



## **Murrumbidgee Horticulture Council Inc.**

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Review of Operating Licence  
For State Water Corporation.  
Independent Pricing & Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

### **Review of State Water Operating Licence**

I provide the following comments on behalf of Murrumbidgee Horticulture Council (MHC). MHC is recognised as the peak body representing horticulturists and high security water users in the Murrumbidgee Valley. The review of the State Water Operating Licence has significant potential to improve the efficiency of water delivery operations to our stakeholders and therefore we urge you to consider and adopt the following suggestions.

Overall, the outcome of this review must permit State Water to function as an efficient and progressive commercial entity, with substantial freedom and within the bounds of the relevant legislation. Most importantly, water users must be able to have direct input into the decision making process of State Water via Customer Service Committees that include direct representation from different water user groups (based on allocation type) and strategic operational areas of water delivery.

More specifically:

- We support the functions of State Water as stated in section 2.2. The section after principal functions should be strengthened so that it reads “State Water will also conduct any business or activity that it considers will further its objectives so that a proactive approach is established. Options would include investigating and funding commercial projects, especially those that would lead to water savings from the delivery system (State Water to retain water savings).

Delegated functions – Whilst the full implications of all relevant legislation are difficult to grasp, the aim should be clear delineation between DIPNR (resource protection/regulation) and State Water (water delivery).

- Regulatory Framework: There will obviously be significant interaction between State Water and DIPNR from a regulatory perspective. The corporatisation of State Water must not provide an opportunity for DIPNR to impose undue regulatory restrictions or

other requirements on State Water. Whilst the two entities share a common history, State Water must be treated in a similar manner to any other commercial entity and not attract unfair attention from regulatory authorities.

- Potential performance standards: We strongly support the requirement for reasonably wide-ranging performance standards and the monitoring of key indicators. However, the selection of specific indicators must consider the ability of State Water to impact on or control these parameters. Care must be taken if other entities or processes impact on the indicator and these other entities are outside of the influence of State Water.

*Release of Water to customers/environment:* **Add** unaccounted for water (unexpected transmission loss/increase) according to river operation model.

**Add** incidence of adequate/inadequate notice given to customers of river level changes. (to change private pump levels).

**Delete** actual environmental flows compared to natural flows. This is an indicator for the performance of Water Sharing Plans, not State Water and highlights a clear distinction that must be made between the accountability of State Water versus Water Sharing Plans. State Water must operate strictly according to these Plans. The Water Sharing Plans promote, as well as limit, environmental flow parameters. Therefore State Water would be directly limited in its ability to comply with this parameter by the WSP. This indicator also duplicates the previous “compliance with Water Sharing Plans”.

*Maintenance/operation:* **Add** number of unexpected occurrences (structural/mechanical failures).

Environmental Management: **Replace** instream erosion/watercourse degradation with “Extent and severity of bank erosion around storages and instream.”

**Add** number of environmental planning initiative undertaken (Review of Environmental Factors, Environmental Impact Statements)

**Add** *Cultural Heritage* as an operational area. **Add** the following indicators: number of conservation works, number of “Consents to Destroy” permits, extent of consultation.

- Asset management obligations: current assets must be reviewed in relation to need and subsequently maintained, upgraded or liquidated as recommended. The first two options typically relate to water supply infrastructure and are adequately addressed. The last option must not be overlooked and could apply to:
  - assets such as land that is either not required or overvalued relative to the benefit obtained (eg offices); or,
  - assets such as equipment that can be sold and replaced with contracted services.
- Environmental management plan: it is essential that local knowledge be the basis of a practical, effective and successful environmental management plan. This requires considerable consultation at the local level over a period of at least 6 to 9 months.
- Environmental performance obligations: refer to comments on performance standards
- Community Engagement Obligations: we strongly support the maintenance of well-informed customer service committees. Membership must include a wide array of representation to ensure that all customers can have an input into the decision making process. We greatly value the ability to have direct input into the Murrumbidgee CSC

given that we are the only body who solely represents the interests of High Security irrigators (approximately 10% of all Murrumbidgee entitlement). We therefore highlight that it is essential that High Security Irrigators continue to be represented on the Murrumbidgee CSC. This principle could be formally adopted to ensure that all major access licence groups are represented on each CSC.

Community engagement obligations must consider direct feedback to both customers and the broader community. The emphasis on the health of the Murray River is an emerging political issue. The decision making process will therefore be influenced by NSW customers serviced by State Water, metropolitan water users (particularly Sydney residents) as well as the Federal Government. It is therefore important that State Water promote the positive steps taken towards improving the health of the river system. Catchment Management Authorities may assist in this pursuit although State Water should also implement a cost-effective promotional campaign as a responsible corporate citizen.

- Auditing: we support the proposal of a broad and comprehensive audit during the first year(s) of operation. Progression to a more flexible and strategic audit approach (focusing on selected areas) should be conditional on previous satisfactory audit outcomes in those areas that will attract less attention. Self-reporting should be accepted for non-strategic areas.

A comprehensive audit should be conducted every 5 years to ensure that all areas of operation are performing satisfactorily. A five-year period will ensure that emerging problems do not go unnoticed in areas thought to be satisfactory. The success of the self-reporting mechanism can also be reviewed through this process.

Yours sincerely,

Stephen Moore  
Executive Director

11<sup>th</sup> November 2004