, but where the problem lies – sorry, with the actual contracting, I now get individual councils to sign them. So we procure but then councils actually have the contract. So it's just adding to the governance, and you know, adding to the paperwork and what have you, when it could be so much easier.

**COMMISSIONER DOOLAN:** Administrative costs.

**MS MACPHERSON:** Yes.

**COMMISSIONER DOOLAN:** All right.

**COMMISSIONER MADDEN:** Just on that.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** As a follow-up. Are you aware – is New South Wales government looking at any reforms in this area to enable – just on that specific issue to enable joint ventures and the like or organisations to do - - -

**MS MACPHERSON:** They keep telling me it's early days. I'm not sure how long it takes to be – early days. So look, we don't know. It's been what, 12, 18 months since we went through the pilot program and we've been optimistic that we would hear about joint organisations and interestingly enough, we occasionally hear about funding programs, for example, the safe and secure funding program actually has JOs written into the eligibility criteria, but we just read that with a very positive outlook and hope that they know something that we don't know.

So not at the moment, but having said that, Centroc is looking at a whole range of corporate structures in the event that that doesn't happen.

**COMMISSIONER DOOLAN:** So I did want to pursue funding.

**MS MACPHERSON:** Yes, the funding, yes.

**COMMISSIONER DOOLAN:** The funding model, and in particular, the role of government subsidies.

**MS MACPHERSON:** Yes.

**COMMISSIONER DOOLAN:** And the type.

**MS MACPHERSON:** Yes. We read with great interest the recommendations around community service obligations, and I will make some comments about the funding framework in New South Wales. It is something that we have been advocating about for quite a long time. I think, John, you may have seen a presentation at the Broken Hill conference about the regional prioritisation of infrastructure that we're doing. So Jane, just for your benefit, we have a matrix and what we do is, we have taken all the funding guidelines and picked the key criteria out of those, you know, they are the same recurring themes, you know, economic development, regional growth. Decentralisation. Employment, whatever.

We've put that into a matrix and we've weighted various things and now we've been through a process across the region where we've asked all our members to input their priority projects for every stream from water infrastructure, community, energy, transport, and the result being a list of 85 regional project prioritised. So these are the projects that the region agrees are our priorities. We're finding we're getting great traction out of that. I've just re-run it and I've got 66 projects at the moment that are sitting there about to be prioritised.

We've taken that approach because what that enables us to do is when – it makes us a little bit more funding ready and we can cut and dice the matrix depending – we can turn weightings up and down to pull out certain projects. For example, with the increasing sort of regulation and ideas about health based targets in drinking water management, I would be in a position, in a little while, I would hope, to be able to dial up the drinking water project so all the water treatment plant projects that are a high priority, will rise to the top if that particular pool of funding is something that we want to apply for. So we're seeing real benefits in that and it's real benefits in the collaboration across the region in discussing what our priorities are.



So as a region, we are really on top of what we need. Unfortunately, when it gets to the funding, it doesn't quite work like that. The issue that we've got is that in New South Wales, you know, the benefit cost – well, everyone where, I suppose – the benefit cost ratios are driven by population and the economy, so the projects need to meet that New South Wales treasury BCR requirement and the ones that tend to get funded are the ones that are in a place where there's a higher population base such as around western Sydney.

So all the projects are assessed in that competitive round and ranked against each other within that sort of paradigm. The problem we've got with water projects is that the provision of safe water, safe and secure water's a basic human right and subject to ever increasing standards, and for many of our projects, particularly in some of our far western reach councils, they're never going to get a BCR of one to meet the treasury guidelines for funding because the population base that they serve is too small. So you know, a water treatment plant in a western New South Wales town with a population of under 2,000 is not going to stack up against a project with, you know, much greater population base.

So in our view, the funding framework, certainly in New South Wales at the moment, is not optimised as it's not developed with local government or with an understanding of its variable capacity. We've also got concerns about the fact that induced demand is not adequately considered in the funding framework. So this, sort of, ultimately leads to more of the same as a result of progress informed by looking backwards if you like. We know that our councils have the ability to deliver projects, though they experience constraints especially where they need to spend significant money making the case for investment from state funding programs under the current guidelines, and while regional support and collaboration helps manage some of those constraints, particularly for the smaller or less well-resourced councils, as a general rule our councils are really limited in increasing sustainable revenue in regional areas, given the rate cap, jobs that they're given by other levels of government and the tasks that for a local government in regional New South Wales they have to undertake: swimming pool, managing airports, you know there's so many things that go to local government.

So councils are currently expending a significant portion of revenue on renewal expenditure on ageing infrastructure around things like pools, water and sewer, and compounding this is that negotiating special rate variations is just absolutely tortuous for some members saying that now, they're getting to their end of the ability to match their funding.

So we've really advocated strongly through other enquiries and reviews for rural regional dedicated funding and for funding programs that recognise the role of local government in regional Australia, and given that drinking water, for example, is not a discretionary activity, you know, the proposal to improve the efficiency and quality of service provision in New South Wales by targeting government funding or subsidies to provide us with greater needs or service challenges, including through a CSO arrangement is certainly of interest – and you know, we'd be interested to have more discussion around that.

In any case, Centroc advocates across everything we do at the moment. You know, if you're going to make structural changes to anything, including the framing framework, State government needs to engage with local government to co-design the solution that's actually fit for purpose, it suits the needs of the communities on the ground.

**COMMISSIONER DOOLAN:** Okay.

**COMMISSIONER MADDEN:** I will just ask to clarify one thing.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** The comment about induced demand.

**MS MACPHERSON:** Induced demand. I knew you were going to ask me about that. So you may be aware that at the moment – I will give you my great example. The Lachlan catchment has been identified as a high priority catchment. We saw what happened during the millennium drought. We had towns where they were talking about pulsing the Lachlan River to get water to Lake Cargelligo. It's a huge emotive issue in our region and as things are drying up at the moment, it continues to be a highly emotive and people are really concerned.

So the State government has thrown a lot of money at the Lachlan water security investigations which is into phase 2 so they're looking at options to improve reliability and security, not only for town suppliers, but also for other uses, so we work very closely with Lachlan Valley Water and other landholder groups to – because obviously it's in our interests that agriculture survives and it's in their interests that towns don't die, so we work very closely.

We've just been through a process where they've done a willingness to pay survey, but what's not included in that process is looking at, for example, the mine. We've got a mine that's looking to – another mine that's looking to set-up in the central tablelands area. The only reason that they're not able to do it is because they don't have access to the water, so I did read with interest your comments in the draft recommendations around extractive industries because it is a big thing for us.

