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Submission

WaterNSW rural bulk water prices from 1 July 2021

The Inland Rivers Network (“IRN”) is a coalition of environment groups and individuals that has been advocating for healthy rivers, wetlands and groundwater in the Murray-Darling Basin since 1991.

IRN is pleased to have the opportunity to make a submission to the WaterNSW rural bulk water prices from 1 July 2021.

This submission will focus on two areas:

- Fishways - as connectivity is an essential element of healthy rivers which underpin the well-being of river dependent communities and a thriving regional economies.
- Metering – what is not measured cannot be managed, the implementation of a metering policy in NSW is long over-due.

The importance of fish passage

Obstruction to fish passage in NSW Rivers has played a major role in native fish numbers plummeting by 90% in the last one hundred years. Addressing fish passage is a very important undertaking if this decline in population is to be slowed and turned around.

Each fish passage structure must be properly designed for its purpose. While a fishway allows fish passage, it must link with usable fish habitat, and fish refuges, particularly running river habitat. Standing weir pools are less valuable for native fish, but good for blue green algae and carp.

Once operational, fishways must be monitored to determine if they are effective for their purpose and modified if problems are found. It is also essential that maintenance be performed, and optimal management be maintained.

If adequate provision is made for fish passage and fish habitat, there will be less need for expensive 'rescue' actions such as water aeration and removal of fish for insurance populations. Cleaning up after mass fish kills is expensive and traumatic, especially for First Nations communities.

The overall cost efficiencies of WaterNSW include the efficiencies of meeting all of their obligations, not only to the supply of water to irrigators but the mitigation of environmental impacts related to the means of supply, i.e. dams and pipelines. Fish passage is disrupted by dams and weirs, and WaterNSW have not been meeting their legal obligations to compensate for this disruption. Financing fish passage is an integral part of WaterNSW budgeting.

Dam Safety Upgrade fishways

There are eleven existing obligations for WaterNSW to construct fishways under s218 of the Fisheries Management Act, as offsets for dam safety upgrade (DSU) projects. These projects are mandated by ministerial orders.

IRN have been following the DSU fishway projects for over a decade. The community and environmental stakeholders expect WaterNSW to prioritise the construction of as many DSU fishway projects as possible in the coming determination period.

The efficiency assessments of the fishway implementation strategy have been completed in 2018 and were achieved in theory, now it is imperative they are achieved in practice. The costly preliminary work for many of the projects has already been done, at significant public investment.

WaterNSW should get on with the construction of the DSU projects that have background assessments already finalised and are legally required DSU fishways, rather than starting trial work on two experimental projects in the Gwydir and Namoi.

The dam safety upgrade work on Burrendong, Keepit, Copeton, Split Rock and Wyangla was done over a decade ago. DPI Fisheries and WaterNSW agree there was a legally binding

agreement made to build the thirteen DSU fishways, and only two have been built by WaterNSW.

It is very bad faith by WaterNSW that there is a history of fishway offset expenditure being allowed in previous determinations and not spent on fishways.

The public were told by WaterNSW staff in a public consultation that work was about to begin on the Marebone Break fishway in the Macquarie before the funds were re directed. WaterNSW must get on with building these legally mandated fishways.

WaterNSW have demonstrated capacity and competency in constructing fishways, having constructed twenty five fishways over a 5-year period from 2009 to 2014. For one of those programs, in the Nepean fishways program, they constructed 11 fishways over a three-year time frame.

Work on the eight fishways can quickly proceed to detailed design and must start in the 21/25 determination period. IPART have confirmed that costs will be covered in future determinations, if the projects are efficient. Given the efficiency assessment has already been done in the Strategic Fishway Implementation Program, there is no barrier that IRN can see to WaterNSW getting on with the eight DSU fishways except their own willingness.

IPART have confirmed that *“Water NSW is given a bucket of money, and it can do with that bucket of money whatever it thinks is necessary at the time in order to deliver the services that meet the needs of its customers, and to meet its regulatory requirements.”*¹

IRN considers that providing fish passage at these eight sites is a regulatory requirement and that WaterNSW are wasting time and money proposing trial work begin on an experimental building technique, instead of getting on with the construction of fishways that already have concept level design.

If WaterNSW don't do the designs for the eight advanced projects in this determination period, it will have to occur in the next determination period, meaning they wouldn't be constructed until almost be 20 years after the original statutory determination was made.

