

Our ref: S02/01457
Your ref: 01/370 & 01/372

14 June 2002 16 May 2002

Mr Thomas Parry
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office
NSW 1230

Dear Mr Parry

Mid-term reviews of Sydney Water Corporation's and Sydney Catchment Authority's Operating Licences

Thank you for inviting PlanningNSW to comment on key issues relating to the review of the Sydney Catchment Authority and Sydney Water Corporation Operating Licences. We apologise for the delay in responding to your request.

PlanningNSW has been working closely with the SCA and the regional communities in the preparation of a Regional Environmental Plan for the drinking water catchments. There are a number of issues raised through this process that are relevant to the review of the Operating Licence. Please find attached PlanningNSW submission as input to the mid term review of the Operating Licence of the Sydney Catchment Authority.

In relation to the Operating Licence of Sydney Water Corporation, PlanningNSW is concerned about the progress on water conservation outcomes. While the outcomes of Sydney Water's demand management program are positive, the program alone does not appear sufficient to reduce customer water use. It is noted that over the last 5 years there has been little progress towards Sydney Water's 2000/01 target of "reducing water drawn from all storages to 379 Litres per day per head". Similarly, Sydney Water's effluent reuse target has not been met, with the reported values of 25.5ML/day falling well short of the 58ML/day target for June 2000." Based on these outcomes it seems that the current incentives for Sydney Water to reduce demand for water are insufficient.

The conservation of water resources through minimising the demand for potable water is a key issue in planning for a sustainable Sydney. There are a number of new water conservation initiatives across government including: water efficient urban design initiatives by the Sustainability Advisory Council; total water cycle management work proposed by the Stormwater Trust; costing of catchment improvement works by DLWC and SCA; and Councils encouraging installation of residential rain water tanks. An integrated approach to implementation of these actions, as well as a review of other actions such as water pricing, is needed.

David Papps would be pleased to discuss the comments provided in more detail and can be contacted on 9762 8003.

Yours sincerely

Sue Holliday
Director-General

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IPART Mid-term Review of Sydney Catchment Authority's Operating Licence

PlanningNSW's response to issues on which the Tribunal seeks comment.

1. Licence Objectives

PlanningNSW considers that generally the SCA Operating Licence is fulfilling its objectives. However, there appears to be some overlap of the Operating Licence with the requirements in the Sydney Water Catchment Management Act and the Regional Environmental Plan for the catchments required under the Act. These areas of duplication are discussed in the sections below.

2. MOU Obligations

PlanningNSW supports the existing MOUs as a mechanism to clearly define the working relationship of organisations. In achieving government's objectives for management of the catchment, there is a need for clarification of the roles of SCA and DLWC. The confusion on this issue among the community was detailed in the Catchment Audit (CSIRO, 2000). An MOU between DLWC and SCA may clarify this issue.

3. Risk Management Plan

PlanningNSW considers that there is considerable duplication in the purpose of the risk management plan required under the Operating Licence and purpose of the rectification action plans required under the Regional Environmental Plan for the drinking water catchments, *Sustaining the Catchments*.

Rectification action planning has a broader scope than the Risk Management Plan, focussing on achieving the range of water quality objectives and taking a subcatchment approach to assessment of pollution sources. Rectification action planning involves identifying and prioritising actions that are necessary to rectify the adverse impacts on water quality of existing and past land uses, developments and activities. Rectification action plans are prepared at a *subcatchment* level and will be informed by technical assessment of sources of water pollution that are inconsistent with meeting water quality objectives for the subcatchment. As well as identifying and prioritising actions to improve water quality, rectification action plans will identify the many stakeholders involved in undertaking the actions, including SCA, other government agencies, local councils, industry, landholders or community groups.

4. Performance Criteria

PlanningNSW provides the following comments for consideration in relation to the performance criteria within the Operating Licence:

- There is duplication as the Operating Licence, the Act and the REP state that SCA must report on aspects of implementation of the REP.
 - The regional community has questioned the process by which the SCA or Government responds to the issues raised by the independent Catchment Audit required by the Sydney Water Catchment Management Act.
 - The role of the SCA in encouraging demand management is unclear.
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