

16 April 2004

Ms Julie Gaglia
Department of the Prime Minister and Cabinet
3-5 National Circuit
BARTON ACT 2600

Dear Ms Gaglia

RE:- **NATIONAL WATER INITIATIVE**

The Executive Officer, Gary Mitchell and myself attended the COAG Senior Officials Group on Water - Consultation Meeting held in Melbourne on 5 April 2004, and made a verbal submission.

The following represents the full submission from the NSW Water Directorate:-

1. The Water Directorate

The NSW Local Government Water Directorate provides technical and operational support to regional water authorities in NSW. Prior to the local government boundary changes in NSW, the Water Directorate boasted a membership of 110 local government operated water authorities across the State.

2. The National Water Initiative

The Water Directorate is fully supportive of the National Water Initiative and the need to:-

- Improve the security of water access entitlements, risk assignment and return of over-allocated systems to sustainable levels.
- Ensure ecosystem health by protecting environmental assets at whole-of-basin, aquifer and catchment scale.
- Expand water markets and trading across and between districts and States.
- Encourage water conservation in our cities (and across all consumptive uses).

3. Discussion Paper - Points of Clarification

- A Bibliography of definitions would be helpful.
- "Better use of stormwater and recycled water". What is envisaged?
- Page 6: How do you agree on the basis for determining environmental objectives? What are the criteria and benchmarks?

- Page 6: "Appropriate risk assessment".

Will there be a set of rules to ensure consistency, equity and fairness in undertaking risk assessments?

- Page 7: Risk assessments will need to be reviewed periodically.

How Often?

- Page 12/13: The notion of scientific verification.

What is the definition of "independent" scientific verification? How do you determine/define "independence"?

- Page 14: "responsibilities on water users should be unbundled and assigned appropriately".

Meaning? Definition?

- Page 15: "increased market efficiency". Meaning?
"removing barriers to trade". What are they?

- Page 18: No. 5 "Where practical, the use of market based mechanisms ...".

Explanation/Meaning?

4. Specific Comments and Questions

- Defining water access entitlements as open-ended or perpetual access to a share of the resource, with bankability and reliability and compensation at market rates, will deliver a substantial benefit to those lucky enough to have a licence before the MDB Cap.
- There is a clear need for realistic pricing of water to apply to existing licence holders (currently less than \$10/megalitre per year in, for example, the Murray Valley of NSW).
- Trading outside catchments - how will this work in an equitable way?
- Urban water supply is the main focus of the Water Directorate. The following issues are raised specifically in relation to regional urban supplies:-
 - * Consideration of financial assistance or incentives for urban water reform.
 - * Ditto for industries seeking to become more water efficient.
 - * Town supplies should retain "first priority"; "High Security" status.
 - * The Notion of Specific Purpose Licences for Town Supplies of "no fixed term":-

Why shouldn't they have the same or more secure status as other Access Entitlements ie open-ended or perpetual?

- * Consideration of impact on local government rates by separating water from land.
- * Water Authorities should have the same freedom to trade water savings on the temporary trade market.

This will encourage and reward water conservation programs, particularly during droughts/water shortages.

- * Permanent Low Level Restrictions - on a case by case basis.

BUT strengthen definition of water wasting practices (eg hosing paths/driveways) and just outlaw these bad practices, backed up with substantial penalties.

- * Consideration of Subsidies/Incentives for water efficiency and for re-use initiatives. This would represent a good return on investment. Regional Water Authorities would find it difficult to raise the capital required to fund effective reuse initiatives.
- * Removal of red-tape with respect to using grey water, reclaimed water, stormwater, groundwater.

I have also enclosed a copy of my letter to the Director General of the NSW Department of Infrastructure, Planning and Natural Resources in relation to NSW's position on some aspects of the National Water Initiative.

Thank you for the opportunity to comment. I look forward to further involvement in the development of the NWI.

Yours faithfully

D L McGregor
CHAIRPERSON