METERING REFORMS - Section 14.5.1 Questions 12-16 general response.

IRN considers the implementation of the NSW government's non-urban metering reforms (reforms) urgent and long overdue. The reforms were a very late NSW government policy response to commitments made in 2004 as part of its sign up to the National Water Initiative. It is arguable that government reluctantly announced the reform program in response to the broader public's anger at the theft and over extraction of northern basin water resources by irrigators.

The information page about non-urban metering reforms on the Department of Planning, Industry and Environment website indicates NSW government commitment to

¹ [Review of Water NSW Rural Prices Public Hearing Transcript Tuesday, 30 March 2021 at 1:30pm](#)

“...implementing a robust metering framework” that will be “.. an important step in helping to build community confidence in how the state’s water is managed.”

Whilst NSW government has identified WaterNSW as responsible for the implementation of key components of the reforms it would also have been aware of constraints on WaterNSW in delivering this important policy. The implementation timeframes imposed by government appear inconsistent with WaterNSW’s assurance framework and its statutory and governance responsibilities. Further, the staged approach imposed by NSW government means that the important northern basin that has driven much of the need for the reforms is not managed as one unit.

Late policy changes by the Minister’s Office also affected WaterNSW expenditure planning and pricing proposal for the four year IPART review - e.g. on 29 August 2020 WaterNSW received a direction that government-owned meters would remain in WaterNSW ownership rather than be privatized.

Such government determined timelines and directives disrupt strategic planning for a State Owned Corporation such as WaterNSW. The preliminary stage of the implementation program limits IPARTS’s ability to fairly determine WaterNSW’s efficient costs for the reforms and many complex pricing issues become conflated. IRN is concerned how these matters will be expedited to ensure the rollout of the reforms promised by NSW government as a five year program is effectively delivered.

The broader community sees comprehensive metering of all NSW water sources as absolutely critical to improved transparency and accountability in the water market and ensuring compliance with any targets to keep water use within sustainable limits.

IRN understands that WaterNSW is required to supply to IPART further information on efficient metering costs before WaterNSW’s components of the implementation program can be recovered from fees paid by water users. IRN also understands that IPART’s considerations are required to align with *Water Charge Rules 2010*.

Whilst comprehensive metering will provide a basin wide benefit that is in the public interest it cannot be dismissed that it is the more recent major expansion of the use of irrigated waters that is the driving force in the urgency to implement the reforms as soon as possible.

IPART’s counterfactual starting point is effectively a world without a large irrigation industry reliant on the various availabilities of surface, ground and floodplain water sources. A number of independent reviews have identified the serious ecological consequences of this land use activity, especially downstream impacts from the northern basin.

According to IPART’s impactor pays principle “the party that creates the need to incur the cost (the impactor) should pay in the first instance.”

Stage 1 of the reforms covers the largest users (above 500mm pipe size) that all require telemetry and comprise the large irrigators many presumably in the northern basin. The

independent consultant identified that Stage 1 of the rollout is dismally behind schedule with only 8% of meters compliant by the 1 December 2020 deadline.²

The independent consultant states WaterNSW's Approval to Spend framework "...sets out the requirements that need to be provided in order for an assessment to be made and evaluation of expenditure to occur.

These requirements include:

- definition of the need/problem being addressed
- justification for the proposal, including risk assessment of relevant options
- consultation with stakeholders."³

IRN strongly argues that for Stage 1 the sole impactors are the large irrigators and that there is sufficient available documentation to support IPART consideration of Stage 1 as a priority. Government has had significant stakeholder engagement with affected impactors of Stage 1 reforms

IRN appreciates that user share for the costs of the telemetry component will be complicated across NSW because of the different laws applying, likewise matters related to government meters in other parts of NSW. However, given the importance of this reform program Stage 1 as a discreet and urgent component of the reforms it should be supported by IPART as a priority.

Regarding IPART's decision to exempt floodplain harvesting licences from WaterNSW rural infrastructure charges, IRN is questioning this decision in relation to the costs of metering and reporting aspect of the floodplain harvesting policy.

If WaterNSW is responsible for the metering rollout, why isn't the telemetry and maintenance component of the floodplain harvesting metering requirements factored into cost recovery from floodplain harvesting licence holders?

IRN recommends IPART question WaterNSW concerning the recovery of telemetry and metering of floodplain harvesting.

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² 2021 March Cardno Draft Report review of WaterNSW's metering reform costs pg 18.

³ Ibid pg 42