THE COLONG FOUNDATION FOR WILDERNESS LTD.

Monday 11 November, 2002

Mr Chris Spangaro
Program Manager
Water Pricing
IPART
P O Box Q290
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Dear Mr Spangaro

Re: Submission to Review of mid term review of the Sydney Catchment Authority's price path to apply from 1 July 2003 (Ref: 02/39)

The Colong Foundation for Wilderness restricts its submission to the following question raised by the IPART metropolitan water agency prices issues paper (June 2002):

How efficiently and effectively is the Sydney Catchment Authority managing the Sydney catchment and what is the optimum level of revenue required by SCA for its catchment management activities?

In this submission the Colong Foundation wishes to focus only on those efficiency and effectiveness issues that arise from the joint management arrangements for the Inner Catchment areas.

Joint Management Arrangements

In February 1995, the current Government's conservation policy specified that the (then) "Sydney Water catchment lands at Blackheath, Katoomba, Woodford and Kedumba Valley will be transferred to the NPWS for protection. Given Sydney Water's interest in preserving catchments and water quality it will continue to have access to these areas and will pay for its maintenance under NPWS Plans of Management."

This Government policy was augmented in December 1998 by Final Report of the Sydney Water Inquiry by Peter McClellan QC that detailed recommendations for the Protection of the Inner Catchment.

McClellan's final recommendations contained the following provisions:

The Government should urgently release and implement the Special Areas Strategic Plan of Management proposed by Sydney Water and the National Parks and Wildlife Service.

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The Plans should be incorporated in, and enforced through, the proposed REP as part of the whole of catchment approach.

The National Parks and Wildlife Service should manage the Special Areas for both water quality and broader ecological conservations.

The National Parks and Wildlife Service should be adequately resourced to manage the Special Areas.

The Special Areas should be declared as national parks/nature reserves (page 29 of the Final McClellan Report).

Government accepted this report and the Minister for the Environment then required the agency heads of the National Parks and Wildlife Service and the newly created Sydney Catchment Authority to develop a consolidated position on land transfer and funding arrangements for implementing the jointly sponsored plans of management, "which reflects the spirit of the Sydney Water Inquiry recommendations" (attachment A). The SCA has been the reluctant to implement these recommendations and has not "adequately resourced" the NPWS.

Area of NPWS Management

The Special Areas Strategic Plan of Management (SASPoM) defines the Joint Management Areas as those parts of the Special Areas reserved under the *National Parks and Wildlife Act*, 1974 (refer to Appendix 3 of the SASPoM but also note Attachment B that specifies new national park additions in the Special Areas).

The National Parks and Wildlife Service is currently responsible for the land management of reserves in the Woodford, Katoomba, Blackheath, Warragamba, Shoalhaven and O'Hares Special Areas, an area totaling about 370,000 ha. This area represents is about 23 per cent of the total water supply catchment of 16,000 square kilometres.

The Final McClellan report of December 1998 states that "the catchment authority should" ... "be responsible for the Inner Catchment (managed by the National Parks and Wildlife Service), with enhanced regulatory and enforcement powers in both the Inner and Outer catchments" (page 28). This view is slightly different from that described by IPART on pages 13 and 14 of its Water Issues Paper, which refers to the Third McClellan report. McClellan altered his recommendations after his Third report to facilitate NPWS management of the Inner Catchment areas.

Impediments to efficiency under joint management

The NPWS undertakes land management of its reserves within Special Areas (also described as Inner Catchments), while SCA undertakes monitoring of water quality and flow in these areas. This simple arrangement has been reflected in the transfer of land from the SCA to the NPWS (see attachment B) but not in the SASPoM.

The SASPoM does not facilitate administrative efficiency because it fails to clearly define the operational relationships between the National Parks and Wildlife Service and the Sydney Catchment Authority. It relies on awkward Joint Management Agreement processes described in Appendix 1 of the SASPoM.

The current SASPoM arrangements require NPWS and SCA to perform almost every task jointly (see the Key Actions of the SASPoM, except 1.9 [management of the NPWS estate] and 2.4 [water monitoring]). The simple McClellan recommendations to encourage the SCA to be focussed on the Outer Catchments, with a water monitoring and regulatory responsibility over the entire catchment, while NPWS is focussed on the management of the Inner Catchment has not been facilitated by the SASPoM. The culturally more risk averse NPWS is ideally suited to protect the Inner Catchment, while the SCA can then develop a corporate culture that accommodates development control and regulation more suited to the demands of the Outer Catchment.

