

12 November 2020

Reference: jb:mm 201112
Enquiries: Ms J Bennett: 0428 690 935

Regional Water Strategies
Department of Planning, Industry and Environment
Locked Bag 5022
Parramatta NSW 2124

To whom it may concern,

Re: Lachlan Regional Water Strategy Consultation- September 2020

The Central NSW Joint Organisation Board (CNSWJO) thank the Department of Primary Industry and Environment, Water (DPIE) for the opportunity to make comment on the consultation draft of the Lachlan Regional Water Strategy (the Strategy) and for the opportunity to meet face-to-face with our members in Blayney on the 29 October.

The region has welcomed the level of engagement by DPIE with Councils through-out the development of the Strategies. Where inter-government collaboration on regional water management has long been the missing piece, great inroads have been made to address this and to ensure that urban water is recognised in the strategic framework.

We still see great opportunities to maximise and align our region's extensive strategic thinking on water with the options outlined in the Strategy. To ensure this and the successful implementation of the Strategies, the governance and implementation plan must recognise Local Government as the voice of regional communities with considerable knowledge and lived expertise in managing water through extremely challenging 'day zero' scenarios.

Further to the work undertaken so far, the region consistently advocates for the opportunity to co-design consultations to ensure a fit-for-purpose process in collaborating on solutions with regional communities. With this said, we have completed the Regional Water Strategies Public Exhibition Submission Questionnaire and provide the following more detailed feedback.

Response:

This region is broadly very positive with regard to the overall approach and content of the Strategy and have welcomed the great engagement with DPIE in its development so far. We extend our thanks to Mark Simmons, Michael Scotland and team and in particular Stef Schulte for their work on this long overdue strategy.

Please note that the following advice is neither exclusive nor exhaustive with many of our member Councils providing separate submissions through the public consultation process.

In response to the draft Regional Water Strategy Guide and Lachlan Regional Water Strategy we make the following commentary:

Overall:

We take this opportunity to re-visit our overriding priorities with respect to the Lachlan Regional Water Strategy that have been included in our advocacy through-out the development of the Strategies for our region:

- ***the need for shared modelling***
 - we welcome option 37 in the long list of options which intends to provide greater transparency around water management and modelling and to inform councils in the development of their own integrated water cycle management strategies and Regional Town Water Strategies.
 - It is suggested that this option should be recast from a training and information sharing program on new modelling to a more collaborative approach.
 - It is hoped that this option makes it through the optioneering process to the short-list of options.
- ***the need for implementation plan and collaborative structure to enable***
 - we still haven't seen the implementation plan and anticipate the provision of this in the final version of the Strategy. Again, the CNSWJO would like to work with DPIE to co-design this for our region to ensure the best possible outcomes.
 - we reiterate our key message, that Local Government is the voice of regional communities and, as detailed in response to the Questionnaire, well placed to inform decision-making about local issues as they impact on our communities.
- ***the need to address the big issues around water sharing and dam management***
 - in particular we welcome options 32, 33, 34 and 35 that all seek to improve water security and reliability of supply for communities including industries through extreme events. The need for these options to be investigated has been no more apparent than through the recent drought.
 - again, we hope to see these options included in the short-list.
- ***the need to review all IWCMs in the region***
 - we welcome recognition in the Strategy of the role that Local Government plays in managing water for its communities and note reference to IWCMs on pages 74-75.
 - the CNSWJO continues to advocate for greater alignment of IWCMs with the modelling undertaken for the Regional Water Strategies and the planned Regional Town Water Strategies. Commentary on this point and the great opportunity yet to be realised is made in response to the Questionnaire and in more detail below.
- ***the need for Local Water Utilities to have a seat at the table in the Options Assessment Process as described in the Guide***
 - Again, we continue to advocate for this and reiterate our key message, that Local Government is the voice of regional communities and, as detailed in response to the Questionnaire, well placed to inform decision-making about local issues as they impact on our communities.
 - This region has extensive knowledge and expertise in lived experiences through the millennium and more recent drought. This experience needs to be recognised and used to best advantage in the Options Assessment Process.
 - Commentary about managing risks from subjectivity in the Guide (page 64) are noted and we refute this with advice from the Productivity Commission and others including the Minister that water management requires a whole-of-government approach. Local Government is just that, the third level of government representative of all people in regional communities at the grass-roots level.

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- While Council's have a core responsibility for providing town water supplies and have had to fight hard to have urban water integrated into the strategic framework for water management, their areas of operation cover the health and well-being of all members of their community including their Aboriginal population and the region's precious natural resources and its industries. This point must not be lost in any discussion about subjectivity or representation by Local Government in planning and decision-making processes at the regional level. We continue to advocate for the seat at the table in the Options Assessment Process.
- **clarity around the fit between the RWS and the proposed Regional Town Water Strategies and the role of the RTWS in the planning framework.**
 - we continue to see much overlap with tasks associated with a number of the options in the long list with the proposed Regional Town Water Strategies. Further commentary is provided in response to the Questionnaire and in commentary below.
 - Again, there is a great opportunity for collaboration with DPIE and the CNSWJO to align work required for the development of Regional Town Water Strategies and individual Council's IWCM Plans with options in the Regional Water Strategies that will avoid duplication, unnecessary costs and achieve better outcomes for both the State and Local Government , but most importantly our communities.

