



Conservation Council SA

Address : The Conservation Centre
Level 1, 157 Franklin Street
Adelaide SA 5000

Phone : (08) 8223 5155
Fax : (08) 8232 4782

Email : general@conservationsa.org.au
Web : www.conservationsa.org.au

ABN : 22 020 026 644

Commissioner for Water Security
GPO Box 2834
ADELAIDE SA 5001
Phone: (08) 8463 7517
Facsimile: (08) 8463 7420

Submitted by email: waterforgood.consultation@sa.gov.au

18 December 2009

Re Submission: Water Industry Act discussion paper

Dear Sir/ Madam

Please find attached a copy of Conservation SA's submission on the Water Industry Act discussion paper.

Thank you for the opportunity to comment on this matter.

Yours Sincerely

Libby King
Acting CEO
Conservation Council of South Australia



Conservation Council SA

Water for Good: Water Industry Act Discussion paper

18 December 2009

Conservation Council of SA Inc
Conservation SA
1/157 Franklin St
Adelaide
SA 5000

p: (08) 8223 5155

f: (08) 8232 4782

e: general@conservationsa.org.au
www.conservationsa.org.au

The **Conservation Council of South Australia Inc (Conservation SA)** is the peak conservation body for South Australia, representing over 55 of the State's environment and conservation organisations.

Conservation SA is an independent non-profit, non-party political, community based organisation that provides resources, advice, and representation for the SA environment movement and leads many of the key conservation campaigns in SA.

Conservation SA is known for its success in developing long-term community development, education and on-ground environmental restoration programs.

Conservation SA regularly liaises with Local, State and Federal Governments, Government agencies, media, educational institutions, Non-Government Organisations (NGOs), unions, industry, business and other groups on matters relating to environmental and social justice.

As a community organisation, much of what Conservation SA achieves is through a large network of skilled volunteers – from all walks of life – for its office, on-ground, governance and campaign activities.

Conservation SA is committed to a healthy environment for South Australia.

Table of Contents

Executive Summary	5
Introduction	6
General comments	7
Concerns with consultation on water reforms.....	7
Issues with industry regulation.....	7
Fragmented approach to water management	8
Specific comments	9
Conclusion	13
References	14

Executive Summary

The **Conservation Council of South Australia (Conservation SA)** is the peak environment and conservation body in South Australia. It represents over 55 member groups and has had a long-standing interest in the health and wellbeing of the State's ecosystems and biodiversity.

Water conservation is a key policy area for Conservation SA and many of its member groups. Conservation SA has considered the Water Industry Act discussion paper and has provided general comments on the following major areas of concern:

- issues relating to consultation on these water management reforms
- issues regarding the fragmented approach to water management in South Australia and
- issues regarding the overarching philosophy of economic regulation.

A number of specific comments on various issues raised in the document have also been made.

In summary Conservation SA has concerns regarding how economic regulation will impact upon water consumption in the state. It is not believed that introducing competition to the water market will result in economic forces that reduce demand and encourage consumers to use less water. Nor is it believed that this philosophy will adequately encourage the use of ecologically sustainable water sources such as wastewater reuse and stormwater harvesting.

Conservation SA believes that the adoption of more reform measures may further fragment and confuse the water sector. Water management in the state is in need of upheaval, scrutiny and reform, but the proposals here are not believed to solve the underlying causes of water issues in this state. Finally Conservation SA is very concerned about the consultation process regarding this reform process and the lack of consultation on the Water for Good plan.

Conservation SA recommends that the public consultation on these reforms be expanded including an extended time period for submissions and development of public workshops to examine the issues in more detail. The new Water for Good plan, to be developed under the Water Industry Act, should be reviewed as soon as possible and must require extensive public consultation. The review of the Water for Good plan must occur before the expansion of the desalination plant occurs and any review must genuinely consider independent technical advice provided by community organisations. If these reforms proceed then pricing measures need to be in place that encourages the provision of cheaper stormwater and wastewater services to customers and provides incentives for these markets to develop. RSD plans need to mandate for environmental flows.

Introduction

Water conservation is a key issue for South Australian's. Water management in the state is at the crossroads. With current community momentum supporting water conservation, there is an opportunity to propose ecologically sustainable water supply options and regulate industry's use of water to reduce demand.

