



Independent Pricing and Regulatory Tribunal
(IPART)

Our ref: DOC20/843165

Online submission
<https://www.IPART.nsw.gov.au/>

15 October 2020

To whom it may concern

Subject: WaterNSW rural bulk water prices from 1 July 2021 Issues Paper

Thank you for the opportunity to respond to your Issues Paper.

Background

The Department of Planning, Industry and Environment - Environment, Energy and Science (DPIE EES) manages water that is allocated to the environment to improve the health of rivers, wetlands and floodplains in partnership with local communities and other government agencies. All environmental water is delivered to meet the objectives of the *Water Management Act 2000* (WMA), the Commonwealth *Water Act 2007* (Cwth WA), the *Basin Plan 2012* and other relevant water reform objectives.

EES has responsibilities for the management of environmental water in NSW in 3 key areas:

- water provided for the environment under the WMA (planned environmental water)
- management of the NSW environmental water holdings (licensed water)
- collaboration with the Commonwealth Environmental Water Office on the delivery of Commonwealth environmental water within NSW, and with the Murray Darling Basin Authority on the delivery of water held under the intergovernmental Living Murray initiative.

Definition of impactor

EES supports IPART's view that 'impactor pays' is the appropriate method for achieving efficient costs over the long term, and that the definition of the starting point as a 'world without consumptive use' is the most appropriate for identifying impactors. EES considers that under this definition, environmental water holders are not impactors. We are also not beneficiaries; the potential beneficiaries are consumptive water users or the broader community.

Environmental gauging station charge

EES does not support the proposed continuation of the 'environmental gauging station' charge and considers it should be removed, noting that the charge has never been levied.

Where EES holds licenses, we pay the same fixed and variable charges levied by WaterNSW on all licence holders. We are not seeking to change this arrangement, however, additional charges for the operation of WaterNSW owned works (system gauges or offtakes) levied solely on



environmental water holders will affect our ability to achieve the environmental outcomes sought by Governments when recovering water for the environment.

Charging environmental water holders in this way is not consistent with the principle of impactor pays adopted in the recent IPART cost share review. In addition, WaterNSW operational requirements for the delivery of planned and licensed environmental water is not a 'service' to environmental water holders, it is a regulated activity required by a 'world *with* consumptive use'.

Level of cost recovery for water users

EES is not seeking to comment on the separate issue of the level of cost recovery from water users and considers that is a matter for IPART.

Water NSW's capital expenditure

EES would like IPART to consider whether underspends intended for environmental projects (eg fishways) should be reassigned to other environmental projects rather than being diverted elsewhere.

We welcome further consultation and can supply additional information for IPART to consider when determining rural water prices. Should you wish to discuss this further, my contact details are [REDACTED]

Yours sincerely,

[REDACTED]

Derek Rutherford

Director, Water for the Environment

Biodiversity and Conservation, Environment, Energy and Science