Even though that mine, we know, would generate huge GDP, jobs and what have you in our region, it can't be considered in the willingness to pay survey. So any of those things that we know may happen if we had greater reliability and security of supply, are not included. So it is interesting because we often get asked "Oh, well, what would have happened if" – you know, "What would happen if you had reliable supply", and it's difficult for us to say "Well, we know this business would come" or "That business would come", but at the end of the day we know we have this one great example with the mine where we know that they would come at a heartbeat if they had access to water. It would change the willingness to pay equation considerably.

**COMMISSIONER MADDEN:** You might have someone with capacity to pay as well.

**MS MACPHERSON:** Exactly. Yes.

**COMMISSIONER MADDEN:** I actually just want to step back a little bit and you mentioned being at the LJ conference in Dubbo.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** So it might be good rather than your view, but ask about the views at the conference in terms of extension of this kind of model across the State - - -

**MS MACPHERSON:** Were you there?

**COMMISSIONER MADDEN:** I didn't make that one.

**MS MACPHERSON:** Okay. I just thought I'd check before I make comment.

**COMMISSIONER MADDEN:** No, I wasn't there. And again, this isn't about whether it should happen et cetera.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** But just what's your feeling and you said people came and talked to you, just what's that state of play and – we know alliances in the Lower Macquarie are happening.

**MS MACPHERSON:** Yes.

**COMMISSIONER MADDEN:** Are people actively looking at this in other areas or?

**MS MACPHERSON:** Namoi have recently started an alliance and I've noticed – I've had a few phone calls from Namoi. They're obviously starting to pick up the alliance model. They've called me and asked me what should we focus on first, and I always say "drinking water quality and training of operators to deliver drinking water quality". Training is a huge area.

So I am aware that they are. I get quite a lot of phone calls of people, sort of, asking me for tools and you know, "What have you got that we can use?" "What's the governance structure?" So there are – I mean, I see that there is interest. Certainly if you take into account Lower Macquarie's membership which has extended over the last 18 months to encompass further in that sort of northern region. I think they're now up to 12 members. We've got 14. So there's 26 across the State than Namoi. We are currently representing quite a large proportion of the State. The coastal councils I'm not so sure about. But certainly for inland New South Wales, I think there's a great interest in what can be done .

**COMMISSIONER MADDEN:** Yes. Are there any risks you see with this organic approach?

**MS MACPHERSON:** With our - - -

**COMMISSIONER MADDEN:** No, not you, but talking, I guess, institutionally across the State. I mean, is it something that should be a bit more active on behalf of the State or is that something that should be - - -

**MS MACPHERSON:** What to drive the formulation of alliances?

**COMMISSIONER DOOLAN:** Yes, to drive and encourage - - -

**COMMISSIONER MADDEN:** Encourage might be a better word than alliance.

**MS MACPHERSON:** Encourage. The tricky thing that I see that's going to happen with alliances is that they are so dependent on having champions. Now, Centroc just happens to be – we might be an unusual beast. We are different to Lower Macquarie. I mean Lower Macquarie was set-up as the first organisation. They were set up in a very different way to us. They were set up with a larger council being Dubbo supporting those smaller councils out the back who were really, really struggling. So they have a slightly different relationship with their membership base. Maybe a little more parent/child. I am not saying that that's not working for them. I'm seeing it's working very well and what they're doing is they're bringing in consultants to run facilitated programs in areas like asset management which is working a dream for those smaller councils.

My alliance is different. Where we've got members who are probably on an equal footing and the reason we work well is because Centroc's been very much based, as an organisation or as a region, on collaboration. Now, I'm very fortunate in that I have a chair who gets that. Andrew's very regionally and strategically focused and I also have an executive likewise, made up of a combination of smaller and larger councils. They get it. That group, that core group, is what drives what happens in our region, and look, even through the period of local government reform where there's been so much churn in the sector, I'm still congratulating myself that I get at least a dozen people to every meeting. Now, to me that tells me that they're getting something out of it. So it is working for us.

But what works for us, might not necessarily work in Namoi. They might have a different set-up and that's where, I suppose, you know, we've always said one size does not fit all. It's up to each region to determine what's going to work well for them. This is a model we think works. It works with us. We've got tools. We're happy to provide those. We're happy to give guidance. We're happy to help with, you know, ideas about how to generate the interest. But at the end of the day, it comes down to that membership base and the willingness and the – and I guess this is where we come back to the demonstration of the benefits. I think the more we can demonstrate that there are really good quantitative – or you know, the tangible evidence of what you get out of an alliance, I suspect that might help generate a bit more interest.

**COMMISSIONER MADDEN:** Yes.

**COMMISSIONER DOOLAN:** Are there any final comments you would like to make?

**MS MACPHERSON:** I'd like to make just one comment about water resource planning.

**COMMISSIONER DOOLAN:** Yes.

**MS MACPHERSON:** Just from Centroc's perspective. This is an area that we've been particularly interested in for a while. We have really struggled to get local government representation on things like stakeholder advisory panels in New South Wales to represent local water within the water resource planning processes. It has taken us probably 18 months to actually get somebody on there, even though within the material that DPI distribute it says "We're in there. Local communities are consulted".

Now we are there. I've just got a representative onto the Lachlan Valley Water resource planning panel. Now we are there, the challenge for us is to enable the risks and issues that are being discussed, to be presented in a way that is understandable for local government. There's a willingness, there seems to be a willingness for us to be there and we certainly want to be there because it's all about that triple bottom line and for us, you know, about agricultural community dies and that's a massive issue. Meanwhile if our town doesn't have water, that's a huge issue and if our industries don't have water, that's a huge issue.

So we're in it for that triple bottom line but where the challenge now lies is in getting that information in a way that enables us to engage and I see that across a lot of this water planning area. We really want to be involved. There's willingness but they still don't know how to talk to us.

**COMMISSIONER DOOLAN:** Okay. But it took a while for your members to actually be invited to attend or be part of those? They were not a natural - - -

**MS MACPHERSON:** They should have been because if you'd read the websites and you read the material that's sent out, it says local government is a rep.