General comments by page with relevant excerpts from the Strategy Guide and Strategy are summarised below.

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In addition, the NSW Government is supporting the development of Regional Town Water Strategies. Regional Town Water Strategies are led by Joint Organisations. They are intended to assess and plan for regional solutions to town water supply and treatment across multiple local water utility boundaries and inform strategic urban water service planning in individual Local Water Utility Integrated Water Cycle Management Plans. There are currently no Regional Town Water Strategies in NSW in place, however, Department of Planning, Industry and Environment—Water is working with a number of Joint Organisations on the development of and funding for regional town water supply strategies.

CNSWJO Comment: The opportunity exists to align modelling with the RWS and individual LWUs IWCMs where there are huge time/resourcing /costs associated. There is a bit of a 'cart & horse' issue here – why not get it right now?

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Regional water strategies will build on these reforms and help to identify and address any outstanding gaps. The strategies will play a key role in the ordering, sequencing and integration of these reforms within each region. Regional water strategies also provide an opportunity to coordinate the state-wide implementation of these reforms (where possible) and to explore how we can better integrate and shape them to improve water supply, security and quality

CNSWJO Comment: This supports the concept of regional IWCM and Regional Town Water Strategies using RWS modelling rather than racing ahead to do them now. Why not have a project that sequences these now providing better outcomes for government and communities and huge cost savings?

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Regional water strategies will match-up with the following NSW Government strategies to make sure that policy and investment decisions are aligned

This will ensure that regional water strategies use the same set of planning assumptions as other strategies focused on regional NSW, and do not incorporate options that run counter to these strategies or undermine their effectiveness. In the future, when these other strategies are updated, they will also take into account the objectives and options included in the regional water strategies.

CNSWJO Comment: Again, this has implications for Regional IWCM and RTWS development. Why when these will cost so much to develop would you not seek to sequence them – all for the sake of another 12 months until we understand the modelling may be made available to LWUs. An example here is Parkes Shire Council who have been advised by INSW that they need to use RWS modelling to complete a business case for an infrastructure project and that this will not be available for another 12 months.

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re Government Commitments it says:

These commitments and investments will not be screened out during the options assessment shortlisting process conducted for each regional water strategy (section 3.4). They will be considered as part of the options that are recommended in the final strategy. New evidence and data that we are gathering to develop regional water strategies will be available to inform these commitments and investments as well.

CNSWJO Comment: Noted.

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Regional water strategies will be underpinned by new climate data and modelling that improves our understanding of past climate conditions and plausible climate futures, and provides a more accurate picture of the frequency, duration and magnitude of extreme climate events such as extended droughts (Figure 12).

This improved climate data will be used in our river system models to gain a better understanding of the water security and reliability risks faced by water users and the environment within each region, and to investigate the potential benefits and impacts of options identified through the regional water strategy process.

CNSWJO Comment: The inter-relationship between the RWS and an individual utilities' IWCM means that there should be consistency of modelling approaches used.

While there does not appear to be any reference to shared modelling for councils IWCMs in the Guide, this is referenced in the Long List of Options in both the Macquarie and Lachlan Strategies (Lachlan Strategy – option 37) and Macquarie (option 39). Advocacy is suggested to recast this from a training and information sharing program on new modelling to a more collaborative approach. Councils are currently under pressure from DPIE to complete IWCM Plans at great expense using existing modelling. While the need for IWCM Plans is recognised by our members for the responsible management of a LWU, given the timeframes and costs associated and reflecting on the Auditor- General's recommendations, it would seem counter-intuitive to not collaborate to get this right.

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3. further targeted engagement with Aboriginal peak bodies, councils, local water utilities and joint organisations and Aboriginal communities in each region

CNSWJO Comment: It is understood that following the public exhibition phase the ‘Expert Advisory Panel’ will short-list options and then a further round of consultation on the short list will be undertaken.

See commentary made above regarding representation by Local Government in the short-listing phase. Where this could be someone from the Office of Regional NSW or OLG, concerns are to capture on-the-ground operational knowledge of LG LWUs in the short-listing of options phase. This is particularly needed where work to date on the Marsden Jacobs methodology has shown a lack of understanding of the real value of urban water to the region, the state and the nation.

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We have developed a decision-making process for the strategies to help assess the options and then combine them in a way that maximises the value of the region’s water resources, now and for the future. This process will use the best and latest evidence, and a range of assessment tools to identify risks and opportunities associated with each option and assess individual options and packages of options in a transparent and consistent way.

The process is consistent with the NSW Government’s policies for evidence-based decision-making and economic analysis. It is also consistent with the objectives of the NSW Water Management Act 2000 and with other policy obligations, including the Murray-Darling Basin Plan.