One task that may assist in co-operation, the preparation of a joint NPWS/SCA submission to IPART, is not specified in the Joint Management Agreement between the SCA and the NPWS. The SCA submission to IPART on the Mid-term Price Path does not describe the catchment management services provided by NPWS, despite a quater of the entire water supply catchment being subject to this arrangement.

We understand that the SCA did not consult NPWS for its view or input before making their IPART submission.

Appropriate funding level for NPWS land management of the Joint Management Areas

From the IPART Water Issues Paper it is understood that Step Pricing would generate significant funds for SCA if the assumed level of water consumption is exceeded. Adequate and effective management of the Joint Management Areas would be one justified use of additional funds, given the threats to water quality posed if the water cleansing capabilities and ecological integrity of these Inner Catchment areas were compromised.

The benefits of step pricing is that it provides the Sydney Water Corporation with a price incentive to reduce water consumption and defer, perhaps permanently the funding of future capital works, such as dams, to provide more water to a growing metropolis.

Given the long lead time for planning and development of water resource management, step pricing should be introduced sooner rather than later, so that institutional arrangements can be made for expenditures against predicted future step price incomes.

In addition to step price charges, Colong Foundation for Wilderness supports both the PENGO proposal for a 5 cents per kilolitre catchment levy and the relief from dividend payment until the next pricing period. The additional funds would permit further works, particularly with respect to sewage management and the regional environmental plan, and thereby help to minimise risk of water quality incidents that could threaten public safety. The regional environmental plan is currently a controversial issue in rural districts and funding of fencing off stream and soil conservation works would help to win over those who consider the plan of disadvantage their activities.

Current funding level and performance

IPART has to date no adequate information before it to determine how efficient or effective the NPWS management has been in the Inner Catchment. The current SASPoM arrangement has meant that the NPWS operational budget subsidises the provision of catchment services regarding fire, pest and conservation management that protect water resources and ecological integrity.

The NPWS manages almost a quarter of the 16,000 square kilometre water supply catchments. Current SCA expenditures for NPWS services in these Joint Management Areas is about \$2.8 million. This represents an expenditure of 68 cents per year for each of the 4.1 million water customers. The total SCA catchment protection expenditure of \$24.1 million is also inadequate given the range of problems identified in the Catchment Audit Report produced by the CSIRO in 2001.

National parks and wilderness areas within the Joint Management Areas typically interface with environmentally degraded urban and rural areas. The SCA priority schemes that reduce sewage and urban runoff impacts have a direct bearing on water quality and ecological integrity of the national parks in the Joint Management Areas.

In addition, the water cleansing capacity of the Joint Management Areas is contingent upon their ecological integrity. The precise relationships are not clear and needs research but the recent presence of several hundred pigs in the Warragamba Inner Catchment area would tend to neutralise the benefits of improved sewage treatment by depositing parasite laden faecal matter close to stored waters.

The recent population of 200 pigs noted in the Kedumba Valley less than 3 kilometres from stored waters could have such an impact. This year, in response to this risk, \$120,000 was provided to NPWS by SCA for pig control

of this particular infestation (see attachment C). This expenditure is justified because pigs have digestive tracts very similar to our own and carry huge parasite loads. Pigs frequent river flats and parasites deposited in their excrement on these areas can be readily transmitted into waterways. Pigs also tear up river flat vegetation with their tusks, eating the rhizomes of ferns, lilies and reeds. The river banks are effectively laid bare of vegetation. These denuded areas are then prone to serious soil erosion in flood events, the sediment is then carried downstream into stored waters polluting it and making effective water treatment more difficult and threatening public safety.

Native animals do not have any of the ecosystem destructive feeding behaviours of pigs and their excrement is not as infested with parasites. For these reasons, native fauna are unlikely to cause water quality issues.