**COMMISSIONER DOOLAN:** Okay.

**MS MACPHERSON:** But no, it took quite some time and now, you know, we're presented – and the same with things like surface water planning, ground water planning. So with ground water resource planning processes, we've been given this massive – like "Here's the risk paper". Now, for someone like me who is providing that sort of input and advice back, it's not in a format that I can really – it's very inaccessible. We have to go back and say, "Look, that's great but what are the implications of this for regional communities? What are the risks? How do you interpret this?"

Now, the main reason we've had some inroads in the Lachlan Valley is because we've got a terrific relationship with Lachlan Valley Water. We've got a communique with Lachlan Valley Water. We work very closely with them and I can ask them to interpret things for me, but at the end of the day what we want to know is what are the issues and risk for town water supply, firstly? And what are the issues and risks for our agricultural and industrial community and also obviously for the environment because all of those things are, you know, fundamental to our region.

**COMMISSIONER DOOLAN:** Thank you for that. Okay.

**MS MACPHERSON:** Thank you. So the question that you asked me earlier will be noted in the transcript, will it, so I can respond?

**COMMISSIONER DOOLAN:** Yes, it should be.

**MS MACPHERSON:** Yes. Okay.

**COMMISSIONER DOOLAN:** Excellent. So we look forward to receiving your submission.

**MS MACPHERSON:** Yes. Thank you very much. Thank you for the opportunity.

**COMMISSIONER DOOLAN:** Thank you.

**MS MACPHERSON:** I think it is an amazing bit of work that you've done – oh, good work, I think.

**COMMISSIONER DOOLAN:** Thank you.

**COMMISSIONER MADDEN:** Thank you, Meredith.

**COMMISSIONER DOOLAN:** A quick ten minute cup of tea. And then we will continue with Bradley Moggridge.

**ADJOURNED** **[10.09 am]**

**RESUMED** **[10.24 am]**

**COMMISSIONER DOOLAN:** So, Brad, can you just confirm that's who you are, for the record, and give us an outline of your thoughts.

**MR MOGGRIDGE:** Yes.

**COMMISSIONER DOOLAN:** Thank you.

**MR MOGGRIDGE:** Thanks for having me. My name is Brad Moggridge, Kamilaroi man from Western New South Wales. Live in Canberra. I am currently doing a PhD at the University of Canberra, at the Institute for Applied Ecology and previously I have led the Aboriginal Water initiative at New South Wales DPI Water for nearly five years up until 2016, last year, when I moved on, and now doing a PhD because I thought it was an opportunity to strike and my area of interest is Aboriginal knowledge of water, but also how it can influence western water management.

**COMMISSIONER DOOLAN:** Okay. So, in terms of the report, are there areas of weakness or strengths that you would like to draw our attention to?

**MR MOGGRIDGE:** I suppose from my point of view, Aboriginal people rarely get a voice in a lot of these sort of big debates and from what I saw there were some excellent bits of the reports, some good recommendations, some good clarification but really what I saw was New South Wales got off lightly.

**COMMISSIONER DOOLAN:** Okay.

**MR MOGGRIDGE:** For the damage they caused from an Aboriginal point of view, Aboriginal engagement, Aboriginal employment, Aboriginal opportunities in water, they got off very lightly and I think it's - it's all to a point coming to a head at the moment, like it's quite a hot topic and I think it's a good time to strike now. Yeah. And obviously my opportunity here to raise that aspect that, that was missed in the report. Yeah.

**COMMISSIONER MADDEN:** So just on that, we did get some good feedback about New South Wales activities. So before we talk about missed opportunities in New South Wales, can we actually just ask what are some of the things, while you're in a position for five years and not your performance, - - -

**MR MOGGRIDGE:** Yeah, yeah.

**COMMISSIONER MADDEN:** But just on a wider perspective in terms of that initiative, what are the things that worked well; what are some things that maybe didn't work so well, before we then move on to, I guess, some of the lost opportunities in terms of what you see as a diminishing effort in that area. So it would be good to reflect and get some lessons from your time working in the area.

**MR MOGGRIDGE:** Yep.

**COMMISSIONER DOOLAN:** Particularly if you would - because New South Wales was seen as an early leader in this area, and whilst in recent times, of course, there's been a bit of a drop away, I must say until recently I hadn't realised how significant that had been, and that has not come through in submissions that we have received. So, it would be good to understand that a little as well.

**MR MOGGRIDGE:** Yeah, sure. A bit of the, a bit of the history. Water is a complex language and we all know that and it's hard to understand. So for - when water was given away with land in the early days, Aboriginal people were not human, so they weren't - they were flora and fauna. So when we became human, all the good land and good water was gone and at one point all the water - yeah, the water, they'd given away too much so they had to structurally adjust back to bring back what water that should be flowing in the river. So at the moment Aboriginal people if they want water they've got to buy it. And when they say, you know, that it's hard for elders to understand that because especially - well even when the

NWI kicked in and land was - land and water was separated as two separate entities, Aboriginal people couldn't understand it. You know, the elders can't understand that, for starters, and now that it's a commodity it's, you know, it's market driven and if they say, "We want water to catch a fish, we want water to potentially build economic opportunities, but we've got to buy that water", and that that's the bit they don't understand.

So with the National Water Initiative, New South Wales had the Water Management Act, so it's quite strong in its objectives for Aboriginal people, some very strong objects of that Act and also their principles are very strong as well. So there was a great opportunity for New South Wales to take the lead because it was one of the few Water Acts that mentioned Aboriginal people upfront and gave them opportunities in the water space. And in 2011 some senior staff applied for funding through Closing the Gap, which New South Wales got through Treasury and then - well then the Office for Water applied to Treasury to get funding. So it was 1.69, 1 million per year to build over three - over three - three - well it ended up being four years - to build an Aboriginal water unit and to help New South Wales meet those objects of their Act but also engage or re-engage Aboriginal people in water.

So previously in the Water Management Act there was water management committees and Aboriginal people had a seat at that table, but a lot of the times they would turn up and there'd be talk about modelling, there'd be talk about, you know, complex discussions which those elders didn't really understand. So those elders stopped turning up to those water management committees and they never worked. And, so what happened then was the Aboriginal water initiative came about through the funding and we were successful in getting the money.

I was employed as the then program manager. I had a senior project officer and two regional coordinators, so north and south New South Wales, so we cut the State in half, and we built some governance aspects around the program on how to do business, not only with ourself but also with the community, and then how we were going to collect information that could be protected as well. And so what we did was, we also then employed some facilitators, so with the money we had. They were regionally based, local community people, so we had to build their capacity to understand water. And most of us in the sort of the senior roles in the division sort of have an understanding of water. So we'd been in water, we'd, you know, been part of water management communities or research or knowledge, so there was - the opportunity was there to build on that. And then the facilitators were coming as - we wanted people that could engage a community; it had their - had credibility but also could build the respect and then also sell the idea of what we were trying to do.