The decision-making process has four broad stages:

- 1. Filter the options.*
- 2. Understand risks and challenges and shortlist options.*
- 3. Create portfolios of options.*
- 4. Recommend a final portfolio of options.*

CNSWJO Comment: See comment above where there are concerns around how the Marsden Jacobs methodology will be applied – and its final form – which we are not privy to. Despite providing two submissions on this methodology, the extent to which we have been able to influence this is not known. As detailed above, appropriate representation from Local Government from the region is sought.

We recommend the methodology be road tested using the Macquarie Regional Water Strategy given the challenges for it’s the urban communities of Orange and Bathurst. This would provide a level of confidence for all levels of Government and the Minister in the application of this methodology across the state.

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We will also continue to meet with local councils, local water utilities, Aboriginal communities and other stakeholders to design a strategy that builds on their knowledge and capacity, is feasible in terms of implementation and links to relevant initiatives, plans and strategies.

CNSWJO Comment: Again – this is critical in terms of the inter-relationship with Councils IWCM Plans.

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The objectives, challenges, opportunities and options identified in the draft regional water strategies will be tested, evaluated and refined based on these inputs.

The final strategy for each region will include:

- *a final portfolio of actions approved by the NSW Government*
- *a plan for implementing the strategy within clear timeframes that includes existing commitments*
 - *clearly defined roles, responsibilities and governance arrangements for delivering each action or combination of actions*
- *well-defined opportunities for local and regional partnerships to deliver actions*
- *a schedule and plan for monitoring and reviewing each strategy. Critically, the monitoring and review program will identify if any key underlying assumptions in the strategy are no longer valid, and when a revision is required. This process will require regular re-evaluation of the strategy outcomes against any updates in the available climate data.*

CNSWJO Comment: We continue to advocate for a multi-agency approach as per the Regional Town Water Supply Coordinator's suggestion as follows and hope to see this in the final strategy.

The strategic framework is slowly coming into place. In the interests of long-term town water security, we must continue to build on this and be in a position to partner with the State in delivering the solutions.

In the Lachlan catchment, the Lachlan Valley Regional Town Water Drought Response Steering Committee has been established to facilitate and guide collaboration between NSW government agencies, Lachlan Valley Councils, and water reliant industries to:

- *Oversee the development, alignment and execution of plans and strategies to best utilise available water in Lachlan Valley LGAs and across the region in current drought conditions. This is to include the development of plans and strategies for recovery and recommencement of normal river and groundwater operations;*
- *Ensure plans and strategies consider the challenges and interests of relevant stakeholders, including commercial and industrial users;*
- *Ensure these plans and strategies are completed and executed in a timely fashion;*
- *Reconcile differences of opinion between stakeholders, and resolve issues as may arise;*
- *Align planning and response activities with longer term strategies in line with the Government's strategic objectives; and*
- *Inform and support activities supporting other communities in the region.*¹

To date this committee has met once but the opportunity is for the Steering Committee to also support the longer-term development of town water security and quality solutions across the region through the Regional Water Strategy not just to respond to the current drought emergency. The challenge is maintaining the continuity for groups such as this- where the JO is willing to take on a governance and facilitation role.

¹ Lachlan Valley Regional Town Water Drought Response Steering Committee – Terms of Reference -June 2020
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Councils have raised the need for effective monitoring and review of the strategies.

CNSWJO Comment: As detailed above, we seek appropriate representation by Local Government from the region in any review and evaluation process. The CNSWJO seek input to the governance and implementation plans that the region has sought but which have not been addressed as yet.

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CNSWJO Comment: the CNSWJO welcomes the great modelling work that is being done to inform the RWS and appreciate that this is on-going.

The question is at what point is this data and modelling available for application to the development of utilities' IWCMs? Particularly given the Government funding commitment for the development of IWCMs through the Safe and Secure Water Program stream 2. See comments above.

Surely it would be better to hold off until there is a new package of data and modelling that can be provided to Councils. With reference to the Auditor-General's recommendations on IWCM Plan management by DPIE, Councils in this region have previously been in the situation of spending \$100ks on IWCMs only to be told that they need to be done again as they aren't in line with subsequently updated guidelines- why not take the time and get it right now?

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CNSWJO Comment: We welcome the use of a stochastic approach as used in the 2009 Centroc Water Security Study.

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An Expert Advisory Panel was commissioned to provide advice on a consistent, objective and transparent methodology to assess the long list of options.

CNSWJO Comment: Did the Expert Advisory Panel include representation from Local Government?

When everyone from the Minister, senior water bureaucrats, the Productivity Commission to the NSW Auditor-General is calling for a more collaborative whole-of-government approach to water management, Local Government who is responsible for the provision of water to communities throughout regional NSW needs to be represented on these types of expert advisory panels. See commentary above.

Local Government needs to be represented by someone with on-the-ground working knowledge of the risks and challenges faced by regional NSW utilities to ensure ground truthing of methodologies that are being developed.

