

WATER NSW BILL 2014

Bill introduced on motion by Mr Kevin Humphries, read a first time and printed.

Second Reading

Mr KEVIN HUMPHRIES (Barwon—Minister for Natural Resources, Lands and Water, and Minister for Western NSW) [3.26 p.m.]: I move:

That this bill be now read a second time.

I am pleased to introduce the Water NSW Bill 2014. This bill brings together two equals to form a modern and responsive service provider. It is a practical reform that joins together two organisations delivering complementary work and services in different parts of the State. The bill makes provision for the storage of bulk water across New South Wales, the release and supply of bulk water, the operation of dam infrastructure, the responsive and appropriate management of catchments of those dams and the planning, design, modelling and construction of bulk water assets. It will create opportunities to leverage the strengths of the Sydney Catchment Authority and State Water Corporation, and deliver greater efficiency of service delivery. It will facilitate the sharing and deepening of skills, knowledge and expertise to the highest standard, and ensure a culture of, and opportunities for, cross-fertilisation.

Bulk water is a crucial part of the water cycle in New South Wales. The primary uses for bulk, or raw, water in New South Wales are town water supplies, stock and domestic purposes in rural areas, irrigation, environmental purposes, industrial purposes and power generation. Efficient and first-class management of this vital resource is necessary to ensure the future health and wellbeing of the people of New South Wales and the environment. A comprehensive review was undertaken in 2013 to determine the best approach to bulk water provision and catchment, and water quality protection in New South Wales. That independent review recommended merging the Sydney Catchment Authority and State Water Corporation into one State-owned corporation to enable the achievement of important public health outcomes through improved water quality. Managing our bulk water infrastructure under a State-owned corporation structure will result in significant improvements to the current operating structure.

The changes will result in a single entity responsible across New South Wales for major water storage infrastructure, including infrastructure planning, design, modelling, construction, maintenance and operation. This single entity will be known as Water NSW, which will bring to reality the concept of a State-based centre of excellence for bulk water management and the protection of associated catchments. The merger will deliver efficiencies in water infrastructure management and create greater clarity in regard to the operational aspects of bulk water management in New South Wales. The Water NSW Bill 2014 provides for the State Water Corporation to become Water NSW and merge with the Sydney Catchment Authority through transferring the authority's functions to this new entity.

< 31 >

Water NSW will continue to be a statutory State-owned corporation with the same shareholder Ministers. The bill re-enacts and consolidates with necessary modifications the provisions of the

Sydney Water Catchment Management Act 1988 and the State Water Corporation Act 2004 into one Act. This change to a single corporate entity, which is focused on protecting bulk water, emphasises the importance of the critical objectives for bulk water in New South Wales. These include ensuring that bulk water operations that support rural towns and irrigated agriculture are delivered efficiently and that important public health and safety objectives are maintained in the Sydney catchment area and elsewhere enhanced where possible. Other benefits that will come from the establishment of Water NSW include improved dam safety and risk management through the consolidation of New South Wales dam safety expertise, dam operations and maintenance expertise; better incident management capabilities through the merger of two experienced teams with wideranging skills and expertise; and improved financial stability for this important service provider.

The process of creating Water NSW began earlier this year with the administrative alignments of the board of the Sydney Catchment Authority and the State Water Corporation and the appointment of one person to the position of chief executive of both entities. The existing board and chief executive have been retained for Water NSW. The bill provides for the transfer of all Sydney Catchment Authority staff, assets, rights and liabilities to Water NSW. The process will combine staff knowledge and expertise and reinforce Water NSW's expert advisory role in major projects.

