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ADVOCACY CENTRE

## **Draft NSW Water Strategy**

**1 April 2021**

## About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in Sydney.

Established in 1982, PIAC tackles barriers to justice and fairness experienced by people who are vulnerable or facing disadvantage. We ensure basic rights are enjoyed across the community through legal assistance and strategic litigation, public policy development, communication and training.

## Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program (EWCAP) represents the interests of low-income and other residential consumers of electricity, gas and water in New South Wales. The program develops policy and advocates in the interests of low-income and other residential consumers in the NSW energy and water markets. PIAC receives input from a community-based reference group whose members include:

- NSW Council of Social Service;
- Combined Pensioners and Superannuants Association of NSW;
- Ethnic Communities Council NSW;
- Salvation Army;
- Physical Disability Council NSW;
- Anglicare;
- Good Shepherd Microfinance;
- Financial Rights Legal Centre;
- Affiliated Residential Park Residents Association NSW;
- Tenants Union;
- The Sydney Alliance; and
- Mission Australia.

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The Public Interest Advocacy Centre office is located on the land of the Gadigal of the Eora Nation.

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## Introduction

PIAC welcomes the opportunity to respond to the Draft NSW Water Strategy (the Draft), considering it a vital opportunity to refocus water policy in NSW and incorporate lessons from the range of review and reform processes of the past 4 years.

The recent extreme water scarcity and its impacts on producers, users, communities and ecosystems has been a timely reminder of the increasing risks NSW faces in securing sustainable and resilient access to water. Together with the bushfires and the extreme floods that followed, these provide stark examples of the issues strategic water planning and policy must address. Failing to plan and respond to these issues invites unacceptable risk to the sustainability and viability of communities, ecosystems and producers across the State.

PIAC broadly supports the structure of the Draft and the important work to provide a much-needed principles-based, strategic approach to water policy in NSW. The efforts to transparently link the strategy to all aspects of water policy is welcome. The structure, setting out core objectives, strategic priorities and the actions required to address them, is also strongly supported. This structure represents an important development in providing transparent, assessable actions linked to long term strategic priorities.

The Draft's integration of all aspects of water policy, planning and management, with other areas impacting upon them, is an important step. PIAC considers further work is required to ensure all opportunities are taken to align this process with other related regulatory and policy frameworks. For instance, there is scope to update the regulatory objectives and principles of the Independent Pricing and Regulatory Tribunal (IPART) and the State-Owned Corporations (SOC) providing water services. This work should ensure licences and enabling acts link to and support the objectives and principles of the NSW Water Strategy, and assist in delivering the intended outcomes.

Recognition of the centrality of the community to decision-making processes that impact water is welcome, and PIAC considers progress in the consistency and robustness of engagement key to better outcomes. We note the process developing the Draft and the regional water strategies has not necessarily demonstrated the principles outlined in the Draft. It is not clear that the development of the Draft NSW Water Strategy and all the Regional Water Strategies engaged stakeholders from the outset in structured, transparent processes. If there has been input from community and its stakeholders the Draft does not demonstrate how this input has been considered and reflected. While we understand there is opportunity for engagement with this Draft, it does not represent the best practice in engagement the Draft Strategy sets out to implement.

PIAC is also concerned the process of concurrent development of the NSW Water Strategy and its constituent Regional Water Strategies increases the risk of misalignment, or overarching strategic objectives, priorities and principles not being fully reflected in the Regional Strategies. A transparent, best practice process would have undertaken development of the NSW Water Strategy first, commencing with structured community and stakeholder engagement on overarching principles, priorities and objectives. Once this was established, development of regional strategies could commence, with engagement on how best to reflect the overarching

objectives and priorities in application to each Region. PIAC recommends the NSW Government assess the process of Strategy Development once all Strategies are complete, to identify where future processes can be improved.