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The CNSWJO welcomed the opportunity to have input to the review of the Marsden Jacobs Report but it is hard to influence this so late in the piece. Further, we have no idea whether our feedback has been taken into account as we are not privy to the final version of this methodology. Nor has our most recent submission made on 14 September been acknowledged. The region paid a premium price to obtain regional consulting advice at short notice to provide informed input from the region. Again, it's about meaningful fit-for-purpose engagement and a cultural change in the attitudes of the state government towards their local government brethren that sees value in the local knowledge and expertise and the contribution that LG can make.

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The Expert Advisory Panel recommended:

- *CBA to evaluate options that relate to industry use of water, the reliability of water supply to towns and communities, and food management and mitigation, and*
- *undertaking an ecological likelihood and consequence risk assessment to quantify the influence of an option on environmental outcomes.*

CNSWJO Comment: Refer to our response to the Marsden Jacobs Methodology provided as an attachment.

In summary, while appreciating the challenges for the model developed by Marsden Jacobs, that it does not recognise the economic impacts of higher-level restrictions and “day zero” is seen by this region as under-representing the value of urban water.

The methodology in the Marsden Jacobs Report based on a willingness to pay approach without recognising the impacts of industry closure and ‘day zero’, in our view, is a retrograde step where the challenge for the BCA approach is to factor into analysis local scenario modelling, particularly the social and economic impact on local communities of long-term water restrictions and ‘day zero’ scenarios. It is understood that there may be opportunities for this type of economic impact to be recognised later in the optioneering process, however this region is not party to the methodology going forward or to the optioneering process and the concern is that projects that will protect regional communities from ‘day zero’ may be excluded from further consideration. It is for this reason we recommend the methodology be road tested using the Macquarie Regional Water Strategy given the challenges for it's the urban communities of Orange and Bathurst. This would provide a level of confidence for all levels of Government and the Minister in the application of this methodology across the state.

It is imperative that ongoing collaboration continues between Councils and those State agencies with responsibility in the water space. Ideally this would be enabled by better time frames and governance arrangements that offer all levels of government confidence when making investment and other decisions.

In addition, we would be keen to work with DPIE on a project that identifies the value of street trees and green spaces in determining the willingness of people to pay to ensure these survive in times of prolonged drought.

In addition to the CNSWJO response to the Marsden Jacobs Methodology we support the following points made in the response provided from the Namoi JO:

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- The Marsden report aims to assess the regional water functions and estimate the value of these functions. This is intended to put a value on the changes in water availability or reliability to different users in the region. The NSW CBA approach uses the concept of present value – and any future costs and benefits will be discounted. In a system where the resource is not finite, sustainable management and measurement relies on the ability of users to value every drop, and in the case of Councils look to a push to develop safe recycled water uses, a discounted future value does not reflect this intent.

The base case is also defined as the 'status quo' for water management arrangements in each region, with experience of the worst drought on record and continued uncertainty about the weather patterns of the future, status quo needs to be defined.

Where the steps are defined for the CBA, without assessing the system in its entirety, specifically in communities where a mix of surface and ground water is used, or in a community where there is no ground water, or only ground water it is likely that this is not going to be equitable.

In addition to the present value application of a BCA, we are also concerned that the health and social benefits of water will not be included as part of this assessment.

The application of growth in the region will also not be assessed for example; the development of intensive agriculture is not reflected in the economic value tables. The application of growth into the future will also not be assessed in the present values. How will this value be captured in the BCA approach? Can the BCA approach attach a value to planned or applied for development expansions with Councils or the NSW Government.

- It would appear from the approach that primary user which are consumptive users such as irrigators, mining, utilities and town water will be treated the same.
- Understanding that the approach is to focus on key water user groups, not individual users is intended to be an equitable approach, however without recognising that this function does not recognise ground water is part of the water value system causes conflict and disadvantage even within these key water users. Similarly, the application of water restrictions on a community for 12 months doesn't appear to measure the lost benefit of ongoing water restrictions on economic development and growth for a community.
- Reflecting how users make decisions in this process, would seem to be arduous for the Government, requiring the government through this process to understand the application of water use in crops would seem an unrealistic function for a government water application.
- So too is reflecting values over the longer term for producers, and that values will reflect average conditions over the long term. We would like clarification over what is assumed to be the values over average conditions and over the long term. After the worst drought in history and in parts of our region, water storages have not been replenished.
- Utilising economic values not financial values for final decisions on the regional water strategies and whilst it is suggested that a financial analysis in the detailed business study will be

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conducted, the use of financial values will not reflect the cost or impact on the end user of the water.

- The economic value of improved water availability or reliability on water users (excluding mining) is based on estimates of producer surplus, does the modelling take into account the impact of global demand, pricing and relationships.
- In the estimated values for user categories, the first response is the imposition of water restrictions, this assumes that all Councils have the same definitions of water restrictions and how they are applied. The application of any level of restrictions is the decision of the Council. JOs in regional NSW are in a position to assist with the development of consistent restrictions in NSW.
- Concerned about how this can be applied for the life of the Regional Water Strategies without review. We imagine as the strategies are reviewed so too is the value methodology to be applied. Not all of the objectives of the Regional Water Strategies are captured in this application of value, i.e. the environment again creating inequity. As detailed above we recommend that the methodology be ground-truthed using the Macquarie Regional Water Strategy.
- There are also ongoing concerns that ground water is not being included in this assessment. In our region the ongoing omission of ground water information and data is a concern, and a significant concern for communities reliant on ground water for town water supplies.