And we employed four facilitators in the end. Then we got some money from the Basin Plan implementation, so we received two positions for that under basin planning. And then we'd advertised another two positions under basin implementation and then that's when the new leadership kicked in and those positions have still not been settled yet, those two positions. Those applicants haven't been told. So that was mid-2015. We advertised - and they haven't been told by HR whether they've got the job or not. So that's still hanging there. We know who the candidates were. You know, that we had preferred candidates, so that was quite unfortunate. And the other two employed under the Basin Implementation Plan, they were actually just told, "Your contract is up", even though they were employed under a contract until 2019 to help with the Basin Plan.

So we lost - and then what happened was, the leadership decided that - from my point of view they just didn't want us there. It was sad to watch because there was - the senior managers above me, they were being treated in a way that I thought was inappropriate and I thought - they got rid of them and I was next, my level was next in line. So that's when I left in 2016. But what we'd achieved was we had a governance structure. We had a database that we'd established. So we'd built it up so - Aboriginal communities don't like government and they don't like databases. We had both. So, we had to sell that as a prime opportunity and that was number one, to try and influence communities. So our main aim was to work with knowledge holders, build their understanding of what their opportunities were and their - well, their rights to a certain point of view, and then work out the knowledge holders who would then be - you know, who would sign an agreement with us and that agreement would be that they would provide knowledge if they were wishing to on their cultural values of water. And then they'd sometimes provide more, sometimes less. And we'd had a report card that we'd fill out on each of those value sets and then we developed a database called the Aboriginal Water Initiative System and so that's mentioned in a couple of the flood plan management plans and also some of the water sharing plans. It's also mentioned in the cultural flows research.

So what it was, was a database that was login protected, so only the Aboriginal staff can log into it. And then there was security settings within the database that had men's and women's business, so the men couldn't see the women's stories and vice versa. There was also highly - another highly secure level that if someone wanted to tell us a dreaming story but they - they knew it wasn't going to go to the next generation because there were some issues there, they would get us to record it and have the next of kin, if the elder told us that story. And so that would sit right at the bottom of the database which no one could access, until that point where the next of kin was ready to accept that, that knowledge.

So that database was there. We then had - once we - we worked this through on the coastal water sharing plans and it worked. So we had communities engaged, giving us advice on the cultural values. It was then our role to determine what the water requirements were, or rules we'd put in place to protect those values. So some of those rules could be a flow requirement, so it could be a certain time of year. So if it was a regulated system we could generate a rule in that water sharing plan to order the water at a certain time and that water would be there for that; whether that's ceremony or an event, or whatever. Or we could put low flow requirements. So if there was a part of the river that needed a certain level, we could tell - well, we'd set a rule to say that - at that gauge we could say this level - this megalitres per day needs to be in place to maintain those cultural values.

We could also set buffer distances for cultural values. So that was around, say, groundwater dependent values, and they were, say, if it was a living scarred tree and it wasn't right next to the river, it was the edge of a wetland or - it's going to be ground water dependent. So it's highly significant, it could be scarred or carved and we'd put in a buffer distance around that. And so we had an agreement with licensing, so if a new - a new application for a bore come in, we could look at our database and say "That's too close". We wouldn't tell them where it was, but we'd just say, "Look, that's too close to an Aboriginal value" and say, "That's it, no, we're going to have to decline that". And then licensing was moved out of DPI Water, so then we had the - - -

**COMMISSIONER DOOLAN:** Over to New South Wales.



**MR MOGGRIDGE:** Yes, over to Water New South Wales, so that was another issue. We had staff who loved their job in regional areas and then were told, "You don't have a job anymore". So they'd been built up in the water industry; their capacity was built, they loved their job, they loved the engagement in the community. And being in regional areas a lot of those jobs weren't available, so they either had to move or change careers, and that was probably the disappointing thing. I have also been told that now ex-AWI staff are going for positions in DPI Water and they're being told not to mention the AWI in their interviews. Like they're trying to wipe us out of memory, so rewrite the history books again. And when you search up AWI and the Department of - well, DPI Water, "page not found".

So we had resources. We'd produced quarterly newsletters. We had videos. We had engagement processes. We had - and I'm still the contact there for AWI. So that they're misleading the community about who's involved at the moment. So we went from 11 roles; 10 identified Aboriginal positions to the new structure in December, to three positions in three different units. So the old divide and conquer kicked in. So they separated these three positions and, you know, the then leader, Gavin Hanlon, said he wanted his own principles were sound consultation but succession planning. So those staff will not have an opportunity because the grades they've set these three positions at, there's no progression opportunity. So they've set them at two 7-8s and one 11-12. So the 7-8s to jump to 11-12 is not going to happen. So they have - there's been one 7-8 filled, and she is isolated culturally but also - she was sent on holidays because she had nothing to do, and there's 22 water resource plans to consult on. And, so - - -

**COMMISSIONER MADDEN:** I wanted to get into that, the water plans.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER MADDEN:** It's really good to hear some of the detail about what was included in the coastal plans and I'm not sure, are you making a submission, do you think?

**MR MOGGRIDGE:** I'm going to have to.

**COMMISSIONER MADDEN:** That's fine. It would be good if we can get examples.

**MR MOGGRIDGE:** Examples, yeah, yeah.

**COMMISSIONER MADDEN:** Within those plans. Just direct us to those plans, to get those examples.

**MR MOGGRIDGE:** Yeah, sure. Yeah.

**COMMISSIONER MADDEN:** I was just going to ask in terms of going forward and revision of plans. What do you think are the key elements again that we can learn from in terms of that process?

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER MADDEN:** Not just reconstitution of the original water initiative, which obviously is one option, but how would you go about thinking what are the key planks to actually include, particularly cultural values at this stage. We might move on to current development.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER DOOLAN:** Yes.

**COMMISSIONER MADDEN:** Separate discussion.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER MADDEN:** In those kind of revision of plans.