Conservation SA would like to reiterate its disapproval of the overarching Water for Good plan, which has guided this discussion paper. The lack of consultation on the Water for Good plan has resulted in a document that places little emphasis on environmental issues. The driving force for the Water for Good plan and the Water Industry Act reform process appears to be a hasty reaction to media hysteria regarding water security. Subsequently, there are actions in the plan that lack genuine environmental and public scrutiny. Several proposals (Pitman, C. 2008 and Sustainable Focus 2008) have been put forth to achieve an ecologically sustainable supply of water for Adelaide that does not rely on Murray water or desalination, which according to many scientific experts (including the Independent EPA) has potential to significantly impact upon the gulf and its marine life. Other actions in the Water for Good plan to reuse wastewater and stormwater are tokenistic and do not capitalise on the full potential that exists here. The Water for Good plan has non-ambitious targets of providing 60GI/annum of stormwater harvesting by 2050 in Greater Adelaide, whereas the WaterWise Adelaide proposal (Pitman, C. 2008) suggests collection of 106GI/ year as a *minimum* is easily feasible within metropolitan Adelaide over a ten-year timeframe. Even factoring in climate change scenarios the Water for Good targets are unambitious. Whilst there are some positive steps taken in the Water for Good plan many do not go far enough and some will potentially be environmentally detrimental.

Water for Good is not believed to be a positive step towards an ecologically sustainable supply of water for Adelaide that supports environmental flows and critical human needs. It is believed that applying a competitive market to water will potentially undermine the capacity to switch to an ecologically sustainable supply of water.

General comments

Concerns with consultation on water reforms

The provision for comments on the Water Industry Act discussion paper seems somewhat tokenistic given that this discussion paper is the result of detailed proposals contained in the Water for Good plan: a document that was created with no or minimal community consultation. Within the conservation sector there are concerns regarding many of the actions of the Water for Good plan and the lack of environmental considerations within the planning document. The lack of environmental considerations has translated to this Water Industry Act discussion paper. These factors significantly reduce our confidence in both the quality of the analysis underlying Water for Good and the sincerity of government in conducting public consultation on the legislation.

The due date and short timeframes for making submissions, 31st December, coinciding with the holiday period, may be a hindrance for the community in making informed and detailed submissions. It also limits organisational input as many organisations close their operation over this period. Water management and the conservation of our water resources is a vital issue to the South Australian public. Such an important issue, which has many environmental and social ramifications, should have been discussed at public workshops and forums and should have been widely advertised.

Issues with industry regulation

Conservation SA strongly supports retaining SA Water in Government ownership. There are, however, concerns regarding how introducing competitive markets will help reduce water usage and promote increased use of ecologically sustainable water supply options. Currently pricing allows flexibility to ensure cheaper consumer prices that encourage uptake of reuse of wastewater compared to other water sources. It is unclear how a competitive market will allow this to continue. The philosophy surrounding this requires much public debate before it becomes state policy. It is not believed that such a policy will serve to protect the water resource.

There also appear to be no provisions to introduce higher water costs to discourage people from using excess water, especially from sources from which there are known or potential environmental consequences such as Murray water and the desalination plant in the gulf. There is concern that competition could reduce prices for water and hence increase demand and abuse of the resource.

There is also concern that with a competitive market there will be increased pressures with everyone trying to get their 'slice' of the market. We could end up with several desalination plants in the gulf, which could completely devastate the ecosystem or more reservoirs reducing net environmental flows.

Pricing of water must consider the environmental cost of extraction and the associated waste if the state is to have an ecologically sustainable supply of water for the population.

Fragmented approach to water management

Due to water scarcity, variability, vulnerability of the resource to climate change and the over-commitment of the resource throughout the State, South Australia needs a highly integrated and centralised approach to water management.

Currently, DWLBC, NRM Boards, SA Water, Local Government and EPA all play roles at various scales in relation to water monitoring, oversight, planning, delivery of infrastructure, stormwater management and/or provision of public water supply and waste management. This complicated and fragmented structure denies any of its component bodies the clear oversight of the State interest in water management.

To further add to that complexity and fragmentation, it is now proposed to introduce Regional Demand and Supply (RDS) Plans. The discussion paper states these *"will be based on the existing Natural Resources Management Regions, to secure adaptable, efficient and enduring water supply and management options.... to support economic prosperity, population growth, environmental water needs and an enhanced quality of life for all South Australians"* and that *"RDS Plans will outline the status of all available water resources and will identify any imbalances between supply and forecast demand, proposing possible solutions for addressing any such imbalances."* This statement - particularly as it relates to "environmental water needs" - demonstrates duplication and only serves to confuse roles and responsibilities. Surely this is one of the important purposes of the NRM Board water planning processes?

The proposal will need to involve extensive interaction with the NRM Boards over their management planning for the same water resources, and a complicated negotiation over water allocation planning, in circumstances where the resources are generally already over-committed.