Both the National Productivity Commission (PC) and the Australian Competition and Consumer Commission (ACCC) have recently released detailed reports on water policy, planning, markets and management. PIAC strongly recommends the NSW Government assesses the findings of the ACCC Inquiry into the Murray Darling Basin Water Markets and identifies recommendations that apply to the NSW Water Strategy. Similarly, the PC Draft Report on National Water Reform presents a comprehensive range of draft findings and advice which should be addressed in the NSW Water strategy.

In the remainder of this submission, PIAC responds to the priorities and actions of the Draft, including where specific aspects of these reviews should be incorporated.

## **Responses to Draft Strategy priorities and actions**

### **Priority 1: Build community confidence and capacity through engagement, transparency and accountability**

PIAC supports engagement, accountability and transparency being the primary priority in NSW's water strategy. The inadequacy and inconsistency of community and stakeholder engagement, and the lack of transparent processes linking engagement with outcomes, has been a major contributor to the lack of trust that characterises water policy and planning. Too often community and stakeholder engagement is, if undertaken at all, used as a tool of validation or to justify decisions already made.

Policy, planning and management decisions regarding water increasingly involve zero-sum decisions and difficult trade-offs between a range of interests. The impacts of decisions in water often differ across interests, and over time, involving complex interactions that may not be immediately apparent. Processes dealing with these decisions must be transparent. Engagement should be an enduring aspect of governance, decision-making and business operations, not process based. Engagement must be representative and deliberative, dedicating the time and responses required to build the capacity of community stakeholders to understand the nature of decisions and provide an informed expression of their preferences and expectations. Further, it must be undertaken from the outset of processes to ensure they are able to be shaped by the output of engagement, and produce outcomes able to be held to account by stakeholders and the community.

PIAC notes both the ACCC Murray-Darling Basin Water Markets Inquiry<sup>1</sup> and the PC's Draft Report on National Water Reform<sup>2</sup> include detailed recommendations to improve engagement, transparency and accountability in water policy, planning and management. Finalisation of the NSW Water Strategy should consider these processes and incorporate further actions that support the objectives, principles and priorities of the Strategy.

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<sup>1</sup> Australian Competition and Consumer Commission, [Murray-Darling Basin Water Markets Inquiry: Final Report](#), February 2021.

<sup>2</sup> Productivity Commission, [National Water Reform 2020: Draft Report](#), February 2021.

### **Action 1.1 – Improve engagement, collaboration and understanding**

PIAC supports the intent of this action, but considers further direction is needed to drive consistent improvement in engagement and collaboration. Engagement and collaboration must be logical and meaningful with a clear purpose and process, and demonstrate a recognition of stakeholder input and how it has been translated into decisions and outcomes.

PIAC considers a framework or guidelines for engagement for all aspects of water planning, policy and management should be an additional element under this action.

The Draft highlights issues with multiple, parallel engagement processes leading to confusion and a lack of trust. Engagement needs to clearly link purpose, engagement, input, response and outcome. Multiple parallel engagement processes are not inherently problematic, but should be co-ordinated clearly structured according to their respective purposes, with clearly identified objectives and outcomes.

### **Action 1.2 – Increase the amount and quality of publicly available information about water in NSW**

PIAC supports this action. Comprehensive, high-quality information that is current and publicly available is a foundation of community and user trust in water policy and management.

### **Action 1.3 – Enhance modelling capabilities and make more data and models openly available**

PIAC supports developing a more accurate, comprehensive set of data and modelling capabilities to underpin best-practice water policy, planning and operations. These capabilities will be crucial in responding effectively to the impacts of climate change on water systems, ecosystems and community sustainability and resilience.

### **Action 1.4 – Reinforce the effectiveness of the Natural Resources Access Regulator**

The lack of robust monitoring and enforcement capacity has been identified as a key failing in water management to date. The Natural Resources Access Regulator (NRAR) has made great strides in addressing this and renewed focus should be given to resourcing NRAR and ensuring the community understands and supports its role, and engages with its actions.

