



18 April 2017

National Water Reform Inquiry  
C/- Ms T Horsfall  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Ms Horsfall

**Re: Submission on National Water Reform**

Lachlan Valley Water (LVW) welcomes the opportunity to make a submission to the inquiry on national water reform. LVW represents 550 individual irrigator members in the Lachlan Valley, including both surface water and groundwater users. This submission has been prepared on behalf of all members, however, our members also reserve the right to make their own independent submissions.

**Environmental Management**

LVW agrees that the periodic review and transparent public reporting of environmental outcomes is critical. An important aspect of accountability is to distinguish the additional outcomes resulting from the use of held (ie, purchased) environmental water from the outcomes that were already being achieved under existing state-based water sharing plans.

We recommend that one of the guiding principles for best practice management should be a requirement that monitoring and evaluation programs clearly identify the additional environmental outcomes achieved as a result of the use of held environmental water, over and above the outcomes that occurred as a result of planned environmental water available due to state-based water sharing plans and legislative frameworks.

LVW also considers that there is an opportunity for governments to become more active in promoting trade in environmental water. Water trade is a part of most primary producers' management approach and can equally be a tool for managing environmental water requirements in a more flexible and cost-effective manner.

While LVW does not expect that trade should be a major focus for environmental managers, sometimes environmental demands will be complementary to agricultural requirements and there will be opportunities for environmental managers to trade out a proportion of water allocation when water is scarce and temporary trade prices are high, and conversely, trade in at lower values. This can deliver multiple benefits – enhanced environmental outcomes by generating funds to implement non-flow related measures such as installing fish ladders or reducing cold water pollution from large storages, and an opportunity to increase agricultural production.

Additionally, where there has been local over-recovery of water under the Basin Plan, as has occurred in the Lachlan, Macquarie and Gwydir valleys, water trading provides an avenue to correct the over-recovery, generate funds for environmental purposes and reduce the social and economic impacts of water buyback on communities.

### **Rural Water Services**

The NWI objective of promoting efficient and sustainable use of water resources and water infrastructure, and the associated water pricing arrangements, should be considered in light of changing community standards and expectations since the NWI was developed.

In NSW community expectations and government policy impose a range of demands on WaterNSW's water management and delivery services. Under some conditions the cost of meeting amenity or recreational needs is negligible, but in other circumstances the cost of meeting those demands can be significant, eg, the delivery of water for environmental purposes, or to provide water for basic landholders rights (riparian rights) in severe drought conditions.

Both the NWI and the water charging objectives of the Water Act 2007 include a requirement to give effect to the principle of user-pays. LVW proposes that best practice water pricing should recognise that changing community standards and expectations have resulted in increased costs for rural water services, that the community expectations are therefore the impactor under an 'impactor pays' approach and that these costs should not be attributable to water access licence holders, but should be a Government responsibility.

Please do not hesitate to contact us if you have any queries about the matters raised in this submission.

Yours sincerely

Mary Ewing  
Executive Officer