The intended hierarchical relationship and links between RSD planning and Water Allocation Planning (WAP) are unclear from the document. Water supply and demand planning is a sub-set of water resource management planning, thus logically the two processes should occur concurrently or integrated into one process. Given that some Boards will have recently adopted Water Allocation Plans, when RSD planning is initiated in those NRM regions, the RSD plan can be developed in the context of the existing WAP. At the next review of the WAP and in other NRM regions, the two planning processes should be integrated.

Further fragmentation of water management in the state will not assist in addressing the underlying problems of the state's water management system.

Specific comments

Page 8.

Paragraph 5 states that 'the Water Industry Act enables details to be established through other measures'. It is not apparent in the document what other measures will be used to nut-out the details. Many of the details surrounding pricing (if this legislation proceeds) should have a degree of public transparency.

Page 10, Section 2.2

RSD plans need to place critical human needs and environmental flows at their core and other water demands should be factored around this. Environmental flows should be mandated as a priority. There is concern that these RSD plans will place too much emphasis on supporting unsustainable population growth and expansion of economic developments without consideration of the depletion and degradation of the water resource.

Response to Questions 2.1

It is hard to respond on mechanisms to ensure integration with other plans when the overarching Water for Good plan is not consistent with many NRM Plans and other state policy such as 'No Species Loss'. If this legislation proceeds, it may seem more appropriate to direct the Water Industry Act solely to potable water supplies and expand the Water Allocation Planning (WAP) process to all catchments and sub-catchments. The development of WAPs has been generally in response to stresses upon the water system and this planning process needs to occur also in catchments that are healthy before they reach such depleted conditions i.e. need for a proactive approach. Alternatively integrate the two to ensure that RSD plans align with NRM plans and WAPs.

Either way the RSD plans need emphasis on environmental flows as the core driver for determining supply. Provisions need to be made for stronger controls on the development of high water consumers such as irrigation in the state. Stronger controls need to exist for unsustainable land management and industry practices in the watershed that result in reduction in water quality for environment and consumptive purposes, such as spraying, erosion and organic matter entering runoff etc... RSD plans should provide further scope for policing, for example monitoring of the illegal deepening and expansion of dams.

Page 11

There are no community or independent environmental representatives on the steering committee proposed to support the RSD Plans. The constitution of the steering committees should be consistent with the type of representation sought when providing comments on NRM Planning processes. Indigenous, cultural, environmental and industry organisations such as Conservation SA are regarded as key stakeholders and are represented on various NRM Bodies including the NRM Council.

Page 12

Under responsibilities of the Dept. of Planning and Local Government and NRM Plans, there needs to be consideration of tightening legislation to protect water quality in the watersheds through sustainable land management practices.

Page 13

In the factors to consider in an adaptive management approach, there is no consideration of environmental factors. Environmental factors should be one of the primary considerations.

Response to question 2.2

There is no consideration of priority with regard to the risk points mentioned here. For example, options to increase supply should only be based upon demand for critical human needs and environmental flows. If industry wants to expand and needs more water this should not be reason to further deplete the resource and increase supply.

Page 14, Policy position 2.2

Page 11 states that RSD plans will be prepared by the Office for Water Security, yet at page 14 it is proposed to establish an independent water planning body *'if water supply and demand forecasts indicate the potential for a gap to emerge in the foreseeable future'*. This appears to suggest a lack of confidence in the mechanisms that the Act proposes to install. If there is to be any point in establishing a mechanism for water supply planning, then that mechanism should be designed to be effective in the long-term. This includes having an ongoing capacity to understand the local implications of global climate change, and the inherent variability of climate regardless of human influences.

Response to question 2.3

Governance arrangements need to ensure independence from State Government and SA Water. An independent water planning body should comprise of a balance of scientists from different sectors, including the conservation sector.

Response to question 3.1

From the document it is unclear what activities are being referred to here, but it is believed that this discussion paper is referring to water extracting activities that should be licensed. In this case, this should be consistent with the water affecting activities identified in NRM planning for prescribed and non-prescribed catchments as well as additional potable sources of water not covered in the NRM Act, such as desalination, reservoir collection, groundwater extraction (including the Spring Water markets).

Page 19, section 3.4.2

Section 3.4.2 suggests that there will need to be a scheme for exemption to hold a license. What possible reason would there be for a person to be exempt? There are major concerns that this discussion paper is perhaps referring to provisions that would allow major developments and mining

developments to be exempt from licensing. This is strongly opposed; no-one should be exempt.

Page 20

It is agreed that licenses may need to be different at different locations. For example, some activities have greater impacts in some areas (e.g. license conditions for desalination in gulf waters have greater impact compared with desalination in open waters and license conditions may need to reflect this).