### **Action 1.5 – Take the final steps in floodplain harvesting reform**

PIAC agrees interception of floodwater remains the most significant aspect of water use that requires urgent reform. However, we are concerned a framework for accounting for and licencing floodplain interceptions may lead to the entrenchment of unsustainable water take, and lock in arrangements that are difficult to unwind without measures such as compensation.

Intercepted floodwater should be accurately measured and fully accounted for, with diversion and interception infrastructure audited and regulated. Licencing of water interceptions should prioritise the minimisation of risks downstream and support the ongoing availability of floodwaters to downstream systems and their surrounding ecosystems. The current level of interception should not become the new baseline, and the removal of existing interception and storage infrastructure, where required, should be part of floodplain reforms.

### **Action 1.6 – Review the regulation of domestic and stock basic landholder rights**

PIAC supports an audit of water take by stock and domestic and other rights holders. This is needed to improve monitoring of rights holders' use as part of more accurate overall monitoring and management of water resources.

### **Action 1.7 – Make sure the majority of non-urban water take in NSW is accurately measured.**

An accurate and up-to-date understanding of water use, across the state, is fundamental to the more sustainable management of water resources. Transparent measurement must be consistent, robust, and trusted by users and the community.

## **Priority 2: Recognise Aboriginal rights and values and increase access to and ownership of water for cultural and economic purposes**

The NSW Water Strategy should follow best practice in recognising the rights of Aboriginal peoples in shaping water policy, planning and management, along with their skills, knowledge, and role in securing fairer and more sustainable access to water for all people in NSW.

Recognition of the rights and needs of Aboriginal people and communities remains a glaring failure of water policy to date. Aboriginal people and communities are not appropriately recognised in planning, policy and management decision-making processes. They do not have adequate say over decisions that impact their access to water, their ability to benefit from water, and their ability to protect and control areas integral to their people and culture.

The PC Draft report on National Water Reform made a series of recommendations to reform the way Aboriginal people and communities are recognised in decision-making process, are able to shape decisions that impact them, and able to benefit from water access. That report, alongside work progressed at a national level, and by other States, should inform this review.

### **Action 2.1 – Establish a partnership agreement with the Aboriginal Water Coalition**

Decisions that impact Aboriginal communities must only be made with the engagement and support of those communities. The relationships formed through partnerships must have tangible objectives and demonstrate how the perspectives of Aboriginal communities will shape government decisions that impact them. This must include explicit links to all aspects of government decision-making processes that impact water planning, policy, regulation and management.

PIAC supports the NSW Government developing direct relationships with representatives of Aboriginal communities across NSW. There is scope to develop the range of Aboriginal communities and representatives subject to this partnership, to ensure it does not result in a narrowing of input or potential exclusion of particular Aboriginal communities and their interests.

### **Action 2.2 – Strengthen the role of First Nations in water planning and management**

PIAC supports this action as a crucial aspect of ensuring Aboriginal people and communities shape and direct decisions that impact them and their rights to access water for cultural and

economic purposes. This also represents an opportunity to improve water planning and management by incorporating traditional knowledge of water systems and their surrounding ecosystems, and developing more sustainable and resilient usage and management practices.

### **Action 2.3 – Develop a state-wide Aboriginal water strategy**

PIAC supports this action. The development process for this strategy must be shaped by Aboriginal community representatives. The resulting strategy should represent Aboriginal people's priorities as expressed by them, and demonstrate how the Government, in partnership with them, will work towards addressing those priorities through reform of existing systems and practices and/or the creation of new ones.

### **Action 2.4 – Provide Aboriginal ownership of and access to water for cultural and economic purposes**

PIAC supports action to improve the access and ownership of water by Aboriginal people and communities. These measures must address the unreasonable limitation on the use of water for cultural purposes, while recognising economic uses and outcomes can be linked to maintaining and expressing culture.

