



ABN 38 597 032 631

Lachlan Valley Water Inc

Sustainable, productive and efficient water use in the Lachlan Valley

7 April 2017

Review of Operating Licence for WaterNSW
C/- Jessica Hanna
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Ms Hanna,

Re: Submission on the Draft Report - WaterNSW Operating Licences Review

Lachlan Valley Water (LVW) welcomes the opportunity to provide comment on the draft Operating Licence for WaterNSW. LVW represents 550 individual irrigator members in the Lachlan Valley, including both surface water and groundwater users. This submission has been prepared on behalf of all members, however, our members also reserve the right to make their own independent submissions.

Lachlan Valley Water is a member of NSW Irrigators Council (NSWIC) and supports the NSWIC response, and provides additional responses on significant issues. The numbering in our submission references the section numbering in IPART's Water NSW Operating Licences Review Draft Report.

5.2 Water Quality Management System

LVW is concerned that the proposal to include a Water Quality Management System (WQMS) for non-declared catchment areas may impose significant additional obligations on WaterNSW and result in additional costs for WaterNSW customers and local water utilities.

We note that IPART considers a WQMS is not appropriate unless water is also supplied within the area, and that while the Water NSW Act does not define "supply", IPART proposes to define "supply" customers as those who receive water provided by WaterNSW through its own infrastructure. LVW is concerned that the scope of the proposed obligation is very unclear at present and may be difficult to meet. IPART is proposing an additional obligation while the terms and definitions are still being defined, and we are not aware of how many customers in which valleys currently meet the proposed IPART definition of "supply" customers.

LVW recommends that in view of the uncertainty about the extent of the obligation, this requirement should be removed from the WaterNSW operating licence.

5.4 Economic Level of Water Conservation

LVW is concerned that IPART has included a requirement for WaterNSW to develop an Economic Level of Water Conservation (ELWC) methodology. We consider it will be very difficult to develop such a methodology for rural catchments with sufficient accuracy to provide confidence in the results. Rural catchments are a different operating environment from Sydney Water where supply to customers is piped. River operation involves delivering water over long distances under highly variable conditions, incurring losses to groundwater and evapotranspiration, with inflows or outflows occurring through ungauged tributaries, and there is less precise measurement of flows at gauging stations.

We are concerned that attempting to develop a methodology to quantify the losses and potential savings accurately under these circumstances would be a very costly exercise. Further, that the incremental increase in accuracy as a result of the methodology may not be material to any WaterNSW decision on potential water conservation projects, and therefore that any gains as a result of the methodology may not justify the cost. WaterNSW already implements an operational target to minimise transmission losses and has limited capacity to reduce some losses, given the environment in which it operates.

LVW recommends that the obligation to develop an Economic Level of Water Conservation methodology be removed from the Operating Licence.

9.1.4 Customer Advisory Groups and Charter

IPART's recommendation is that WaterNSW establish and maintain customer advisory groups with membership representing:

- i. Stock and domestic users
- ii. Customers which are regulated river water users
- iii. Customers which are unregulated river water users
- iv. Customers which are groundwater users
- v. Environmental water holders
- vi. Environmental users or groups
- vii. Industrial and commercial customers
- viii. Local water utilities
- ix. Major utilities
- x. Volumetric categories of users (small/medium/large)
- xi. Indigenous Australians

In our experience the existing WaterNSW Customer Service Committees have worked well because the members represent paying customers and have a strong focus on efficient operation. The customer representatives develop a good knowledge of the river operation, rules and procedures and are able to contribute actively to identifying problems and potential improvements.

We believe that IPART's proposed composition of the customer advisory groups, by including other users in addition to customers, would dilute that focus and reduce the effectiveness of the groups. We consider that category (vi) environmental users or groups do not represent paying customers and should not form part of the customer advisory groups. In our experience the environmental water holder representatives on the CSC are knowledgeable and represent environmental interests, both as licence holders and as other users, very capably.

We also consider that category (xi) Indigenous Australians should be amended to clarify that it represents customers who are indigenous Australians.

LVW recommends the following changes to the proposed customer advisory groups:

- a. Delete category (vi) Environmental users or groups**
- b. Amend category (xi) to Customers who are Indigenous Australians.**

9.2 Education Programs

While LVW supports in principle WaterNSW undertaking education programs to better inform the community about their functions and activities, we are unclear about what level of education programs would be required under IPART's proposed Option C, and extremely concerned at WaterNSW's suggestion that the cost could be in the order of \$14 million/year, if this cost was to be passed back to licence holders.

We consider that the primary beneficiaries of such an education program are the wider public and that the cost of any such education program must be borne by the NSW Government on behalf of the wider community.

LVW endorses the NSWIC recommendation that IPART's proposal to authorise WaterNSW to conduct educational programs for the community should include a clause that the programs are to be funded by the NSW Government on behalf of the community.

Please do not hesitate to contact us if you have any queries about the points raised in this submission.

Yours sincerely



Mary Ewing
Executive Officer