Page 21

Conservation SA has concern over the wording of the first dot point on this page. ESCOSA should not just have 'regard' for non-economic objectives (eg health, social and environmental objectives) but rather be bound by these objectives. Economic objectives must not be allowed to negatively impact upon environmental water.

Response to question 3.2

Additional pricing matters for the new regulatory framework should enable prices to reflect environmental costs.

Page 23

Charges for meter readings should not influence how frequently consumers chose to have their meter read. For example, if you are proposing annual versus quarterly readings, then charges should not be applied for each meter reading, rather a set fee per year. Consumers should be encouraged to have their meter read more frequently so they can effectively track their water consumption. Perhaps the charges mentioned in this section could be applied as a percentage of your total bill/ or water consumption, so the more you consume the more you pay for these administrative charges.

Response to question 3.3

Any advisory council appointed in relation to water management and regulation should contain environmental representation. This is important to ensure economic regulation and price setting are not applied to the detriment of environmental flows.

Page 25, Section 3.5.4

It is understood that other legislation accounts for irrigation licensing, but the State Government also has a key role to play in irrigation regulation, if not in price setting then at least in the application of specific licence requirements relevant to South Australia's water resource such as mandating various practices such as drip irrigation versus channel, overhead or flood irrigation. Irrigation is a key issue in regards to water abuse and conservation and much more attention needs to be made in this area at both the state and Basin-wide level, likewise for groundwater extraction from aquifers in the Mt Lofty Ranges and state mound springs.

Page 26, Section 3.5.5

Conservation SA cannot see any reason why current participants/ licensees should be exempt from access arrangements. If the participant is undertaking

activities harmful to human health or the environment then the rules should apply to everyone.

Page 30 Policy position 5.3

This position requires clarification. Does this mean that all of South Australia's catchments will become prescribed through the recognition of an Environmental Water Reserve through the NRM Act? If this is the case, this is strongly supported. There needs to be proactive prescription and subsequent Water Allocation Planning of all parts of the state before they become depleted and *before* the water-dependent ecosystems in the catchments are stressed.

Page 31

The discussion paper states that it is intended to supplement the NRM Act by identifying an Environmental Water Reserve as a separate use. This is supported. However, it is unclear why Environmental Water would then be subject to the water rights licensing regime? This requires clarification.

Page 31

The statement that an Environmental Water Reserve (EWR) could *'...be used to develop water partnerships with industry and community groups and which could be traded on the water market'*, needs to ensure it is adequately monitored to ensure no detriment to the wetland in question or other downstream environmental assets that could have benefited from this water.

Page 31

The statement that the Manager could temporarily trade the Environmental Water Reserve to other users, should be a last resort for critical human needs only. Such proposals need extensive monitoring to ensure that environmental assets do not become degraded. The Environmental Water Reserve should not be traded for financial gain or it presents the risk of the EWR system being abused and politicised.

Response to question 5.1

Education will be a key tool to harness community support for environmental water needs. The focus of education should be upon the benefit of environmental flows for all users through the provision of ecosystem service. At the same time the government should be promoting and educating on the areas of water efficiency, alternative industries and practices (e.g. use of water-wise gardens within the nursery industry) and address inefficient policies (e.g. the provision of tax incentives for water consumptive vignerons).

Response to question 5.2

All new pools should be mandated to have covers and Government should work with the pool industry to ensure this happens. Incentives should be provided for old pools to be retrofitted with covers. Policing of the situation is also vital to ensure people comply and actually use their covers. Perhaps implementing highly publicised 'fly-over' inspections and introducing a dob-in your neighbour system like the current system established to catch out those watering their gardens and lawns outside of water restriction regulations.

Conclusion

In conclusion, Conservation SA does not support introducing economic regulation or competition to the water sector, nor does it support the further fragmentation that will result from these water reforms. Introducing competition to the water market serves to undermine efforts in water conservation and may result in increased consumption rather than reducing demand.

If such reforms are to occur then it is paramount that guiding principles are put in place that ensure water pricing reflects the true environmental cost of the resource and the environmental cost of the resulting wastewater. At the same time as providing lower prices for stormwater and re-use of wastewater for consumers, there needs to be incentives for markets to establish to provide these services.

References

Pitman, C., Karfmann, C., Fairlie-Jones, P. and Hains, S. (2008) *WaterWise Adelaide: The Stormwater resource*. City of Salisbury; Adelaide.

Report on Sustainable Water Options for Adelaide (2008) Sustainable Focus Group Pty Ltd; Adelaide

The Brisbane Declaration (2007) Proclaimed at the 10th International River symposium and International Environmental Flows Conference (accessed online 14 December 2009

<http://www.nature.org/initiatives/freshwater/press/press3195.html>)