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Managing risks from subjectivity

The method of options assessment being used for the regional water strategies has a subjective and qualitative element. An independent Review Committee will be constituted to evaluate the quantitative and qualitative assessments of the different portfolio of options and recommend a preferred portfolio for consideration by the NSW Government. Given the broad range of the regional water strategies objectives, this committee will include people with economic and eco-hydrology expertise, along with members with extensive experience in regional areas to bring regional perspectives, and a member to bring Aboriginal perspectives to the assessment. This will help to ensure that the preferred portfolios of options recommended in each final strategy are robust, address the region's challenges and maximise opportunities.

CNSWJO Comment: As above- there is an opportunity to leverage JOs in this process where the JOs represent their members Councils. In the past the OLG has been used on these committees though we have been unable to find out who this has been. OLG are about the regulatory framework not the operational on-the-ground issues that confront Councils in the water space.

LACHLAN REGIONAL WATER STRATEGY

Page 11- Figure 1. Map of the Lachlan region

CNSWJO Comment- the map needs to include Forbes

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Definitions - *Water security in the context of regional water strategies refers to the acceptable chance of not having town water supplies fail. This requires community and government to have a shared understanding of what is a 'fail event' (for example, no drinking water or unacceptable water quality) and the level of acceptability they will pay for.*

CNSWJO Comment: What is the definition of 'acceptable' in this context? Refer to the CNSWJO response to the Marsden Jacobs Report methodology.

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The final strategy will set out clear and accountable actions for the NSW Government, local councils and industries to tackle the challenges facing the Lachlan region and maximise opportunities arising from growing regional centres and industries, major transport improvements and developments such as the Parkes Special Activation Precinct.

The strategy will build on current and planned investments and commitments to deliver further critical actions that will help secure a strong and prosperous future for the region. To reinforce the significant water reform program undertaken by the NSW Government over the last three years, the final strategy will also help to improve the sequencing and integration of these reforms across the Lachlan region to ensure they are implemented effectively.

The department will develop an implementation plan that identifies actions and timeframes.

CNSWJO Comment: If there are going to be accountable actions for Local Government – they absolutely must have a seat at the decision-making table around options and be included in the Governance and implementation plan.

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Infrastructure options identified through the strategy could also benefit from the NSW Government's move to streamline the approvals process for drought-related projects. Other options, such as policy solutions, will be designed in partnership with communities.

CNSWJO Comment: How will the Government partner with communities? The CNSWJO seek the opportunity to co-design the partnership approach to ensure a fit-for-purpose process in 'partnering' on solutions with regional communities.

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The strategy will also consider how government and local water utilities can adopt a more integrated approach to managing surface water and groundwater.

CNSWJO Comment: This is welcomed. The region seeks to co-design this piece of work.

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CNSW Comments: Thank you for hearing our messages and including reference to them in the strategy, particularly:

- an implementation plan that includes a short-term priority action plan; details about the future governance arrangement for the regional water strategies and the establishment of a multi-agency government committee where Local Governments have a seat at the table.
- Councils, local water utilities and joint organisations need to have shared access to the regional water strategy modelling and data.
- The management of state-owned dams should ensure that human water needs can be met as the highest priority in the region.

See comments in response to how these message have been addressed in the Strategy as it stands earlier in this correspondence.

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We have also streamlined the approvals process for drought and major dam projects through the Water Supply (Critical Needs) Act 2019.

CNSWJO Comment: This process is not very streamlined. If the project is not in the Water Supply Act schedule a LG LWU needs to approach the Minister providing evidence of need. Approval is then required from two Ministers, the Minister for Water and the Minister for the Environment before it can be added to the schedule. A project included in the schedule has a life of 2 years and for this period is immune from a legal challenge. If it is not finished within a period of 2-years, it can be challenged in a court of law and work will cease pending the outcome of the ruling.

While the CNSWJO welcomes Government commitment for the Wyangala Dam wall project using the Water Supply Critical Needs Act and for emergency water for communities on the unregulated Macquarie, such as Orange and Bathurst, it is hoped that through options in the Strategy to improve the management of long-term water security and reliability particularly in the face of climate extremes, that an Act of parliament will not be needed to ensure critical water needs are met.

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Agricultural businesses have adapted to the region's highly variable climate through a conservative approach to water use and crop choices. However, the recent expansion in horticulture and mining developments is changing the region's water use and demand patterns and may create new challenges for all water resources in the region.

