



## Hawkesbury-Nepean Catchment Management Authority

Independent Pricing and Regulatory Tribunal  
PO Box Q290  
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NSW 1230

Our Reference: Diana Shanks  
Contact: 02 47 253043

13 October 2011

### **Subject: End of term review of SCA's Operating Licence and Prices**

Dear Sir/ Madam

The Hawkesbury-Nepean Catchment Management Authority (HNCMA) makes the following submission in relation to the end of term review of SCA's Operating Licence and Prices

Section 15 of the *IPART Act*, 1993 requires consideration of the need to maintain ecologically sustainable development. This requires recognition of the cost of all social and environmental impacts resulting from the diversion and use of water including the costs of remediating and or compensating for the environmental impacts of water extraction. HNCMA has prepared this submission to assist with improved recognition of social and economic impacts in relation to the Review.

#### **Hawkesbury Lower Nepean**

In the Hawkesbury Lower Nepean the diversion, use of water and return of effluent has major impacts on water quantity and quality including:

- general impacts on quality and quantity of water, from changes to flow affecting temperature and nutrient levels, which consequently affect in-stream and riparian condition
- direct contributor to outbreaks of aquatic weeds that have a direct impact on aquatic ecosystems and other river users and services
- reductions in water quality affecting fish populations and fish breeding to support the commercial and recreational fishing industry
- impacts on quality of water for downstream town water supplies
- impacts on irrigation water required to support agricultural and horticultural production
- impacts associated with recreation and tourism.

Reduced productivity associated with fishing and aquaculture, weed control, water filtration and riparian restoration are among numerous activities where costs are borne by industry, Local Government and the community, effectively subsidising Sydney's use of water.

The National Water Initiative - Securing Australia's Water Future 2011 Assessment recognises the gains that have been made in relation to water management (including the Metropolitan

Water Plan and the Greater Metropolitan Regional Water Sharing Plan), and also noted that *'water quality is a significant and obvious gap in an integrated approach to water management.'* It emphasises that *'water quality depends not only on specific regulatory actions to address point-source impacts, but on wider natural resource management policies and investment to improve the quality of inflows across catchments.'*

Recommendation 6 from the Assessment states:

*Water quality objectives should be more fully integrated into the reform agenda, with better connections between water quality and quantity in planning, management and regulation to achieve improved environmental outcomes. (NWC, 2011)*

Identifiable points of impacts affecting the water quality of Hawkesbury Lower Nepean occur at the dams through reductions in flow and alterations to natural flow regimes and at points of return of treated effluent. These impacts are directly related to the use of water in the Sydney region.

Specific Government programs such as the Hawkesbury-Nepean River Recovery Program in the Lower Hawkesbury Nepean have been based on improving river health through targeting nutrient sources and limiting water extraction. The program included investment of \$ 7 million over 3 years being invested in reducing nutrient input into the Lower Hawkesbury Nepean.

There is also need for consideration of broader general riparian zone rehabilitation and protection.

Community concern has been raised through a number of forums over many years on the general and increasing pressures on this area of the catchment. There is significant documentation of community attitudes and willingness to pay for improved riverine health across the Hawkesbury Nepean, for example 'A Sense of Place' The Hawkesbury Nepean Case Study (CSIRO 2006) and as quantified in 'Catchment Management Decisions in the Hawkesbury-Nepean' (ANU 2010).

HNCMA proposes that, consistent with the COAG National Water Initiative, the true cost of water must include compensation for the environmental and social impacts associated with diversion and use. These costs should be incorporated into the cost of water and invested in improving the quality of water in downstream catchments.

There is limited potential for, and increasing costs associated with further improvements at point source. At the same time there is increasing awareness in communities of relationships in the whole of water cycle.

Customer transparency should include supporting consumers to develop an understanding of where their water comes from and what impact it has on the river system and the cost of managing that impact.

#### **Whole of catchment including above the dams and the drinking water catchments**

HNCMA suggests that there is opportunity, motivation and obligation for significant investment to improve water quality across the whole of the catchment above and below the dams.

Opportunities for investment include:

- Riparian land rehabilitation and protection
- Support for improved land management practices
- Co-ordinated weed management.

HNCMA has developed the Hawkesbury Nepean River Health Strategy, (RHS) a comprehensive and practical tool for managing and improving the health of the waterways in the catchment (HNCMA 2007).

The Strategy provides a comprehensive understanding of the values, threats and issues affecting 255 river reaches and 3600 kilometres of waterways and identifies priorities for on-ground investment in river health. The strategy is incorporated within the broader Hawkesbury-Nepean Catchment Action Plan (CAP). The importance of implementation of the RHS is recognised in the NSW Government's Lower Hawkesbury Nepean River Nutrient Management Strategy (DECCW 2010).

There is an increasing need for consideration of diffuse impacts, so that water inflows and freshes from both upper and lower sub-catchments are of the highest possible quality.

HNCMA is currently upgrading the Hawkesbury-Nepean CAP using a whole of Government, whole of community approach. The CAP upgrade will incorporate the Hawkesbury Nepean River Health Strategy and Sydney Catchment Authority's Healthy Catchments Strategy and will consolidate their approaches. It will also build the capacity of the HNCMA to assist with delivery of whole of government, whole of community catchment actions.

The Sydney Water Inquiry -Ten Year Review Final Report in 2010 -Ten year review of the 1998 McClellan Inquiry Recommendations, (Feb 2010) noted that as 'the areas of operation for the SCA and the CMAs overlap to a large extent, the relationship between the CMAs and the SCA should be strengthened through mutual involvement during the development and review of action plans.

The Inquiry also found evidence that both the Southern Rivers CMA and Hawkesbury-Nepean CMA had insufficient funding to carry out their existing CAPs, in particular, aspects relating to improving water quality.

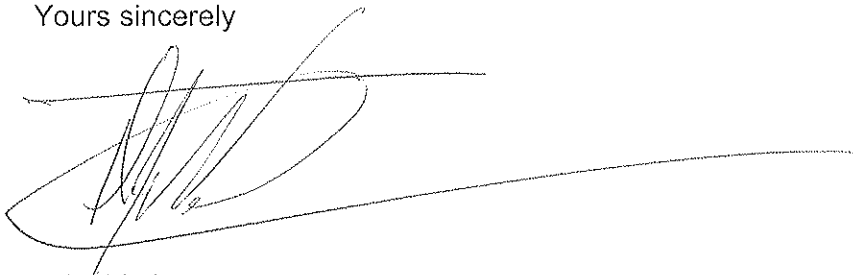
The Review Panel recommended that there should be *'increased financial support by the State Government (or the Federal Government if possible) for the natural resource management activities by the Hawkesbury-Nepean and Southern Rivers CMAs, focusing principally on those that impact on water quality.'*

It further noted that in the past when IPART has delivered its pricing determinations no recognition has been given to the imputed value of the CMA's contribution in protecting Sydney's water quality.

The NSW State Plan NSW 2021 recognises the important role that Catchment Management Authorities have in working with local communities in improving catchment health (Goals 22 and 23). HNCMA is the only regional body focused on the health of the whole Hawkesbury-Nepean catchment, which places us in a unique position to direct investment using a co-ordinated approach.

The HNCMA requests the opportunity to make a direct presentation to the IPART Review Team on these issues.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Verhoeven', is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.

John Verhoeven  
Acting Chairperson  
Hawkesbury-Nepean CMA

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