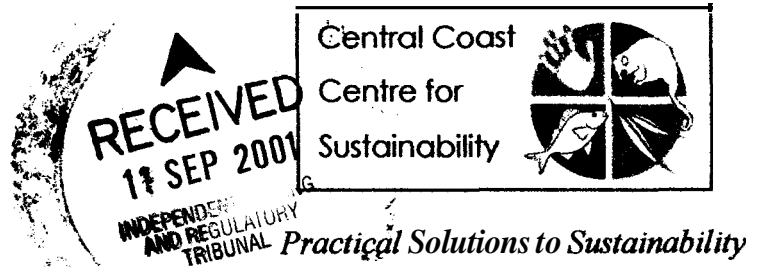


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IPART
PO Box Q290
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NSW 1230

10th September 2001

Re: Hunter Water Operating Licence Issues Paper (Matter 01/368)

Dear Sir,

The Central Coast Community Environment Network (CCCEN) operates over the local government areas of Gosford, Wyong and Lake Macquarie. The network strongly supports the concept, principles and obligations imposed by an operating licence. Without an Operating Licence, monopoly utilities are unlikely to be responsive, publicly accountable or **open** to scrutiny by the public.

The following comments are offered by CCCEN on the Issues paper for the Operating Licence:

Provision of services:

- Duplication of obligations (as identified in MoUs) between agencies and utilities is not productive. However, it is essential that all obligations are **open** and publicly accountable.

Performance Standards:

- Water quality science is expanding and it is likely that increasing knowledge of drinking water will lead to increased standards for water quality. Hence, an adaptive management approach is required.
- Water pressure, the standards for water pressure appear arbitrary and given the importance of pressure in determining wastage and usage, a standard of less than 20 metres should still provide an adequate service level at reduced cost (reduced pumping and maintenance) and significant environmental benefit. For example a reduction to 18 metres could reduce usage by about 20% and pumping and maintenance costs by 10%.
- Drought security, Hunter water is in a unique position in the provision of bulk water as it has some large underground aquifers. These are usually more reliable water sources during droughts. Hence, future augmentation may be able to be deferred indefinitely if drought models are based on appropriate use of restrictions

and underground storages. It should be a clear objective not to increase extractions from streams.

- Sewerage discharges into waterways are of concern. These need to be recorded and become a service obligation with indicators such as; number of overflows per annum rather than percentages. There are too many streams with health warnings in heavy rain due to sewerage overflows from pumping stations. The number of signs might also be an appropriate indicator.
- Stormwater standards would be beneficial as this is a 'sleeper' issue. Stormwater discharges are having a serious effect on estuaries such as Lake Macquarie and should be progressively improved. Firstly, this should involve stopping coarse material entering waterways and then to stopping finer materials. **An** indicator could be the number of outlets with filters and the number with artificial wetlands or sediment traps.

Environmental Performance and Objectives:

The development of an Environmental Plan and Demand Management and Energy Management Plans are essential to improve environmental performance of Hunter Water. Specific issues are;

- Demand management; there are several approaches to improving demand management by Hunter Water, these include;
 - Increase the price of excess water and then offer rebates to low water users (ie those who only used 200 l/d).
 - Promote on site water harvesting and on site re-use (residential, industrial/commercial and public lands).
 - Reduce water pressure.
 - Promote stormwater retention and local application, provide incentives for rainwater tanks and make them compulsory in all new developments or with renovations requiring consent.
 - Subsidise rainwater tank installations or create a revolving fund to enable zero interest loans.
 - Provide incentive to retrofit dual flush toilets.
 - Outdoor use is a major problem ie that with more and more people installing water efficient garden systems, people are using MORE?not less water. This is because they can set timers and not even be there.
 - Promotion of water efficient appliances.

The Urban Water Utilities Facts for 2000 provided some guidance on likely opportunities to reduce water demand. Outdoor usage accounts for 34% of consumption and reducing pressure would drop this by a significant amount. Requirements should be included in the Operating Licence for achieving Demand Management targets.

- Waste water usage and management; should be promoted. Industrial and agricultural development should involve achieving waste water usage targets.

These should be aimed at both increasing reuse and reducing demand for potable water.

Operational Audits:

- The concept of an audit of the Operating Licence **is** strongly supported as it achieves public accountability while providing drivers for the agencies to improve their performance. The agencies respond to issues raised in audits. The key issue is to ensure that the audits are relevant, fair, knowledgeable and independent.

Conclusions:

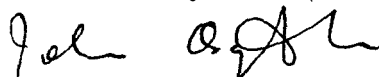
Ecologically Sustainable Development (ESD):

The environmental impacts of water extraction from streams and discharges into waterways have a very significant impact on the natural environment. Ecologically Sustainable Development requires that natural resources are 'used wisely' **and** with appropriate stewardship. Minimising the usage **of** water, maximizing renewable energy usage **and** eliminating pollution of waterways are significant steps towards achieving ESD. The Operating Licence **is** a significant tool for government to provide direction and incentives in achieving compliance with the principles of **ESD**.

Pricing:

There is concern that Treasury (and therefore IPART) are not sympathetic to a reduced revenue stream which may happen by reducing water usage. It is unlikely that reduced usage could be accompanied by matching reductions in operating costs. Hence, pricing needs to allow for greater incentives if Demand Management targets **are to be achieved** by Hunter Water while maintaining the dividend stream to government.

Yours sincerely,



John Asquith
Chairperson