- *Stimulated by the Parkes Special Activation Precinct, the Inland Rail Project and other government investments, growth is expected in the region's major centres. Resilient water sources and access to water for new commercial uses will be needed to support growth.*

CNSWJO Comment: Water security and reliability challenges also presents opportunities to adopt world's best practice in new methods of agriculture e.g. protected agriculture (the Dutch model). The old style of irrigation where pivots run through the peak of the day (when solar systems can support energy use) may no longer be appropriate. Options 32, 33, 34 and 35 that all seek to improve water security and reliability of supply for communities including industries through extreme events are welcomed.

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Options that increase knowledge about groundwater sources and studies of groundwater recharge rates can help to better manage groundwater resources.

CNSWJO Comment: Agreed. We also need to have a better understanding of the relationship between surface and ground water.

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During the Millennium Drought, the NSW Government stopped the Lachlan River flowing at Condobolin to preserve water for critical human needs.

CNSWJO Comment: A critical moment in the millennium drought that has influenced policy around water security for Central NSW Councils was the suggestion that WaterNSW pulse the Lachlan River to get critical human needs water to Condobolin – communities must never be in this position again.

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In particular, providing more information to local councils can help them make well-informed decisions about which water sources they draw from at different times.

CNSWJO Comment: Yes - thank you. This should include the modelling.

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The existing infrastructure and their associated operation have also contributed to deteriorating conditions of the catchment's ecosystems.

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The existing infrastructure and regulation affect the ability to meet environmental outcomes and cause the overall ecological health of the Lachlan River to be poor. Also, the region's fish community remains in poor health and some species are under serious threat.

CNSWJO Comment: With respect to commentary in the Strategy relating to protecting the environment, the CNSWJO make the following points:

- Where the RWS Cites 2010 Sustainable River Audit, there is a need for better updated data and modelling on the environment.
- The environment in the Lachlan has been highly variable historically.
- Currently there is no real data about what the environment of the river was/is/or should be or what options are trying to achieve.
- Options to manage environmental water should not be seeking to achieve wetter than normal conditions.
- There is a need for some sort of picture of what the environment of the river should look like.
- Options about carp numbers should not be a water management strategy but should be done to improve the condition of the river.

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An initial release of 6000 ML of Australian Government-owned licenced water and 1500 ML of Wyangala Environmental Water Allowances was delivered via Booberoi Creek and other Mid-Lachlan anabranches (Island, Bumbuggan, Wallaroi and Wallamundry creeks) and eventually into the Great Cumbung Swamp at the end of the regulated Lachlan River

CNSWJO Comment: Is there any advice on the connectivity of the Lachlan River system to the Murray Darling Basin? This is of interest given our work on productive water and the concept of the Lachlan as a 'sandpit' or closed system.

Page 66

Improved information can help water users, future investors and regions make more informed decisions about the industries that are most suited to each region.

CNSWJO Comment: Noted and welcomed.

Page 66

In addition, the Department of Primary Industries is undertaking a three-year program to identify and map important agricultural lands. Knowing where this land is situated and understanding its location, value and contribution will assist businesses in making decisions about current and future agricultural land uses. A comprehensive and consistent approach to collecting water statistics information will greatly help this process.

CNSWJO Comment- This work is of great interest to the CNSWJO and will also help inform the region's work on Productive water.

Page 67

Across the Lachlan region, there are opportunities to gather more information about:

- *the water requirements (when and how much) of communities, the environment and industries and what a reduction in water availability will mean for these users*
- *what the water is being used for, including crop types and yield values*
- *the interaction between groundwater and surface water in the Lachlan*
- *the quantity of water use and patterns of water use in the unregulated system and some groundwater systems*
- *the characteristics and movements of flood*
- *water quality.*

The Draft Lachlan Regional Water Strategy will explore opportunities to improve data collection, information, monitoring and storage around water use, including ways to harness water data collected by industry (see Option 36 in Table 3). Gathering and analysing this information will improve our understanding of the water risks in the region for the environment and all water users, and support future decisions about water sharing.

CNSWJO Comment: Options that seek to gather the information detailed are welcomed, particularly in light of the CNSWJO Board's resolve from its August 2020 meeting to develop a Productive Water Strategy.

Where the region's focus has historically been on urban water, the Regional Water Strategies, planned Regional Town Water Strategies and raising of Wyangala Dam wall presents an opportunity to develop a similar strategy and position paper as that done by the Riverina and Murray Joint Organisation of

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Council's (RAMJO) that takes into consideration, not just urban water but water for productive uses including manufacturing and business, agriculture and mining in a whole of catchment approach.

Where anecdotally the Central NSW region has been viewed as restricted by a deficit of water, particularly through the recent drought, the opportunity exists through the development of large scale regional water security infrastructure and options in the Regional Water Strategies to look at high value water uses and how a change in the water regime could be used to strategically grow the region's economy.

Pages 71-72

We need to find new and better ways to keep regional towns 'green' during dry periods, including through alternative water sources (see Option 38 in Table 3).

CNSWJO Comment: Refer to the CNSWJO response to the Marsden Jacobs Report that seeks the opportunity to work with DPIE on a project that identifies the value of street trees and green spaces in determining the willingness of people to pay to ensure these survive in times of prolonged drought.