The bill effectively continues the separate operating licences of the Sydney Catchment Authority and State Water Corporation and ensures that existing functions of the Sydney Catchment Authority continue to be exercised under the authority of a separate operating licence. The Bulk Water Review recommended that the costs of the operational and regulatory functions presently carried out by the Sydney Catchment Authority should be "ring-fenced" from the costs associated with carrying out those functions elsewhere in the State. Ring-fencing is necessary to allow for separate price regulation by the Independent Pricing and Regulatory Tribunal [IPART] and the Australian Consumer and Competition Commission [ACCC] through price determinations for the services provided by Water NSW to each part of the State, and specifically to ensure that the intensive catchment management and operational activities required in the Sydney catchment are not subsidised by rural and regional water uses. At the commencement of the proposed Act there will be two operating licences—one for the Sydney catchment area and one that regulates the functions now carried out by State Water in respect of the rural and regional areas. Other operating licences may be granted in the future.

I now move to the specific contents of the bill. The principal objectives of Water NSW include the capture, storage and release of water in an efficient, effective and safe manner. They will also require the protection of public health and safety and the environment, and to provide for the management of designated catchment areas. Water NSW is also required to plan for, design, model and construct bulk water infrastructure. Water NSW will also be required to manage its infrastructure works efficiently and economically, conduct a successful business, display social responsibility, conduct its operations in compliance with the principles of ecologically sustainable development and to exhibit responsibility towards regional development and decentralisation. These objectives provide Water NSW with the clearest guidance about how the community and this Government expect Water NSW to conduct its business.

By uniting water quality, bulk water asset management and catchment management expertise, this

new organisation will ensure the highest quality and most efficient service to customers across New South Wales. The new structure will assist the Government to anticipate, plan and react to issues associated with water quality, as well as environmental issues such as droughts and floods. The bill also provides for a range of functions that are essential to delivering water quality and public health and safety objectives in declared catchment areas. At present the Sydney catchment area is the only declared catchment area in New South Wales. However, the bill provides a flexible and responsible architecture that will also allow other catchment areas to be declared in the future, where appropriate.

The bill contains a number of provisions that carry over existing functions currently conferred or imposed on the Sydney Catchment Authority as a statutory body representing the Crown. The Government acknowledges the importance of these regulatory functions. The bill provides a mechanism by which these functions will be developed to appropriate regulatory authorities, noting that for most of these regulatory functions, Water NSW will be the most appropriate and capable body.

The use of a regulatory authority will, in this way, build on the performance and expertise that has evolved in the Sydney Catchment Authority over many years. The bill provides that all the regulatory functions carried out by the Sydney Catchment Authority and State Water Corporation will now be carried out by the regulatory authority. The regulatory authority is the Minister or a statutory body or an agency nominated by the Minister. The bill will enable more than one regulatory authority to be nominated in order to leverage off the existing expertise across government in the bulk water sector and ensure the best possible regulatory outcomes. The Minister will maintain ultimate responsibility for overseeing the manner in which regulatory functions are exercised and will be able to withdraw them where appropriate.

IPART and the ACCC will continue to provide pricing and regulatory oversight for Water NSW. IPART will also monitor and report to the Minister on compliance with both of the operating licences, imposing monetary penalties if either operating licence is contravened. IPART will also be responsible for determining the price of water delivered by Water NSW along the New South Wales coast, including to Sydney. The bill also ensures that Water NSW is to enter into a memorandum of understanding with the Environment Protection Authority and the Secretary of the Ministry of Health in order to formalise appropriate and valued relationships with these entities and to ensure that the existing relationships are maintained or enhanced.

Ensuring compliance with the bill and the objectives for Water NSW will require a range of enforcement actions. These safeguards will ensure the protection of bulk water supplies and ensure those whose actions risk the quality of bulk water in New South Wales are held liable. Authorised officers appointed by the Minister will have a range of entry and investigative powers bestowed upon them to investigate where there are reasonable grounds for believing that a provision of the bill or the regulations has been or is being contravened. Information and records must be furnished to the regulatory authority if requested. Penalties may apply in cases of non-compliance with the reasonable requests of these authorised officers. The Government has undertaken a rigorous process to ensure the best possible outcome for bulk water operations and regulation. The bill introduces important reforms to establish Water NSW that will enable first-class management of

water as a vital resource. I commend the bill to the House.

Debate adjourned on motion by Mr Paul Lynch and set down as an order of the day for a future day.