

16 April 2004

The Director General  
Department of Infrastructure, Planning and Natural Resources  
GPO Box 39  
SYDNEY NSW 2001

ATTENTION: Jennifer Westacott

Dear Ms Westacott

RE:- **NATIONAL WATER INITIATIVE: NSW CONTEXT**

Thank you for your recent letter regarding the above and for the opportunity to comment on the proposed reforms which will, I understand, be reflected in amendments to the Water Management Act, 2000.

Our comments are as follows:-

1. **Amendments to the Water Management Act 2000**

• **Perpetual Water Licences**

There is no doubt that defining water access entitlements as "open-ended" or "perpetual access" to a share of the resource (with bankability, reliability and compensation at market rates) will deliver a substantial benefit to those lucky enough to have a pre- Murray Darling Basin Cap license.

Given that the Water Directorate's focus is on urban supplies, we believe that "Town Licences" should retain some form of "high security" status.

The notion of Specific Purpose Licences for Town Supplies of "no fixed term" is not supported.

The Water Directorate's position is that Town Supplies should have a similar or more secure status to other Access Entitlements (ie open-ended or perpetual).

• **Allocation of Water between Consumptive Use and the Environment**

The proposal to "link the review of WSP's with arrangements to monitor progress in achieving catchment health objectives in Catchment Action Plans" is supported.

The obvious questions, though, are:-

- How will this monitoring be undertaken?
- Over what time frame will "achievement" be measured, given that river health improvements may not manifest for many years?

2. Risk Assessment

The alternative proposal put forward by NSW for risk sharing is supported by the Water Directorate.

3. Management of Groundwater

The Water Directorate shares your concerns about the over-allocation of groundwater entitlements. We are also concerned that the full extent of groundwater extraction is not fully understood and documented and this is an issue to be addressed by DIPNR.

Financial assistance for those users of groundwater reserves who experience adjustment difficulties is fully supported.

4. Other Issues Raised by the NWI

- **Over-allocated/Over Used Systems**

The need to establish "firm pathways for returning all systems to environmentally sustainable levels of consumptive use", taking account "of the available scientific information on the environmental state of water sources" is fully supported.

A commitment to on-going monitoring and enhancement of scientific knowledge is considered ESSENTIAL.

- **Water Trading Barriers**

The proposal of "limits to trade that protect the environment and other licence holders" is fully supported.

The Water Directorate also believes that Water Authorities should have the same freedom to trade water savings on the temporary trade market. This is seen as a positive way of encouraging and rewarding (to a limited extent) those regional water bodies who develop and implement water conservation programs; particularly during periods of drought/water shortages.

- **Water Interception**

The Water Directorate would support a risk management approach to Water Interception; subject to consideration of the criteria to apply to such risk assessment.

- **Environmental Water Management Arrangements**

Before commenting on this proposal, the Water Directorate would like advice about "NSW's existing arrangements for managing environmental water" on a statewide basis.

- **Water Accounting**

The proposal is supported.

A copy of the Water Directorate's submission to the Department of Prime Minister and Cabinet is enclosed for your information. A copy of this letter has also been included with the NWI submission.

Yours faithfully

D L McGregor  
CHAIRPERSON