

Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
PO Box 6100
Parliament House
Canberra ACT 2600
By email eca.sen@aph.gov.au

25 September 2009

Re: Inquiry into Water Licences and Rights

The Nature Conservation Council of NSW (NCC) is the peak environment organisation in NSW. We work closely with 120 member groups, local communities, government and business to ensure a positive future for our environment.

The NCC believes that the utilisation of all our natural resources, including water, should be based on environmental principles. In particular the principles of Ecologically Sustainable Development (ESD) as defined in many NSW Statutes. We want ESD and Sustainable and Healthy Rivers as a key consideration in licensing.

Biodiversity

The NCC is concerned that the ecological impact of changes following the Commonwealth Water Act and National Water Initiative on licensing, extraction and water transfers has not been adequately considered.

NCC would like to see more research and consideration into Biodiversity and river health outcomes when market rules and water licensing are changed.

Water Metering

The NCC is concerned at the apparent slow action in implementing metering on all surface water extractions and groundwater bores in NSW.

Environmental groups were intimately involved, in the preparation of Water Management Plans under the *Water Management Act (2000)*. At that time commitments were given by the then Department of Land and Water Conservation to implement metering throughout NSW within a 5 to 10 year period.

Often, environmental flows can only be assured by measuring and controlling extractions. This is due to environmental flows being measured or deduced as releases from dams, monitoring points on streams or other storages. Actual environmental flows are often the balance after extractions occur. There is also evidence that over extraction is occurring in

many areas, this evidence includes rapid depletion of groundwater tables and streams not flowing due to excessive extraction.

The NCC believes licensing should include:

1. Milestones on metering are met for implementing the rules for metering as agreed with stakeholder groups during the preparation of water management plans.
2. Metering of all water used, including basic rights water is needed.

Rural Town Water

Environmental water is being purchased by government to reduce over extraction. However, many rivers are still under considerable stress. The NCC believes that rural water authorities need to purchase additional water allocations from the market and not rely on increased allocations via government.

The NCC is concerned that licensing has failed to adequately consider the declining quantities of water available in inland rivers in NSW. With rising temperatures projected from climate change, over allocation and increasing dry spells, many of our inland rivers are continuing to be under great stress. As rural town water suppliers continue to increase demand, there is little or no incentive or economic driver for them to reduce demand. Additional water demanded by town suppliers should be purchased on the water market, not extracted from environmental flows as is currently the case in NSW.

Groundwater

Groundwater is usually extracted through wells drilled into an aquifer. How much can be extracted will depend on how much water is in the aquifer initially, how much new water enters (recharges) the system and how much water is discharged through avenues other than extraction. The rate of extraction will depend on the permeability of the aquifer and the number and depth of extraction points. If discharge exceeds recharge, groundwater levels will drop. The groundwater level in an unconfined surface aquifer is called the groundwater table. Extracting more groundwater than is recharged is referred to as groundwater mining.

In 2006, NCC and the Community Environment Network (CEN) held a workshop on Groundwater. It was apparent that many policy issues with groundwater are outstanding. This includes, aquifer interference approvals and water licences associated with extractive industries and mining. In addition, recent research indicates that the calculations of sustainable yield were overly optimistic, based on poor data, unknown extractions and high rainfalls.

There is a need to implement the COAG groundwater policy to develop catchment/aquifer management plans (or water allocation plans) which clearly demonstrate effective integration between ground and surface water management.

If groundwater is to be used as a buffer against drought, it is vital that a reserve be left for this purpose, for example by aiming to allocate only a part of the annual sustainable yield in 'average' years.

In summary the NCC believes extractions of groundwater should involve implementation of COAG Groundwater Policy and that the aquifer interference policy in NSW should be finalised.

Floodplains

Floodplain harvesting remains a major loophole within NSW water management as it is almost always un-metered, and the water is not paid for nor regulated. Illegal water diversion occurs when individuals take water or use their works contrary to licence and approval conditions. There are also serious concerns that environmental water could be stolen through harvesting activities. Some large irrigation diversion schemes have been approved under the *Water Act (1912)*, but many works that enable floodplain harvesting have not been approved, either under the *Water Act (1912)* or the *Water Management Act (2000)*, so remain unauthorised and unregulated. The lack of regulation severely limits the effectiveness of public investment in efficiency savings or market mechanisms to return much needed water to the environment.

The NCC believes NSW should urgently develop a floodplain management regulation.

Carryover

Carryover of water entitlements from one year to another was not envisaged to be used in the *Water Management Act (2000)* for extraction licences or for floodplain extractions. However, when a water sharing plan is suspended it appears to be becoming commonplace. Usually this is to suit irrigators or industry. Carryover provides flexibility during drought conditions for extractors. However, it is not being applied equitably to environmental water and it could be reducing the quantity of environmental water available.

The NCC would like to see an analysis of the impact of 'carryover' is needed on environmental water.

Delivery Constraints

NCC supports water order debiting on orders. In addition, scheduling of water releases to entitlement holders to reduce delivery losses and improve efficiency is needed. The environmental water savings should be credited to the Department of Environment, Climate Change and Water.

Risk Based Auditing

Governments are moving to more risk based auditing as a cost saving measure. This is usually applied to reduce costs once monitoring standards reveal predictable results. This requires comprehensive monitoring and experience with the results. Evidence has not demonstrated such results in managing environmental water to date. In addition, we are unsure how such an approach would better serve the specific risks to delivery of environmental flows.

The NCC does not support Risk based auditing being applied to water licences.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Don White', with a stylized flourish at the end.

Don White
Chair
Nature Conservation Council of NSW