Measures implementing this action must be backed by the investment and ongoing funding required to achieve outcomes of increased water availability, ownership and use by Aboriginal communities.

### **Action 2.5 – Work with First Nations to improve shared water knowledge**

PIAC supports this action. We highlight the importance of developing and investing in incorporating traditional knowledge and practices into water management, and employing Traditional Owners in activities relating to the management, monitoring and rehabilitation of land and waterways of their country.

### **Action 2.6 – Work with Aboriginal people to maintain and preserve water-related cultural sites and landscapes**

Water investment, planning and management decisions must prioritise impact upon waterways and land dependent upon them, and the cultural continuity they sustain. This consideration must occur transparently, through engagement with potentially impacted Aboriginal communities, at an early stage of option assessment.

Progress on this action must be a priority for the NSW Water Strategy. There are many Aboriginal Nations with identity founded upon connection to water systems and their surrounding ecosystems, such as the Barkindji people, whose very name comes from the river at the centre of their country.

Mechanisms to recognise potential impacts as 'costs' in assessment processes should be explored to ensure structural preference for options that do not impact culturally significant sites, landscapes and waterways.

### **Priority 3: Improve river, floodplain and aquifer ecosystem health, and system connectivity**

This priority must focus on increasing information and understanding of all water systems, their interconnectivity and how actions may impact upon them over time.

Historically, planning and management of water resources has focussed on discrete systems considered in isolation from the other ground and surface water systems that may be connected with them. Ability to understand and monitor connected systems as a whole is not well developed, and decisions are often made without understanding and assessing the full range of those impacts across and between multiple systems. This increases the risk decisions will have catastrophic consequences that undermine the long-term resilience and sustainability of water resources.

#### **Action 3.1 – Implement NSW Long Term Water Plans to protect and enhance ecological systems**

PIAC supports this action, and encourages future water planning processes be based on updated information regarding future climate impacts. Decisions regarding environmental watering and the resumption of entitlements must be based upon robust assessment of climate risks to the sustainability of systems and their dependant eco-systems.

#### **Action 3.2 – Take landscape scale action to improve river and catchment health**

PIAC strongly supports this recognition of the impact of land use and management on catchment and water system health and sustainability. Principles focussed on enduring improvements to water quality will require a more wholistic approach to catchment and system health.

#### **Action 3.3 – Take action to address threats to native fish**

PIAC supports this action.

#### **Action 3.4 – Invest in long-term and effective monitoring, evaluation, reporting and research**

PIAC agrees effective data collection and the monitoring, evaluation and reporting of ecological status, water quality and water system status will be crucial to more effective and sustainable water management decision-making. Actions to invest in the development of these monitoring, evaluation and reporting systems must ensure they are integrated with policy, governance and operational decision-making so processes are informed by accurate information. Opportunities to implement automatic triggers for the re-evaluation of planning and operational decisions, linked to key evaluation points, should be explored as part of this action.

#### **Action 3.5 – Adopt a more intense state-wide focus on improving water quality**

PIAC strongly supports a more intense and consistent focus on water quality. This action should improve the breadth and consistency of testing and monitoring, informing the implementation of proactive measures to support, improve and address risks to water quality in areas with identified issues. Monitoring and evaluation of areas of water quality risk should be integrated into the decision-making processes in other systems that have potential to impact them – for instance where new infrastructure or interceptions may impact water quality in downstream communities.

### **Action 3.6 – An enhanced, state-wide focus on sustainable groundwater management**

Groundwater resources are not well understood, and monitoring and management of them must be improved to ensure their long-term sustainability and quality. PIAC supports development of a Groundwater Strategy and action plan and recommends this be harmonised with the objectives and priorities relating to surface water, and work to implement equivalent planning and management practices.