**MR MOGGRIDGE:** M'mm. What I - whenever I talk at a conference or whatever, one of the key learnings was if you want to engage Aboriginal people you employ Aboriginal people to do that engagement, because you break down those barriers straight away. Even though they - the community will still see you as government, but you'll have a different connection to that community. You know, it might be a family connection. And that's why we employed local people because they already had that respect in the community. So I call it "Government Aboriginal Engagement 101". Employ them, you know, that's the key. So, having three people that aren't engaging now, three positions that aren't there to engage because - what I should have said was I wrote to the secretary in November last year and asked how he justified the change management plan and got rid of the AWI. And one of the things was that he said, the AWI did a great job and one of their great jobs was making DPI Water culturally aware. So we had a cultural awareness training package that we funded out of our own program and we trained - made it compulsory so the then Commissioner David Harris made it compulsory for every staff member to do cultural awareness training. And so it was about 600 staff we did, all around New South Wales run different things, and that was one of the responses; that because all the staff were now culturally aware, Aboriginal values was mainstream now and so we didn't need Aboriginal staff to do that.

That went against the whole reason why we did cultural awareness. Was to build our profile but also get the non-Aboriginal people, the water planners and policy and legal to come to us and work out projects and work out ideas. And I think cultural awareness training is great but it was the down - you know, that was the excuse used for the downfall of the AWI. That was quite sad. You know, that was a highlight of our, you know, of changing the culture of a department. And from what I know the leadership, the current leadership haven't done cultural awareness training. So, you know, they just don't value that. So cultural awareness training is one, but also building the capacity of Aboriginal staff to help communities.

So at the moment they're putting Aboriginal people back on SAPs, so we're going back to the old water management days, water management community days, where they're putting Aboriginal people on these committees to - and they're sitting there and, you know, I got feedback from the recent Macquarie SAP and they talked about modelling and the water resource plan. They had an elder sitting there. Six hours they had a meeting for and the elder said, "Are we talking about water planning or the Murray River?" So the capacity of - for me, they're setting up these poor people to fail, again, and I think it's just not the way - the previous model was, the AWI was there to collect those values and then inform the SAPs. So we didn't have a representative on the SAPs but we would give submissions to the water planner on the SAPs. So now they've changed all that because of AWI, so they've got elders sitting on the SAPs now which is - which I suppose is a - they're seeing as a tick a box. They've ticked a box.

**COMMISSIONER MADDEN:** So just as a bit of a follow up but a different angle. Obviously water resource plans then have to go to the MDBA.

**MR MOGGRIDGE:** Yep.

**COMMISSIONER MADDEN:** Murray-Darling Basin Authority and go through a process.

**MR MOGGRIDGE:** Yep.

**COMMISSIONER MADDEN:** Are you aware of guidance material around engagement in cultural - specifying cultural values which are provided from the Murray-Darling Basin Authority to the states at all? Are they provided, or are you aware of any indication that they've given to Victoria and New South Wales, South Australia, Queensland, in terms of a good process for the water resource plan?

**MR MOGGRIDGE:** There was that engagement process under the NWI engagement module that was produced by the Department of Environment. It was how to engage Aboriginal people. So we were a part of that and helped drive that, and there was some - obviously AWI was mostly through it as best practice, as they saw it. But MDBA has a role there, and then you've got NBAN and MLDRIN who are the two Aboriginal advisory groups, so they're there to give advice to the MDBA on whether to, you know, accredit plans based on what the basin plan says. So its values, uses, objectives and outcomes, all that sort of stuff. So has the state done that satisfactorily enough?

So the pressure will be on those guys to make sure that they look through that, because at the moment New South Wales is going down a path of copying Queensland. So that model is employing one project officer or consultant, and they do the engagement around there and then hire out Aboriginal people to help out with engagement. So I'm pretty sure New South Wales is going down that path because I've heard that they're employing a consultant and at this point it's an Aboriginal consultant. Queensland have got a Kiwi, non-Maori, non-indigenous. So that was unfortunate but that's their process. Queensland has a lot less plans. New South Wales has 22. And I think MDBA has produced Aboriginal Waterways Assessment, so that was a guide to help out with communities, to take control of how they collect their values.

I was a bit - because AWI had its own, you know, structure and governance to do things, the AWI didn't consider groundwater, it only considered surface water. So in New South Wales there's 13 groundwater plans. So that wasn't really fit for purpose for New South Wales and unfortunately that - in the trial periods they paid communities to be part of that, and then when we went to engage those communities they didn't want to engage with us unless we paid them. So there was a precedent set, which is unfortunate, but I'm hoping that Aboriginal Waterways assessment does what it's supposed to do and it helps inform water planning.

They have their National Cultural Flows Research Program. New South Wales was a member of that, so I fought hard to be a non-voting member of that committee. So we became a member of that and then the new leadership deleted that opportunity, so no one was representing New South Wales anymore, even though the two case study sites are in New South Wales.

There is also the principles document that MDBA produced, I think it was 14A, I think - yes, 14A, so it was a position statement, sorry. So they produced that on how the states would be sort of viewed as part of accreditation around indigenous engagement, so Part 14, Chapter 10. And the principles talked about an Aboriginal submissions database. They would be assessed against that. So the submissions database was all the submissions when they were preparing the basin plan. So there was 400-odd submissions put forward to - when MDBA was preparing the basin plan, and - but states didn't have access to that database. And so we

couldn't see what they were going to assess us on. So if we went to a community, it would've been a good tool to have when we were engaging. So we could've gone to a community and said, "Okay, people from Walgett, you've said in the past this; you know, the yellow belly, the cod or this place is important. Is that still the same?" But we didn't have access to that database, and I'm not sure if states will have access to that database. Because it would've been - even though they're all public submissions, you could've downloaded all the public submissions and got all the - - -

**COMMISSIONER DOOLAN:** And recreated it.

**MR MOGGRIDGE:** Yeah, and recreated it yourself, so it was put into a database and - but we couldn't, we couldn't access those - well, it was itemised and it was itemised for key words and things like that, so you know whether it was a water sharing plan, a water resource plan, a river, a value set, things like that. I'm hoping that - they're also done occupancy use mapping. So there's been a fair bit of money spent on occupancy use mapping. So that's where they actually got an American Indian to advise on how to collect values with a GPS, and it was - what it was, was dots on maps of where they collected - where they hunted, where they had values and, you know, that would be quite a help for native title. But I'm not sure how that converts into water resource planning values and influencing water planning. They just released a video not long ago.