The small Blue Mountain catchments (Woodford, Katoomba and Blackheath) are exceptional, and the application of Outer and Inner Catchments labels are misleading for these areas, which directly adjoin areas of urban expansion upslope. The additional resourcing is required to address stormwater hotspots, riparian zones and sewage problems that are very acute for these catchments. The level of funding provided by SCA to NPWS for the Blue Mountains catchment areas must be greatly increased to ensure protection of water quality.

A further \$1.8 million was provided from SCA to NPWS to cover all aspects of managing the additional lands transferred in the Warragamba and Blue Mountains catchments. This establishment funding further emphasises the importance of the Inner Catchment areas (see attachment C). The total area added to the Joint Management Area on the 28th of June was 19,133 hectares, representing a 5 per cent increase to the NPWS estate in the Inner Catchment. We understand that this supplementary funding, however, represented more than half the recurrent funding provided to the NPWS by SCA for the remaining 95 per cent of the Joint Management Area, which again suggests that the quantum of funding provided to NPWS by SCA for the remainder of Joint Management Areas is inadequate.

NPWS budget estimate for the Joint Operation Areas

The following cost estimates have been developed from brief informal discussions with NPWS officers and should be seen as a guide only to the scale of funding required rather than the precise amount. The estimate indicates a three fold increase in funding is necessary to provide basic catchment management services.

The vertebrate pest control estimate is includes the \$770,000 estimate mentioned on the IPART site inspection of the Warragamba Special Area. The proposed budget is 1.2 million dollars and covers not only the Warragamba area but also the O'Hares, Woodford, Katoomba, Blackheath and Shoalhaven areas.

The weed estimate of a million dollars is a conservative estimate for the control of noxious weed problems, such as blackberry in the Joint Operations Areas, particularly along the remote stream banks that cover about 500 river kilometres in the Inner Catchments.

The fire management is estimated to fund the maintenance of fire trails and fire management within the area (e.g. mechanical trittering of vegetation along fire prone boundaries). Such management is expensive as considerable infrastructure and human resources are necessary. Control of actual wild fires cost multiple millions and the million dollar year estimate allows for suppression of a contingency wild fire every decade or so, plus a fire crew and helicopter standby for periods of high fire hazard so as to minimise wild fire risks in the Joint Operations Areas.

Boundary management is for control of urban weeds, unauthorised grazing and sediment control works, particularly relevant for the small Blue Mountains catchments. These boundaries also need to be constantly monitored for unauthorised access, illegal waste dumping (potentially including liquid hazardous waste) and arson. The budget allows for seven people: four in the Warragamba Special Area; one for the Blue Mountains catchments; one for O'Hares; and one for the Shoalhaven catchment area to be employed in boundary management. Such catchment monitoring activity may partly be subcontracted to security firms.

Research is necessary to develop more effective management strategies (e.g. to define ecologically integrity through practical performance criteria).

The volunteer co-ordinator is a very important part of the budget as many people are keen to help sustain the catchment but need to be directed and assisted, particularly in remote areas.

Acquisition of private lands in the Inner Catchment Areas is an important part of maintaining ecological integrity. Considerable areas of the Warragamba Inner Catchment have been acquired over the years, a process that is ongoing (see orange coloured map in attachment B). IPART officers would have noted on the site inspection of the Warragamba Special Area, cattle straying downstream close to stored waters, often walking in the Wollondilly River. Acquisition of properties in the Special Area reduces these stock management problems and avoids the risk of further inappropriate development near stored waters (e.g. holiday shacks at Yerranderie). An acquisition budget of \$2 million per year for ten years should facilitate protection of the Inner Catchment as a priority.

Annual operational cost estimate for management of Joint Operational Areas based is:

| | \$ |
|------------------------------|------------------|
| Vertebrate pest control | 1,200,000 |
| Weed control | 1,000,000 |
| Fire management | 1,000,000 |
| Operational fire contingency | 1,000,000 |
| Boundary management | 700,000 |
| Research and development | 200,000 |
| Volunteer co-ordinator | 80,000 |
| Acquisition | 2,000,000 |
| Total | <u>7,180,000</u> |

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In order to improve efficient management of the catchment, a one off infrastructure cost for tools, office equipment, fire management is also necessary, at about \$400,000.

Thank you for the opportunity to make a submission.

Yours sincerely

Keith Muir Director Colong Foundation for Wilderness