### **Action 3.7 – Work with communities to better understand and improve system connectivity**

PIAC supports actions to better understand and facilitate improved water system connectivity. Improved connectivity during low and cease-to-flow events should be aimed at supporting critical human and environmental needs. Low or cease-to-flow events have the capacity to catastrophically undermine the long-term sustainability, quality and viability of a water resource. Developing a better understanding of these impacts, and how to maintain connectivity to avoid or mitigate, them must be a priority.

### **Priority 4: Increase resilience to changes in water availability (variability and climate change)**

The Draft indicates worst-case climate impact scenarios are being utilised as the basis for modelling that underpins forward policy and planning. PIAC welcomes this approach and strongly supports this principle in the management of climate risk.

### **Action 4.1 – New actions to improve and apply understanding of climate vulnerability and change**

PIAC strongly supports this action, and measures to embed accurate, updated climate data and risk information consistently throughout NSW water planning, management and policy decisions. This action should include urgently updating existing agreements, plans and assumptions to reflect this approach. The NSW Government should advocate strongly for consistent application of measures under this action by other governments across the Murray Darling Basin.

### **Action 4.2 – Review water allocation and water sharing in response to new climate information**

PIAC supports the re-evaluation of water allocation principles and sharing plans to ensure they reflect the NSW Government's updated approach to climate modelling and risk management, and utilise the best available climate information. This action should prioritise more adaptive water allocation and accounting frameworks.

The Draft notes the recent drought renewed calls for reduced allocations, but this approach may come at the expense of lost productivity in 'non-drought' years. Reduced water allocations must be considered as part of this action and of a larger re-evaluation of productivity and sustainability over the long-term (across years of greater and lesser availability). PIAC recommends developing an alternative understanding of variability, recognising the concepts 'average' and 'drought' are increasingly irrelevant for long-term water planning and management decisions. Resilience and sustainability through low-availability periods should be prioritised and should shape the direction of planning and policy decisions.

### **Action 4.3 – Improve drought planning, preparation and resilience**

PIAC supports further actions to develop a comprehensive response to improving resilience to periods of extreme water scarcity. These actions must prioritise the development of targets for water efficiency and absolute demand reduction, as well as recycling and harvesting of alternative water sources.

Consideration should also be given to identifying potential impactors of drought resilience (such as upstream interceptions or inefficient usage) and responses to address them. This process should consider the purchase of allocations and entitlements, the removal of interception infrastructure and the alteration of land-use arrangements, where these are the most effective and efficient means of securing resilient access to water in times of extreme scarcity.

### **Action 4.4 – Better integrate land use planning, development approvals and water management**

PIAC strongly supports a more integrated approach to the management of land and water resources. Development and land use planning decisions have significant impacts upon water resource sustainability. The objectives, principles and processes of these decisions should align with those in water policy and planning to ensure potential impacts are recognised and assessed appropriately. Benefit-cost analyses and impact assessments in development and land-use decisions should accurately reflect decisions' long-term impacts upon water quality, sustainability and resilience.

## **Priority 5: Support economic growth and resilient industries within a capped system**

The NSW Government has a key role in ensuring water resources are sustainable, and the communities and industries that depend upon them use them as productively and efficiently as possible, for the optimum sustainable value to the community over the long term.

The limitations of the water system and available water resources will be further challenged by the changing climate. Securing sustainable, resilient communities requires recognising and understanding these limitations, and utilising all available tools to optimise productivity and opportunity within them. The current mix of industries, production and use of water is not optimal to ensure communities are getting the most value from limited water resources currently or in a future with a changed climate.

In its draft report<sup>3</sup> the PC highlighted issues faced by many communities in regional Australia, and found ongoing water reform will result in significant social and economic dislocation. In some cases, this may not be avoided, however there is an opportunity to use reform to identify more productive and sustainable uses for water that improve the social, economic and environmental resilience of communities.

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<sup>3</sup> Ibid, 159-166.