**COMMISSIONER DOOLAN:** This is probably - - -

**MR MOGGRIDGE:** Animation.

**COMMISSIONER DOOLAN:** Yes. No, no, I mean it's important to us. It will probably be - we'll have to go diving into this next year, but - - -

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER DOOLAN:** We will have to go diving into this next year, so it's an important heads up for next year's inquiry. So we've heard about New South Wales and I understand your experience is mostly in New South Wales. But do you have any comments on approaches in the other states that you're willing to share?

**MR MOGGRIDGE:** Yep.

**COMMISSIONER DOOLAN:** South Australia, Victoria, Queensland?

**MR MOGGRIDGE:** I suppose when we first - when we were on the First Peoples' Water Engagement Council that devised the National Water Commission, you know Northern Territory had led the pack. So they were at a point where they had strategic indigenous reserves put aside. There had been a lot of research. A lot of money had been put into that and a lot of resources and a lot of information had come out on how to allocate water for. And that was around the consumptive pool access and there was - it was a good body of evidence but it - again, another cycle change and that was red panned. So that disappeared. Western Australia, as we know, hasn't done too much, or Tassie hasn't done too much. Queensland is - they did have opportunities when there was the Wild Rivers, and then that was repealed but there were reserves as part of the Wild Rivers process. But that was repealed and now they've gone down a path in the Water Resource Planning process of just having one person go out and engage communities. So they don't have too many plans, but it's their process at the moment.

Victoria has gone leaps and bounds, so they're committed in their Water for Victoria plan; 9.7 million I think it was in the end. Five million to set up an Aboriginal water unit. So I gave them everything that they could use, gave - I sat on the panel to employ their manager. So it was great to see that they were doing the right thing and they're doing it slowly and trying to do it correctly. And they also had another bucket of money for economic or opportunities in water, so that's still yet to see what they're going to do with that. So I, you know I commend them and I make sure - one of my key things was, even though you're in the legislation, you're in policy, you're in regulations, doesn't mean you're safe. So they had to entrench themselves to survive a change of government or leadership and that's what, you know, I felt we were fine because we're in the legislation. Victoria is doing great things. There's some great cultural flow stuff happening in North Central CMA and a couple of other CMA areas, and that's great to see.

ACT, they got a few Aboriginal Waterways Assessment sites done under MDBA but I'm not sure how that will influence. And I think that - that was some of the things is, you might have all that information, but how does then the community take that and then, you know, write a submission to influence water planning? That's a big difference compared to collecting it all.

Northern Territory, with a change in government, had a draft discussion paper on Aboriginal - strategic Aboriginal reserves, so they changed the name. So we are yet to see what happens with that.

South Australia and Victoria are now talking treaty, but I really hope that includes water. If that doesn't include water, then I suppose there's not much use for me. Or, you know, some of the communities that live on rivers, it's not going to be much use for them if they don't include water.

Nationally, I believe - we may have moved forward, but in my point of view New South Wales has gone backwards to the 1960s. You know, that's been quite sad, yeah.

**COMMISSIONER MADDEN:** So, maybe to finish off in this area.

**COMMISSIONER DOOLAN:** Yes, sure.

**COMMISSIONER MADDEN:** Before we do move to economic development, if you have any comments in that area. In terms of our recommendations, they're broadly positive. Is there any specificity or improvement or gaps that you see in our recommendation? Or is that  
- - -

**MR MOGGRIDGE:** No, no, look, I was - I was - it was comforting to read that a lot of the things that have been said before have been said again, but I suppose it's making the states and territories accountable now for not doing anything. That's the big thing, is how can you make them accountable for not doing anything? You know you can name and shame but they'll just go, "Oh yeah, whatever. We'll just keep doing what we're doing".

There's no opportunity for indigenous people to have a say at a national level. So there's no peak body. The Department of Environment has the Indigenous Advisory Committee, which is under the EPBC Act, but they don't have water in their - they're trying to push for water in their business, because that's our only opportunity at the moment. Native title will rarely provide water for people. It will just give them cultural access, and New South Wales at the moment doesn't have an opportunity. It has it in their water sharing plans around access for native title, that's part of the - also the clauses within the National Water Initiative, but they

don't have an access to say, "Well, how much water is that?" And all their - most of their water, except one I think, most of their water sharing plans say native title water is zero allocation. So they've obviously got to move on that.

What I'd love is a think tank or a centre of excellence for water, or a - because in that space we don't have a go-to place for indigenous water aspects because it's - it doesn't, you know, it just doesn't exist. And a lot of the CRCs are gone and things like that. There's a lot of the funding opportunities gone. There's no Aboriginal water strategy at a national level. So there's - yeah, we don't have a strategy. So I think you - you recommended that there be a committee established to give advice on the changes or the future of national water issues, so that would be a great start to set up that.

But, I suppose, what we saw with the sunset of NWC setting and also the First Peoples' Water Engagement council moving over to the Department of Environment, they had the Indigenous Water Advisory Committee, then a change of government and all committees were wiped. So that was the end of that. And I think there's - there's opportunities there to give advice but, you know, the First Peoples' had a draft - you know they had a policy statement and a framework set up. They'd had a paper done on indigenous water fund. You know, that is missing as well. So there was no appetite whatsoever for that sort of thing. So potentially a percentage of licensing activities could go into a bucket. So like what the Land Rights Act did for land, we don't have that for water. So because we're fighting for water, we don't have that opportunity. Aboriginal people in New South Wales say - we say is dirt rich because they've got land under the Land Rights Act, which is the land that no one else wants. Some of them got water licences under that Land Rights Act when they were combined, but now if they want water they've got to buy it. So they're potentially dirt rich, money poor, and they can't buy water if they don't have the money. Yeah.

**COMMISSIONER MADDEN:** Well I guess, just moving on to that because that obviously segues straight into economic development.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER DOOLAN:** Yes, that's right.

**COMMISSIONER MADDEN:** Which is the overarching message.

**MR MOGGRIDGE:** Yep.

**COMMISSIONER MADDEN:** But do you have anything more to say in general about water for economic development? And then I guess also what's the associated activities. I know in Northern Territory part of the discussion is about tradability of strategic Aboriginal reserves.

**MR MOGGRIDGE:** Yep, yep.

**COMMISSIONER MADDEN:** We also heard issues of, I guess, risk, even permanent trade.

**MR MOGGRIDGE:** Yeah, yeah, that's right.

**COMMISSIONER MADDEN:** And people not understanding - - -

**MR MOGGRIDGE:** Yeah, yeah.

**COMMISSIONER MADDEN:** The ramifications of that. So I guess just that associated effort as well, if you have comment?

**MR MOGGRIDGE:** Yeah look, the Northern Territory model under the SIRs was a good model because it - you know the NT was at a point where they'd agreed on - or to a point on how they were going to do it. So, you know, it was - they were looking at a number as part of the 20 per cent of the consumptive - well 80/20 is the way they work, I think, from memory.