To realise the Government's policy for decentralisation and the potential for growth of regional communities off the back of the covid pandemic, there is a need to ensure that communities remain attractive and viable places to live.

Further there is a need to find ways to ensure water in recreational lakes that are important for community amenity and tourism such as Gumbend in the Lachlan Shire. Option 27 that proposes the division of Lake Cargelligo into three will curtail recreational opportunities that Lake Cargelligo rely on as an important part of their identity and economy. A separate submission will be made by Lachlan Shire Council addressing these matters.

Page 72

Over half of the population in the Lachlan region rely on water provided by a local government water utility.

CNSWJO Comment: As detailed elsewhere, this supports the need for appropriate regional representation by LG engaged at the decision-making table.

Page 74

It is the responsibility of local water utilities to plan and provide water and sewerage services to each of their respective communities in a way that balances costs and community expectations. This responsibility extends to planning and delivering secure water supplies. For towns and communities, the potential for more frequent and longer dry periods could mean less secure water supplies unless we act now to invest in diversified water sources— including climate-independent sources—and consider changes in water management arrangements.

CNSWJO Comment: All the more reason why it is critical that LG LWUs have a seat at the table in optioneering and at other decision-making forums.

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In addition to these modelled risks for surface water entitlement reliability, we also have access to the water security access risk analysis undertaken by local water utilities (secure yield analysis as part of integrated water cycle management strategies).

This results in a water security access risk specific to each local water utility's town water supply system that is different to the modelled surface water entitlement reliability risk.

CNSWJO Comment: would be good to see more discussion or at least reference to the government's commitment to additional storage for the Lachlan with the raising of the Wyangala dam wall – this is not referenced at all in the section on water for people and towns.

2.3.3 Jobs and Industry**Page 76**

CNSWJO Comment: need to add that it is more than security but also reliability of supply that is critical to business investment and regional growth. It is there on page 77 but needs greater emphasis.

This is particularly needed where there has been a view publicly stated by the NSW Department of Planning over the recent drought that the Central West is closed for business due to a shortage of water. The strategy needs to make the point more strongly that while the Lachlan is a highly vulnerable catchment, the reality is that with the right storage and pipe network there is plenty of water for town water supplies for Central NSW communities and to enable substantive growth in high value agriculture- it's just a matter of getting it to the right place, at the right time and for the right price.

Page 86

CNSWJO Comment: It would be good to add reference here to the economic cost from the closure of the Newell Highway due to 6 weeks of flooding in 2016.

Page 89

Not all the regional water strategies objectives can be quantified. When the outcome is difficult to assess in a financial context, options will be assessed on how effective they are in terms of achieving objectives, rather than on a cost basis.

CNSWJO Comment: How will this be done? Refer to commentary on the CNSWJO response to the Marsden Jacob Report methodology.

Page 93

CNSWJO Comment: As stated elsewhere the formal options assessment will be of great interest to us and we seek engagement in how this will be undertaken and who and how LG will be represented in this process.

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Other important considerations when we arrive at shortlisted options will be who owns and maintains infrastructure options, who benefits from the option, what the impacts are and how to pay for the option: for example, should the cost be recovered from water users and what will the Australian Government pay for and what will the NSW Government pay for?

CNSWJO Comment: Again, we draw your attention to our response to the Marden Jacob Report and methodology and feedback on this process. This is of critical importance to Local Government. Broadly the CNSWJO Board endorsed policy is:

- The CNSWJO Board support investment in emergency infrastructure (and non-infrastructure) projects identified by its members (including through the Centroc Water Security Study) to meet critical human water needs and want to work with all levels of Government on implementing these solutions.
- The CNSWJO Board support (and has experience in) arrangements for the sharing of water for critical human water needs between towns across the region where the burden of providing infrastructure for critical human water transfers is borne equitably by the region (for example through the development of instruments and agreements not structures). Outside times of emergency Councils manage their own water supplies.
- The CNSWJO Board support Local Government ownership and management of any infrastructure built to transfer emergency water between towns across the region for critical urban needs.
- The CNSWJO Board support a multi-source approach to the supply of emergency water that enables options to be switched on or off as needed with these to be linked to State and local based triggers.

OTHER MATTERS

The CNSWJO broadly agree with the principle of maintaining integrity of entitlements – if pipelines for inter-regional connectivity are pursued, noting the following:

- The Wyangala Dam augmentation project is about improving security and reliability and allowing usage to reach the Plan Limit not increasing usage above the Plan Limit.
- Where the circumstance arises that water is to be transferred between the Lachlan and Macquarie catchment – to Orange for example- a new licence would not be issued but the allocation would pass through someone else’s existing licence.
- The transfer of water between towns across the region would be for emergency critical urban needs.
- The replacement and upgrade of pipelines and other water infrastructure (option 5) is critical to the water security of the towns and villages. While the option correctly notes that the responsibility for asset replacement is the asset owner, this is not always practical for small rural Councils. Recognition must be given for the economic contribution of rural areas to state revenue. While the revenue is mostly generated by agriculture, it is the small towns

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and villages that support the agriculture industry.