### **Action 5.1 – Provide greater certainty to regional businesses that rely on secure access to water**

Water infrastructure and management decisions should consider opportunities to align with and support regional economic development, but it is critical this is not prioritised over evidence-based considerations of long-term resource sustainability and the resilience and sustainability of surrounding and dependant ecosystems.

PIAC agrees the NSW Water Strategy must consider how best to support regional communities to ensure they are able to offer opportunities to people, and remain resilient, diverse and prosperous over the long term. Transparency and predictability in the frameworks for water planning, sharing and management will be crucial, but we caution against a narrow focus on 'certainty'. A less predictable and more variable future may render 'certainty' an unreasonable and unhelpful objective.

Resilient and prosperous communities will depend upon water resources being used sustainably and efficiently. Achieving this requires investments and usage decisions to be transparent and subject to community preferences revealed through ongoing deliberative engagement.

### **Action 5.2 – Invest in R&D and new technologies to lift water productivity in NSW industries**

PIAC welcomes the focus on productivity in water use, and supports the development of a better framework for understanding the total productivity of water use. Long term planning, investment and management decisions require an understanding of the long-term value of water-reliant production and use, including an assessment of the amount of water required and its sustainability over time. PIAC supports the elements identified under this action, and also notes:

- Research and development should be aimed at reducing reliance upon water in industries and uses which are currently heavily water dependent. The work being done in relation to carbon intensive industries is a useful illustration of the approach required to transition water dependant industries.
- Analysis should be undertaken to understand the mix of water uses throughout a catchment, and the sustainability of that mix over time. Specific attention should be paid to determining the long-term sustainability of that mix under climate change, the diversity of uses across the catchment (avoiding undue dependence upon a single use), and the ability of uses to deliver social, environmental and economic outcomes for the associated communities within the catchment over the long term.
- Aboriginal communities should be supported to improve information and understanding of traditional land management, water management and production systems. This should ensure Aboriginal communities are able to identify opportunities to implement production based on their traditional practices.
- Strategic, catchment-based regional plans are needed to plan for and incentivise the development of more climate resilient, diverse and socially and economically sustainable mix of water use. These plans should be informed by the information developed in the work outlined above.

### **Action 5.3 – Improve the operation and transparency of water trade in NSW**

PIAC strongly supports actions to improve and ensure the transparency and legitimacy of water trade in NSW. As part of this, recommendations from the ACCC report on the Murray-Darling Basin Water Markets Inquiry should be incorporated into the final Draft NSW Water strategy.

### **Action 5.4 - Identify infrastructure and operational options for each region of NSW**

Infrastructure decisions must be transparent, and subject to independent frameworks that fully consider the current and future impacts of all options, and their long-term sustainability.

The recent PC draft report on National water reform highlighted systemic failures in decision making processes for water infrastructure investment. A range of current and prospective NSW water infrastructure projects were highlighted as resulting from compromised and opaque decision-making processes, and being unable to demonstrate tangible benefits or long-term suitability. Inadequate frameworks for assessing infrastructure and operational responses to improved resilience and sustainability in water resources is a critical risk to water access.

PIAC does not consider this action an adequate response to the requirement for greater transparency, objectivity and alignment with strategic principles and objectives in infrastructure investment and operational decisions. PIAC strongly recommends the adoption of the PC's advice relating to Government investment in major water infrastructure, with inclusion of measures to implement draft renewal advice 13.1 and 13.2 in the Draft report<sup>4</sup>.