**COMMISSIONER DOOLAN:** Yes.

**MR MOGGRIDGE:** Eighty for environment, and they actually include culture in that 80 per cent, and 20 per cent was for consumptive pool. So the Aboriginal people were getting under the SIRs a part of that 20 per cent of the consumptive pool. But then they go away and then work out their own governance on how they'd manage that, and that's the right thing to do, you know, that - whereas in New South Wales there's average or community development licences, so they're in the plans, and - - -

**COMMISSIONER DOOLAN:** Yes.

**MR MOGGRIDGE:** But there are strict rules on what you can and can't do, and there's also the cultural access licences which were there as well, and there's strict rules about what you can and can't do with those. And they were never taken up because we would have loved the Aboriginal Water Trust when we were there, because - we got the fees removed for Aboriginal Cultural Licence activities, so the specific purpose licences. The AWI went to the Commissioner, went to the Minister, went to the Treasurer and they actually removed the - all the fees relating to cultural licences, which was fantastic. So that was a good opportunity but then, you know, they were scared that there'd be thousands of these applications. But when it comes down to it, communities - you go to the community and say, "Look, you can get some cultural water pre the fee waiver, but you've got to pay about 600 bucks in fees to get 10 megs, and then you've got to pay per megalitre when you pump it, then you've got to have storage, then you've got to have pumps, then you've got to have diesel for the pumps". So that's - it was never going to happen. And so once we got the fees reduced, the idea was that the AWI would collect these values and assist the communities develop these; whether they were strategic, whether they were community development licences or the cultural licences, to apply then and then they'd get water for the - whatever they need it for.

But economically, as I said earlier, if you want water you've got to buy it. You know, at the moment in fully allocated systems you can get a zero allocation licence; you pay an annual fee and you've just got to wait for the water to be available. You go to a water broker and say, "I've got money. I want to buy some water", and then they'll find you a valley.

But I think there's - it shouldn't be - it shouldn't be up to any government or legislation to tell Aboriginal people what to do with their water. It should be entirely up to them to govern their own business. You know, whether that's, you know - I did some research when I was at CSIRO and you sat there with two community members, they were cousins, they were related. One said, "If I had a cultural - if I had an allocation I'd leave it in the water. At the right time of the year it'd come down and it'd help fish spawn, and then I'd catch a fish and get a feed". The other one said, "I'd put it in this billabong out the back of - back of the river and generate fingerlings to then sell back to DPI, to then restock the rivers".

So, you know, it all depends - it's not - it's not what a government should be saying, that you can't trade or you can't sell, but that is the danger that the - if communities are aware of what they're entitled to, if they do have an allocation, they don't know, they're just paying the fees. They just pay the fees and then 'the don't use it, you lose it' might kick in eventually and they'll get restructured down. But if they want to use it, then they need the capacity to understand how to use it, and that's missing as well. There's no one to help them understand now that, you know, the AWI's gone or - Victoria might be in a better position now to give advice on how they use their water. Some of the land councils that did get - receive water, they are now trading on the - you know, they're temporary trading. So they're generating revenue from their water licence to build up their, you know, their resources and their capital, to then potentially look at on-farm practices. So that's entirely up to them. Yeah.

**COMMISSIONER DOOLAN:** But they do need, at least in the initial stages, some supporting mechanisms to just point out or help utilise some of those opportunities.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER DOOLAN:** Okay.

**MR MOGGRIDGE:** So when you talk to communities, they're unaware that - you know, we'd have a list of licences and because there's no identifier on a licence application, like they don't tick a box to say "Aboriginal community" or "Aboriginal", we'd done a survey of all licences to understand who had what, and it was just really a few targeted words. There would be "cultural, native title, Aboriginal, land council", so it was just targeting those licence names. And then we might go to a community and say, "Do you know you have a licence?" "Nah, no idea". And so - they said, "Oh, we've just been getting these bills", and that was just to maintain the licence. So, when you then tell them what they can do with that water allocation they're really surprised, and then some of those - the land council were then putting them in their community business plans to then generate business opportunities with trading that water. And a lot of them knew that if they sold it, once it's gone it's gone, that's it. Yeah.

**COMMISSIONER DOOLAN:** Yes, okay.

**MR MOGGRIDGE:** But - yeah.

**COMMISSIONER DOOLAN:** Do you have any further questions?

**COMMISSIONER MADDEN:** I guess just one, and it's been really good to hear a lot about the operational side.

**COMMISSIONER DOOLAN:** It has.

**COMMISSIONER MADDEN:** In terms of the actual steps, the cultural values identified and, as you said, actually put into place.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER MADDEN:** Just with this economic development and given where I'm from, in terms of knowledge in the Murrumbidgee and the like.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER MADDEN:** I just wonder if you've got any broad comment, not necessarily the Murrumbidgee because you know it's across New South Wales and others.



Where you've got different communities, because like every community, Bowral's totally different to kind of Gundagai or Wagga.

**MR MOGGRIDGE:** Yeah, yeah, yeah.

**COMMISSIONER MADDEN:** Another area. And how you go about a discussion of, I guess, allocation of licences to different communities when they are distinct.

**MR MOGGRIDGE:** Yeah.

**COMMISSIONER MADDEN:** Is that just community by community? Because often water managers treat the river as one.

**MR MOGGRIDGE:** Yep. Yeah that's, that was another hurdle we'd faced a lot with communities on engagement because they'd - say based on traditional knowledge, they'd go down to the river because the wattle's flowering and that means potentially you can catch a yellow belly. That's just a scenario. They'd go down there but they're in a regulated system and that water's not there because no one's ordered it. Or it's there, but it's environmental flow, it goes down to the Lowbidgee or whatever, you know. But those values wouldn't be normally picked up and I suppose it - when you're talking to individual nations, and they will have different value sets and there'll be different - you know elders will have different ideas about water within their own communities. But we allowed them to come up with their own ways of managing water, if they could get water. It wasn't up to government to determine that, and I think that was - the success of the program was that we allowed communities to decide for themselves, but when they got to the point and say, "We want some water", "Oh, it's not available, sorry". That was always the challenge.