Many of these small rural communities have relatively low socio-economic populations with a higher percentage of indigenous residents. In order to provide treated water to these communities, extensive reticulation networks are required for relative few connections. Therefore, the cost per connection is much higher in small towns and villages than it is in larger population centres. For this reason water charges are often high and usually only just cover the operational cost of producing treated water, without building sufficient revenue reserves for asset replacement.

Without recognition that the “user pays” principle does not work in small rural councils/communities, and that the state economic benefit produced by these areas justifies state subsidisation for infrastructure, we will likely experience ongoing population decline as residents leave these centres to access basic services. This results in the further loss of services in rural towns, e.g. medical, education, policing, sporting and entertainment which further reduces the liveability of the areas in general.

Water user behaviour

- CNSWJO member Councils support a multi-sourced supply and demand management and continue to implement initiatives aimed at reducing consumption in their communities.
- Advice from the State, which is regularly updated, informs communities on when they need to trigger water restrictions.
- Demand management should not be a one-size-fits all approach and should be responsive to water availability
- Demand management should not be based around a government imposed pricing mechanism
- Councils as responsible managers should be able to determine pricing in consultation with their communities. Demand management is about responsible management of the available resource.
- Needs to be a broader discussion about demand management including education on how water is used wisely- across all sectors
- Demand management can signal that there is no water which can have implications for regional growth and investment.

DRAFT LONG LIST OF OPTIONS

Feedback on the long list of options is provided in response to the Questionnaire. Refer to response to questions 8 and 9.

In summary, the CNSWJO is generally positive about the long-list of options. In particular we welcome the following:

Government Commitment 1- Water transfer pipeline between Laker Rowlands and Carcoar Dam

Government Commitment 2- Wyangala Dam raising project

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Government Commitment 3- Lake Rowlands augmentation

- Option 4. Expansion of piped town water supply system – although connection to Wyangala is missing
- Option 5. Replacement and upgrade of existing pipelines
- Option 6. Inter -regional connections project investigation – connection to Wyangala is missing.
- Option 7. Water Quality Treatment works
- Option 8. Managed aquifer recharge investigation and policy
- Option 9. Reuse, recycle and stormwater project
- Option 10. Reliable access to groundwater by towns
- Option 21. improved understanding of groundwater processes
- Option 22. sustainable access to groundwater
- Option 23. Improved clarity in managing groundwater sustainably
- Option 24. Water efficiency projects (towns and industries)
- Option 28. Review of water trade in the Lachlan region
- Option 30. urban water restriction policy
- Option 32. Efficiency for drought security program
- Option 33. Drought Operation ruled
- Option 35. Investigation of licence conversions
- Option 37. Training and Information sharing programs
- Option 38. Investigation to maintain amenity for regional towns during drought

We note that the Improvement to the storage effectiveness of Lake Cargelligo (option 27) requires significant further investigation including extensive community consultation and is likely to be strongly opposed by the Lachlan Shire community.

Lake Cargelligo is not just a water storage facility but supports other activities which provide an important economic benefit to Lake Cargelligo and Lachlan. For the residents of Lake Cargelligo and Lachlan Shire it supports a growing tourist industry which includes recreational fishing, boating and birdwatching. It is anticipated that the separation of the Lake into 3 small water bodies will adversely impact on these Shire. Further Lake Cargelligo is home to a vast number of native birds. The impact of separating the Lake could adversely impact on this habitat and generate undesirable environmental outcomes.

Similarly, the “Sheet of Water” storage and Curlew Water option (option 31) will be strongly opposed by the Lachlan Shire community.

“Sheet of Water” and Curlew Water are natural water bodies that support significant aquatic and bird communities. By removing these water bodies from the river system there is likely to be detrimental environment outcomes and broader negative outcomes.

As detailed in our response to the Questionnaire, while the CNSWJO supports options that offer substantive improvements in security and reliability of water for towns and regional prosperity, we support a multi-source approach. It is likely to be a combination of options that will achieve the best results. This will become evident through the feasibility studies and more detailed analysis of options proposed.

The key message is that where a whole-of-government approach to water management is needed, that there is regional representation of Local Government on the Expert Advisory Panel for the prioritisation of options and in decision-making about the implementation of the Regional Water Strategies.

Local Government is the voice of regional communities and its interests extend to all facets of the region including the health and wellbeing of its Aboriginal community and the environment. The CNSWJO supports local decision-making by those best informed to make those decisions.

Again, we thank you for the level of engagement with the region's Councils both individually and through the CNSWJO. We look forward to building on this collaboration in realising the potential of the Lachlan Regional Water Strategy.

If you require further information or clarification on comments, please do not hesitate to contact Jenny Bennett on 0428 690 935 or Meredith Macpherson on 0427 451 085.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. J. Medcalf', written in a cursive style.

Cr John Medcalf, OAM

Chair

Central NSW Joint Organisation