### **Priority 6: Support resilient, prosperous and liveable cities and towns**

Recent widespread water restrictions, rapid water resource depletion, and water quality and availability issues in towns across NSW demonstrates the need to urgently improve the resilience and sustainability of water access in these areas. Existing water sources no longer perform according to long term averages and the way water is priced, regulated, and used is not supported by the available resources. Resilient and liveable cities and towns will require:

- reduced reliance on existing water sources;
- comprehensive measures to improve the efficiency and productivity of water use;
- targets for conservation and recycling, including potable recycled water;
- re-assessment of how water is used;
- a framework for considering the value of water and how it is used, not just its cost;
- reform of how water is priced and regulated;
- consistent application of independent, principles-based regulation and oversight to all water service providers;
- more transparent and rigorous frameworks for assessing and investing in water access solutions;
- more efficient methods of resourcing investment and operation of water service providers in regional areas;
- re-assessing how equitable, affordable access to essential water services is supported; and
- better alignment between the regulation of water service provision and other factors impacting water planning, policy and management.

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<sup>4</sup> Ibid, 167-180.

## **Action 6.1 – Increase resilience to changes in climate and water availability in Greater Sydney and the Lower Hunter**

PIAC supports a focus on water resilience in Greater Sydney and the Lower Hunter and will provide detailed responses to each of the draft plans when they are released. We note the Draft highlights an impending imbalance between long-term yield and demand in these areas.

Addressing this issue must commence with minimising long-term demand, and maximising yield of existing water resources. This must include:

- Enduring pricing mechanisms that align with conservation messaging and efficiency measures, and ensure higher levels of usage attract higher costs.
- Explicit, long-term targets for per-person water usage based upon the sustainable climate adjusted yield of the current system.
- Targets for the systemic implementation of potable recycled water, with transparent plans for community engagement, information and adoption in advance.
- Pricing and operational reforms to better recognise the value of water as a resource and support greater flexibility in how discretionary water services are provided and priced, while protecting the affordability and security of high-quality water for essential needs.

## **Action 6.2 – Work collaboratively with local water utilities to reduce risks to town water supplies**

PIAC recommends increased focus on improving the sustainability and resilience of local water utilities, and measures to reduce risks to town water supplies. We support a collaborative approach between Government and local utilities, where this remains the most effective response. However, we consider this action should consider alternative means to address risks to town water supplies where collaboration with local water utilities is no longer the most efficient or effective approach.

## **Action 6.3 – A new Town Water Risk Reduction Program**

PIAC supports a refocussed program to address ongoing risks to the resilience, security and quality of town water supplies. We highlight the need for greater transparency in the identification and reporting of risks, the assessment and implementation of responses and the demonstration of outcomes in risk reduction programs. PIAC contends a needs-based community service obligation funding model has merit, but must be considered as part of a wider assessment of means of improving the adequacy, transparency and regulation of funding for local water utilities.

## **Action 6.4 – Continue to deliver the Safe and Secure Water Program**

PIAC supports ongoing funding for delivery of the Safe and Secure Water Program. However, we question whether the \$500 million commitment over 8 years is adequate to address the existing issues with local water utility infrastructure, when the current replacement cost of that infrastructure (as indicated in the Draft) is \$28.8 billion. PIAC would welcome an expansion of this action to include a program to independently audit local water utility infrastructure as part of a process identifying local water utility needs and assessing future options to meet these needs.

## **Action 6.5 – A new state-wide Water Efficiency Framework and Program**

PIAC strongly supports this action, and welcomes the commitment to engage stakeholders in the development of a consistent, principles-based framework for the consistent prioritisation of

efficiency. This process should examine the implementation of targets for water use efficiency and productivity, and the requirements for targets in conservation and recycling.

PIAC welcomes recognition the current 'economic level of water conservation' may no longer be fit for purpose, and recommends development of a more holistic and effective alternative be a priority in the proposed efficiency framework.

### **Action 6.6 – Proactive support for water utilities to diversify sources of water**

PIAC supports water resource diversification as a means to address water resilience and sustainability.

