

# NATURE CONSERVATION COUNCIL OF NSW Inc.

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Executive Director  
National Competition Council  
GPO Box 250B  
Melbourne, VIC 3001

19 April 2004

Dear Executive Director,

## **Re: 2004 NCP Water Reform Assessment Framework**

As New South Wales' peak environmental organisation since 1955, **the Nature Conservation Council of NSW (NCC)** works closely with member groups, local communities, government and business to protect, sustain and conserve the NSW environment. NCC serves as the umbrella organisation for more than 130 environmental member groups to co-ordinate and develop community education projects, scientific research, conferences, conservation publications and awareness campaigns. NCC also advises key decision-makers at a local, state and national level.

**The Inland Rivers Network (IRN)** has been advocating for the conservation of rivers, wetlands and groundwater in the Murray-Darling Basin for over a decade. IRN includes the Australian Conservation Council, NCC, National Parks Association of New South Wales, Friends of the Earth and Coast and Wetlands Society.

IRN and NCC welcome the opportunity to have input into this process. IRN and NCC's primary concern is the protection, enhancement and restoration of the riparian environment and associated aquatic and terrestrial ecosystems. As such our submission focuses on two areas critical to restoring our degraded aquatic environment, (1) provision of water to the environment and (2) water pricing.

### **1. Provision of water to the environment**

In the view of IRN and NCC, returning over-allocated systems to sustainable levels is the central task of the water reform. Without progress on this central task, and within the already agreed timeline whereby plans are in place to establish a "firm pathway" to sustainability by 2005, water reform cannot succeed.

It has been 10 years since the reform process began and it is now time that real changes were made to river management that allows water to be returned to rivers in short timeframes to ensure that river health is restored before the degradation progresses too far. It is well known that protection is cheaper than restoration and the longer it is left the more it will cost.

Under the 1994 COAG Water Reform Framework, states are to have in place water plans that strike an appropriate balance between environmental and consumptive uses, and establish firm pathways for returning over-allocated systems to sustainability, by 2005. In New South Wales plans have been developed and gazetted (although not implemented), but unfortunately those plans fail to meet the criteria for adequacy.

- ✧ In plans for regulated rivers, environmental flows are defined largely negatively. That is, the plans establish consumptive use limits, generally based on existing uses, and the residuum is the system's "environmental water." Environmental flows in the NSW plans are not based on a scientific determination of the ecological requirements of the system; and in some cases scientific advice on system needs was put aside.
- ✧ The regulated river plans fail to set timelines for moving from the status quo to sustainable extraction levels.
- ✧ The regulated river plans do not set adequate limitations on supplementary water extractions, diminishing the positive effect of high flow events.
- ✧ The regulated river plans do not include a pathway for decreasing annual extraction limits to 100% of the share components.
- ✧ Plans for groundwater systems fail to reduce licensed entitlements to 100% of ecologically sustainable yield, fail to give full recognition to interconnection of groundwater and surface water resources, fail to implement adequate protection for groundwater dependent ecosystems, and do not make adequate provision for reserving annual recharge for the environment.

For more detailed information, please see the attached report cards on the New South Wales water plans prepared jointly by NCC and IRN.

## 2. Water pricing

NSW and the NSW Independent Pricing and Regulatory Tribunal (IPART) still have a long way to come before rural bulk water prices or urban water pricing reflects the **full cost** of the resource, as recommended by the 1994 Framework.

There are some significant issues in regard to rural water pricing, including but not limited to:

- ✧ The valuing and exclusion of large infrastructure costs, currently only maintenance is included and the construction and replacement costs are excluded.
- ✧ The exclusion of environmental costs.
- ✧ The maintenance of artificially low water prices to support marginal users.

- ✧ Prices are determined at a state level and do not allow for valley to valley variations in externalities.
- ✧ Socialising of delivery costs along lengthy and disparate river reaches.

All of the above amount in water in NSW being significantly under-valued and hence under-priced.

NCC and IRN support the provision of transparency and accountability through bodies such as IPART, it allows groups such as ours to have a greater understanding of the pricing and regulatory environment, and allows informed comment by the public.

Care will have to be taken with a national benchmarking process. National Competition Council must ensure that only pricing policies and not the actual prices themselves are compared. Different states and territories have different externalities that will influence the price for water in the area.

If you have questions regarding this submission, please contact Rachael Young, Water Policy Officer for NCC, at 9279 0955, or Brendan Fletcher, Coordinator for IRN, at 9212 5112.

Sincerely,

A handwritten signature in black ink, appearing to read 'B Flanagan', with a stylized flourish at the end.

Brooke Flanagan  
Executive Officer NCC  
on behalf of IRN and NCC