

People for A Living Moorabool



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9th May 2023

2023 Water Price Review
Essential Services Commission
Level 8, 570 Bourke Street
Melbourne VIC 3000

Re: Southern Rural Water draft decision 2023 Water Price Review 6 April 2023

To whom it may concern,

Thank you for the opportunity to respond to the ESC draft decision on Southern Rural Water's price review.

People for A living Moorabool (PALM) is a grass roots community group which has been advocating for improved flows for Victoria's most flow stressed the Moorabool for well over a decade. We wish to raise several concerns and observations about the Draft Decision by the ESC on Southern Rural Water's Price Submission.

Appropriate funding for compliance and enforcement

PALM's principal objection is that the projected drop in revenue for the organisation does not reflect the apparent lack of resourcing on the ground, particularly regarding the monitoring and compliance work around private dam growth within the Moorabool and other catchments.

A report by PALM, released to Water Minister Shing and other agencies, has illustrated Southern Rural Water is struggling to fulfil its regulatory role regarding private dams. We have been able to show there has been a proliferation of private dam development, particularly over the last decade, which has impounded water volumes in the catchment at three times the projected rate determined by DEECA. PALM would be happy to provide the report to the Commission if requested.

The response by the ESC in the draft is as follows:

*Our guidance noted that the revenue requirement proposed in a price submission must provide the water business with sufficient revenue to meet all of its legislative, regulatory and policy obligations.³⁵ We consider this would include the obligations on water businesses to monitor water theft and extraction levels, insofar as they relate to the prescribed services in the Water Industry Regulatory Order 2014. Southern Rural Water has included 'Sustainable Water – allocations are managed in a sustainable way for customers, community and the environment to ensure a secure future' – as an outcome it is committed to over the 2023–28 regulatory period (Section 3.2). ³⁶ People for a Living Moorabool made a submission which expressed concern about the impact and growth of private dams in the Moorabool Catchment. They submitted that Southern Rural Water should place greater emphasis on monitoring and enforcing compliance on potentially unauthorised dam construction or enlargement.³⁷ **The regulation of private dams is not a prescribed service under the Water Industry Regulatory Order 2014, and therefore any costs associated with private dams are not within the scope of our price review.** However, we will raise the issue of potentially unauthorised dam construction with the Department of Energy, Environment and Climate Action.*

As a group PALM finds this position to be both baffling and challenging.

The notion that regulation of private dams would not be considered under diversion services, which are both a declared and a prescribed service under the Water Industry Regulation Order 2014 Section 7 (ix), in our opinion takes a very narrow view of what this service entails.

The Order defines a diversion service as “a service provided by a regulated entity in connection with the management, extraction or use of groundwater or surface water”.

There is ample evidence provided in the Central and Gippsland Region Sustainable Water Strategy that extensive private dams within a catchment impact water flows within waterways. The Moorabool Catchment is particularly afflicted and has one of the highest volumes of impoundment per square kilometre in the State, and as a result was the focus of *Action 4-13: Review of water resource risks in small, dry, peri-urban catchments*

*Southern Rural Water will lead a project over two years to review **resource risk** and share evidence and reporting to build a shared understanding with communities on the risks, consequences and mitigation options we can use to address the increasing effects of small catchment dams.*

The result of such capture of water volumes is to reduce flows which in turn impacts other water users including irrigators who are already often shut out of pumping from the river for many months of the year. It also directly impacts the environment and by extension challenges the stated goal of the provision of sustainable water.

Sustainable Water was the second on the list of the 5 main priorities for customers presented on page iii of the draft decision. The top priority was *Security of Supply*.

Both are threatened by the unfettered installation of dams on water courses, especially those which do not go through a licencing process. The Water Act directly places the responsibility for licencing dams on watercourses with Southern Rural Water in the southern region of Victoria. It has a clear role in managing 'resource risk'.

The Statement of Obligations referred to in the draft decision binds SRW to guiding principles which says it must among other things:

- manage water resources in a sustainable manner that enhances environmental outcomes and amenity in urban and rural landscapes;
- minimise the impacts to the environment;

In the recent public forum conducted by the ESC I asked on behalf of PALM what mechanism would be best utilised to have the costs associated with private dam monitoring and compliance included in pricing reviews; either a change to WIRO or to the Statement of Obligations. I have yet to receive an answer.

Also within the Statement of Obligations is the principle that "The Corporation must act consistently with any approved Sustainable Water Strategy". The focus of private dams within the CGRSWS, particularly within the Moorabool and Maribyrnong catchments, should quite appropriately be considered in this matter.

Customer Engagement

PALM is also curious about the customer engagement rating of 'Advanced' delivered in the draft decision. We acknowledge that Southern Rural Water has recently recognised it needs to include voices outside its customer group into its decision making. But a broader engagement regime was not in place when consulting on the pricing review. The Southern Groundwater and Rivers Forum appears to be entirely made up of customers of the Corporation.

In the Statement of Obligations, Part 4 Customer and Community Engagement 4-1.1(b) it clearly states the Corporation must develop and make public: *open and transparent processes under which the Corporation will engage customers and the community in its planning processes to ensure that the services it provides reflect the needs and expectations of customers and the community.*

We believe the expansion of the engagement base is a work in progress and feel this should be noted by the Commission and encouragement given to SRW to deliver on a broader engagement strategy. The current rating of “Advanced” in the draft decision could perhaps benefit from a caveat acknowledging the above.

Conclusion

PALM firmly asserts that an appropriately funded regulator such as Southern Rural Water is vital, especially in the face of diminishing flows into our already stressed waterways due to climate change, to ensure this increasingly scarce resource is shared equitably among all users including the environment.

PALM would encourage the Essential Services Commission to reflect on the proposed withdrawal of revenue from the Corporation and the likely impact this will have on already stretched and inadequate resources.

Kind regards,

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