There is a perception of community resistance to recycling and that implementation of potable recycled water (PRW) may be politically problematic. However, this in part reflects rushed and poorly handled attempts to implement PRW previously, and resultant politicisation and media hype, rather than genuine engagement on the issues with PRW. PIAC notes current desalination practices have near identical perceived risks as PRW. Desalination plants draw sea-water from areas which treated wastewater is discharged into, and reinject treated water directly into the system. Despite these similarities there has been little community resistance to desalination on the basis of water quality, and very little engagement or consultation was undertaken to build community support prior to implementation of desalination. This should be taken as an important precedent, demonstrating the applicability of the technology, and an example of how not to implement it.

Previous experiences of failed implementation of PRC have shown that without transparent processes to build and maintain support, it can collapse rapidly. Engagement with communities consistently shows strong support for greater focus on conservation measures, water harvesting and exploration of water recycling, including PRW. Retaining this community trust and building this support will require a clearly articulated strategy, and a transparent process engaging communities at every step. A target for the future widespread implementation of PRW should be set as part of a strategy to diversify resources and improve efficiency. This should include a plan to build understanding and support for measures such as PRW, as well as transparent plans developing policy, regulatory and pricing reform to enable implementation of these measures.

### **Action 6.7 – Investigate and enable managed aquifer recharge**

PIAC supports investigation of Managed Aquifer Recharge (MAR) opportunities as part of comprehensive work (such as that identified in previous actions) to improve understanding of groundwater resources and interactions with surface water and supported eco-systems. Investigation of MAR must consider the potential long-term impacts on the sustainability of land and water resources, and only be undertaken where the sustainability of resources is positively impacted.

### **Action 6.8 – Promote and improve Integrated Water Cycle Management**

PIAC supports consistent promotion and implementation of Integrated Water Cycle Management across the State as part of co-ordinated measures to integrate development, land-use planning and water management, and improve the efficiency, sustainability and resilience of water use.

### **Action 6.9 – Enable private sector involvement in the NSW water sector**

PIAC cautions against reforms framed as enabling private involvement for its own sake. Water is an essential service and a limited resource, therefore, private sector entities should be subject to the same level of transparent, harm-based regulation applied to utility water service providers.

Private sector involvement in the NSW water sector should be enabled where it can provide benefit in line with the principles established in the NSW Water Strategy, and contribute to achievement of the objectives of the Strategy. Increased private participation is not a benefit in itself, and in assessing the level of licencing and regulation applied to private involvement, the relative risk and benefit should reflect this.

### **Action 6.10 – Foster the circular economy in our cities and towns**

PIAC welcomes this action, and supports a strategic approach to developing responses to resource management that improve water resource efficiency and the recovery of value from all aspects of water resource management. PIAC supports recognition of climate change mitigation and climate change adaptation and resilience in water management as priorities that should be considered holistically.

## **Priority 7: Enable a future focused, capable and innovative water sector**

The NSW Government has a crucial role, collaborating with industry, academia, users, producers and Aboriginal communities, to invest significant resources linking research, development and data collection to pilot programs and policy reforms informed by the principles and objectives of the NSW Water Strategy. Evidence-based water policy, planning and management relies upon the development and adaptation of research and comprehensive systems knowledge, as well as innovation in technology, and management practices.

### **Action 7.1 – Pilot new technologies to increase our water options**

PIAC supports research, development and pilot implementation collaborations which facilitate innovation in water management and water service provision. The Government has a crucial role to play in facilitating and supporting researching, developing and piloting the implementation of new technology, systems and practices that enable the achievement of the outcomes and objectives of the NSW Water Strategy.

### **Action 7.2 – Collaborate to harness new research, innovation and technology**

PIAC supports this action and the development of measuring, monitoring and reporting that assists in achieving outcomes identified in the NSW Water Strategy.

### **Action 7.3 – Invest in water sector workforce and capability**

PIAC supports Government action to provide greater investment and direct support to build the skills, capabilities and resources across the water sector. Particular attention should be paid to long-term improvement of resources and capabilities in regional water utilities.

## **Continued engagement**

PIAC would welcome the opportunity to meet with the Department and other stakeholders to discuss these issues in more depth.