But going to nation-based communities. Like the Aboriginal water fund could work in a way that if you generate income from water - like what the CEWO does, is trade some of their licences to generate money to buy more water, to release water or to do whatever, but that could be a similar scenario, and I'd be happy to be the Aboriginal water holder any time.

**COMMISSIONER DOOLAN:** We note that.

**MR MOGGRIDGE:** You know, then you'd have a bucket and then they could put an expression of interest in to that set-up and say, "Look, we're developing" - I'll give you an example. So there was an old uncle out at Karra and he said, "Look, there's a site off the river, it's about three k's from the river, it's Aboriginal owned. They want to establish a - like a rehabilitation and spiritual centre, so when guys either - guys and girls had either come off whatever they're on, or they come out of prison, there's a place for them to go to heal and then build their capacity, but they needed water there. Either ground water was an opportunity, but pump - you know, setting up pipes for three or four k's away was probably not a good idea from the river. But how would they get water to that place?" Ground water was probably the only option but that's not cheap either. So then - I had no answers for him. I said, "I can't get you any water. Unless you can come up with a crazy amount of money to drill a bore, I can't help you". And I think scenarios like that, where he was looking at culturally and spiritually fixing people with water, because they did have a small lagoon there that was, you know, that would only get filled by rain. But they wanted to keep that water, to maintain the water in that place, to make sure that when people were coming there, there was water there for them. And the water - the Aboriginal Water Fund could've had opportunities for them to apply, build a case to order water and - or, you know, drill a bore or whatever, so -

but there are those other ones that are just off the river and because of diversion or over-allocation or over-extraction, that water doesn't get over the bank anymore to those wetlands. And they're the little wetlands that Aboriginal people see are significant, and they don't make the cut in the basin plan as the iconic site, so they miss out. And for us, those places were ideal spots to get water from the river through these allocations, but then, you know, it all costs money. Yeah.

**COMMISSIONER DOOLAN:** I do want to just - you've touched on it. Working with the environmental water holders do you feel can assist in meeting some cultural objectives? But - I mean your just recent statement suggests not all.

**MR MOGGRIDGE:** There will be overlap, definitely. And that's the same - that's why the research in the cultural flows is needed because it was - you know when the basin plan was being prepared it was all around the best available science and credible evidence. You know, they were the words we kept hearing. But cultural flows didn't have any of that. You know, all it had was the elders that would sit at the table and rarely say anything because they're intimidated of everyone else, banging the table with their reports, and they didn't have the reports. So, if we get a cultural flows report, or maybe my PhD, that can bang on the table. And I suppose it's - the challenge for them is - I lost my train of thought, sorry. Was that?

**COMMISSIONER MADDEN:** Environmental.

**MR MOGGRIDGE:** Environmental, sorry, yes. So there are definite overlaps. Definite overlaps. I have no doubt, like if - so when you see a scenario of basin planning, water resource planning, you've got objectives and outcomes, values and - what's the other one - uses. So that sort of a chain of what you want to get to. So an objective might be good water quality so fish can breed. An outcome is restocking the river with fish that can, you know, grow into bigger fish. A value is the dreaming story related to that fish. The use is catching a fish that's dinner plate size. So there's your chain that we were - you know, we were pushing for, but obviously got stopped, but there's your chain from, you know, the objective to the use. And the use could mean a number of things. You know, the use could be, you know it could be culturally significant, so they can't catch it, so they've got to protect it. That's their use. Or it could be, you know, the red gums. You know, any of those things. There's your linkage to environmental water. So if the cultural knowledge can be considered environmental management, then there's an opportunity. But at the moment the Water Management Act is just so rigid - the Water Act, sorry, the Federal one, is so rigid that it doesn't allow for cultural values. So there are little projects here and there that the (indistinct) is doing but when you put the pressure on, "It's not in the Act, we can't - it's not in the (indistinct), you know". We bought the water for this but we can't use it for that.

But my idea is that I can't see why you can aim for dual outcomes. You know, the dual outcome scenario is a win-win. You know, if there's cultural values upfront with the ecological values, and you get those outputs, then there's a win-win there. You know, I can see drone footage and Twitter hash tags going off crazy for the (indistinct), you know. Like I just can't see why that would be such a barrier. Like there's - it has to work. But then again, putting Aboriginal values - we need to be careful that Aboriginal values can't go back to flora and fauna. Can't go back to the old days. So we can't be perceived as going back to those, those value sets as a - you know, you're one with the environment so environmental water will cover all your values. Then it misses out on the economic opportunities but also the - yeah.

**COMMISSIONER DOOLAN:** Yes. No, we understand that. All right. Is there any more points that you would like to make?

**MR MOGGRIDGE:** I think my main bits was the states must be accountable. Yeah. So my personal recommendations, yeah, the indigenous-led research in water, there's no opportunities there unless you do it yourself. First Peoples' Water strategy and also an advisory body or, you know, something like that. Indigenous water holder or indigenous water fund to facilitate water opportunities and change the Act, Water Act, to consider cultural values.

**COMMISSIONER DOOLAN:** Okay. All right, well thank you very much, Brad.

**MR MOGGRIDGE:** That's all right.

**COMMISSIONER DOOLAN:** And we will be likely to get a submission?

**MR MOGGRIDGE:** Yeah, yeah - well what I've written I can just add.

**COMMISSIONER DOOLAN:** Yes, okay. Well thank you very much. We - - -

**MR MOGGRIDGE:** Chapter 1 of my PhD will be a reflection on New South Wales.

**COMMISSIONER DOOLAN:** So we will have helped you write Chapter 1.

**COMMISSIONER MADDEN:** It might be a long chapter.

**MR MOGGRIDGE:** I've got to be careful I don't get too angry.

**COMMISSIONER DOOLAN:** No, thank you very much.

**COMMISSIONER MADDEN:** It's been very useful.

**MR MOGGRIDGE:** Thanks.

**COMMISSIONER DOOLAN:** And you're our last presenter at the Canberra hearing.

**MR MOGGRIDGE:** Okay.

**COMMISSIONER DOOLAN:** So that concludes our scheduled proceedings and just while I'm here, for the record, is there anybody else who would like to appear before the Commission? Not for the record? Nah? No, sorry. If not, I adjourn these proceedings and we'll resume public hearings tomorrow in Sydney. Okay. So thank you very much.

**MATTER ADJOURNED AT 11.14 AM UNTIL**

**TUESDAY, 17 AUGUST 2017 AT 9.00 AM**