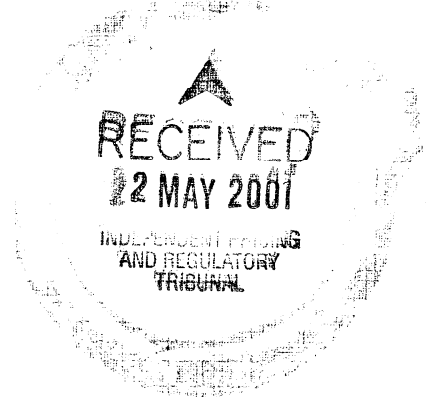




18 May 2001

Ms Meryl McCracken
General Manager, Support Services
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office
NSW 1230



Dear Ms McCracken

RE: REVIEW OF BULK WATER PRICES FROM 1 JULY 2001 -JULY 2004.

This letter is a formal submission to the above review.

As you are aware NSW Fisheries is a major stakeholder in water management as it directly affects our ability to achieve the objects of the Fisheries Management Act 1994 (the FM Act), under which the activities of the department are governed.

The setting of bulk water prices provides a major opportunity to ensure that all costs and benefits associated with the provision of bulk water are given due consideration. In particular, this department is interested in ensuring that costs for environmental improvements associated with water management are genuinely considered and reflected in the bulk water prices.

This submission provides a brief summary of several areas requiring consideration in establishing the bulk water prices for the next pricing period. They relate to both the legislative and policy framework under which state agencies are required to operate, and the current and future costs that are likely to be incurred by this department that are directly attributable to water management and bulk water pricing.

1. The Legislative and Policy Framework

Section 213(5) of the *Fisheries Management Act 1994* states that a public authority (such as the Department of Land and Water Conservation (DLWC) and State Water) that proposes to construct, alter or modify a dam, weir or reservoir on a waterway must notify the Minister for Fisheries. If the Minister requests, the public authority must include a suitable fishway or fish bypass. The Minister for Fisheries also has the powers to require the carrying out of repairs to a fishway where required.

State agencies are also responsible for promoting the implementation of the NSW Weirs Policy, the goal of which is to "halt and, where possible, reduce the environmental impact of weirs. "Weirs" as defined under the policy includes dams, weirs, culverts, causeways and floodgates.

Two of the key environmental impacts of “weirs” are restrictions to fish passage and the suppression of fish breeding and migration by releases of cold water pollution (CWP), both major factors threatening the viability of native fish populations and aquatic biodiversity conservation in NSW.

These issues have not been fully incorporated into the current Total Asset Management Plan cost estimates, as costings were unavailable prior to DLWC’s submission.

NSW Fisheries has completed a comprehensive review of all licensed dams and weirs in NSW. Management recommendations have been outlined for each structure to reduce their environmental impact including modification of the structure, and/or its management operation, installation of a fishway, or removal of the structure. The department is currently considering, in consultation with DLWC, the possible capital works required to progress the implementation of the weir review program recommendations over the next five years. The options include the construction of 54 fishways and the removal of 16 structures.

The department has also been involved with an interagency working group to progress research trials and investigations into CWP. The working group have outlined recommendations costing \$3.5 million over the next three years to monitor CWP at DLWC/State Water structures to determine the extent of the problem, to trial new low cost technologies at Burrendong Dam, and to examine opportunities to modify existing multi-level off-takes.

The DLWC submission recommends a 50 per cent user cost share of projected costs for environmental compliance. Such an approach seems sensible as both the water users and community will benefit from improved fish populations and aquatic biodiversity. It is suggested that IPART incorporate these costs in the bulk water pricing for 2001 – 2004 in order to adequately reflect the true environmental compliance costs to be incurred over the next three years.

2. Other Water Management Costs Incurred by NSW Fisheries

2.1 Research Costs for Fish Passage

NSW Fisheries is the lead agency in NSW in undertaking fish passage research, particularly in relation to fishway design. Research effort conducted by the department focuses on the following areas:

- monitoring the effectiveness of existing fishways;
- improving the efficiency of current fish passage designs;
- investigating the application of innovative fish passage technology; and
- improving design and construction techniques to reduce the capital cost of fishway construction.

Over the next three years research will be focused on those dams or weirs that are of high priority as identified under the weir review program and recommended for action under the water management planning process.

2.2 Water Management Planning and Implementation Program Costs

The department has played a key role in the water reforms process since its inception and will continue to commit staff resources to water management planning and implementation programs, and associated water flow research programs (i.e. Integrated Monitoring of Environmental Flows). Staff involved in the water management planning process over the next three-year period will be involved in the performance of the following functions:

- membership of water/river management committees and associated working groups for regulated and unregulated rivers throughout the state.
- representation on state inter-agency water forums including the Implementation Management Committee and associated working groups.
- preparation of materials, presentations and planning requirements for the development of the water sharing and water management plans.
- environmental assessment of water licence approvals/renewals, applications for water trading, and renewals of weir/dams and other structural works approvals for works in aquatic habitats, to ensure compliance with the Fisheries Management Act 1994, the NSW Weirs Policy and water sharing plans.
- ensuring that the outcomes of the weir review and cold water pollution programs are incorporated into water management plans and dam/weir operating protocols.

NSW Fisheries will also have a large role in the environmental assessment of all licences issued under the *Water Management Act 2000*, particularly for accessing of bulk water, water storage works, and dams/weir renewals and approvals, to ensure compliance with the threatened species provisions under Part 7A of the FM Act. These provisions require state agencies performing their duties in compliance with Parts IV and V of the *Environmental Planning and Assessment Act 1979* to ensure that the threatened species provisions of the FM Act are addressed.

There are currently 10 freshwater aquatic species (8 fish and 2 macroinvertebrates) listed as endangered or vulnerable, 2 endangered fish populations and 1 endangered ecological community (the aquatic community of the Lower Murray drainage). Changed flow regimes resulting from the construction and operation of dams and weirs have been identified as one of the key factors causing the decline of these species. They are found in almost all of the unregulated and regulated rivers in NSW and more are likely to be listed in the near future. Staff are also involved in the development of Recovery Plans for listed threatened species, populations and ecological communities.

Costs for staff direct involvement in water management planning and implementation programs over the water pricing period are estimated at \$1.46 million per annum.

The department is also project managing the fish monitoring component of the Integrated Monitoring of Environmental Flows (IMEF) project. This project was established by DLWC to assess the environmental responses to improved flows after the introduction of flow rules in 1998 for the major regulated rivers and the Barwon-Darling River. The project is to continue over the next three years. Costs for the project are estimated at \$50,000 per annum for the three years from

consolidated revenue and \$300,000 from external funding (includes \$180,000 from DLWC).

NSW Fisheries strongly supports DLWC's submission in recommending the 50 per cent cost sharing arrangement for water management planning and implementation programs as they will benefit both the water users, the environment and the community in determining water sharing planning requirements and improved environmental outcomes. However, the costs incurred by the department have not been incorporated into the bulk water pricing review to date, and need to be.

Should you have any further queries, or would like to arrange a meeting to further discuss this submission, please contact Mr Paul O'Connor, Deputy Director, on (02) **8437 4945**.

Yours sincerely



for **Steve Dunn**
Director of Fisheries