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The following submission covers two issues: our feedback on the June 2001 Assessment of NSW' progress and our feedback on the 2002 Assessment Framework

## **1. The 2002 NCP Assessment Framework for Water Reform**

From the Assessment Framework:

### **National developments**

#### ***The 1999 Tripartite Meeting***

The 1999 Tripartite meeting changes the 1994 CoAG Strategic Framework terminology of 'property rights' to 'water allocation and trading'. We believe NCC needs to make the linkage between the CoAG Strategic Framework and the Tripartite 1999 Agreement, to keep the wording consistent. The concern is that 'allocation and trading' does not imply property rights.

#### ***Other Developments***

The Murray-Darling Basin commission project aimed at establishing water quality and environmental flow objectives for the Murray River has raised some serious concerns amongst irrigators.

The process to date has essentially excluded wide-spread consultation and consequently irrigators (and in fact the broader community) have no ownership of the process. Not only has there been no community involvement with the appointment of members of the Community Reference Panel but those who are participating are bound by confidentially agreements and have had no opportunity to canvas the views and opinions of the 'grassroots' community.

The options under consideration have been developed unilaterally by the Jurisdictional Reference Panel (membership of which is exclusively from various state and Federal Agencies). Supporting documentation including scientific and economic studies are not publicly available and subsequently have not been subject at the very least to a peer review process.

The irrigation community has developed a strong view on this matter and is of the firm opinion that before this matter can be seriously discussed that there needs to be a true and

proper process established that will allow for a rational and informed debate. This process must include:

- (i). A decision-making framework that:
  - actively includes the irrigation community
  - provides the community with timely and comprehensive information
  - allows the community to develop, evaluate and agree on preferred options
- (ii). Adoption and implementation of a comprehensive and enforceable Public Benefits Test
- (iii). Agreements on the management and auditing of options against objectives
- (iv). Clear specification and agreement on the benchmark on which new decisions are based
- (v). Comprehensive studies into ecological, social and economic issues which are subject to peer review and public scrutiny
- (vi). A detailed review of the benefits of the existing Murray-Darling Basin Cap and environmental flow rules
- (vii). Equality between the States, in whatever solutions are reached

Outlined below are some of the specific concerns that we have with the process, which the industry as a whole will be pursuing with the Murray -Darling Basin Ministerial Council:

- lack of community engagement
- inadequate process for development of environmental management options
- inadequate consideration of community impacts
- inadequate recognition of changes already made

*The Scientific assessment:* the development of options was not based on the specific needs of the Riverine environment. Rather, the scientific panel were asked to comment on arbitrary allocations of additional flows for the environment, which were developed by MDBC bureaucrats. A risk-based approach was used to assess the options. This approach is untested in Australia and has limitations according to at least one scientific panel member.

*Unnecessary focus on flows at Murray mouth:* We are yet to see any scientific arguments presented that document the environmental benefits resulting from focusing on achieving a target environmental flow at the Murray mouth. The focus on the Murray mouth to date seems to be an over-simplified way of delivering political messages which may have no environmental impacts – flows or no flows. Environmental requirements are clearly being corrupted by jurisdictional interests.

*Community Impacts:* Whilst some attempt has been made to value the costs and benefits of the proposals the investigations to date have been little more than scoping reports which should not be used as the basis of what is potentially the biggest decision to ever effect Murray-Darling regional communities. It is positive that the issue of compensation for lost water has been tabled for consideration but again the scope of the research to date has been very narrow.

A much more comprehensive approach to the socioeconomic analysis will be required to incorporate regional impacts – for instance, removing water from production, even if it is purchased will have substantial flow-on impacts for all the support and service industries who receive business from the irrigation industry, and then this in turn will affect the communities these people live in.

*Changes to date:* There has been inadequate time to assess benefits of existing Cap and Environmental flows, which still remain unresolved in some cases. It is contrary to the principles of adaptive management, which are supposed to underpin the NSW Water Management Act, to make or change plans without first assessing whether and to what extent existing provisions are meeting objectives.

A final comment on Section C Other Developments is that there is no stated process for how and if the assessment framework can be altered to adopt outcomes of any of the listed processes underway; NAP, CoAG, Murray Environmental Flows project. We seek clarification from NCC on this issue.

## **The Assessment Framework**

### ***Pricing & Cost Recovery***

We seek clarification on when the Council plans to conduct an assessment of NSW progress on rural water pricing and cost recovery.

NCC would be aware that the irrigation industry has serious concerns and is unsure at this stage of the impacts of the current IPART determination. It will be a critical issue for NCC to determine whether the existing IPART determination is appropriate: legacy costs, impactor pays etc.

The issue of cost recovery remains a vexing one with senior Departmental officials expressing concerns about not only the definition of full cost recovery but whether in fact this will ever be achieved in NSW particularly in relation to the funding of NRM related activities. As an industry we are receiving mixed signals on this issue and we seek NCC clarification of its view on this matter.

Another issue of concern related to water pricing is the continued avoidance by Government of Community Service Obligations. There needs to be a formal process triggered which enables the identification of relevant instances, otherwise CSO's will never be part of pricing – think of it from a conflict of interest point of view – if the Government is responsible for both paying for and identifying CSO's, unless there is a formal and transparent process, there is unlikely to be any CSO's identified, this confirms our experience to date.

### *Institutional Reform*

In our discussions through the Customer Service Committee forum, some more detail on assessing the separation of the commercial water delivery business of State Water from the regulatory role of DLWC would involve:

- assessing the budget process for allocation of funds to State Water from DLWC, after collection of water charges from customers
- assessing the current approach to customer service contracts – ie guarantees of State Water’s requirement to deliver available allocation in a timely fashion; this is currently an impossible promise for State Water to make to customers, given its dependence on DLWC for its budget – ie if treasury cuts DLWC’s operating budget, DLWC cuts State Water’s budget.

We also add that State Water would have views on this matter, that may differ from DLWC and NCC should consult State Water in this part of its assessment.

### *Allocations*

From a terminology point of view, ‘allocations’ is not appropriate terminology for discussion of property rights. Refer to our comments earlier, regarding a concern with the wording change from CoAG 1994, to the 1999 tripartite meeting. Allocation in irrigation terminology refers to what proportion of one’s entitlement is available in any one year. So it’s entitlements that irrigator’s are seeking property rights for and that the Council should be assessing the adequacy of.

Re the NCC approach to assess against the NSW Action Plan: NSW has developed the Action Plan after identifying the issues they saw as unresolved. We have a major difference of opinion regarding the list of unresolved issues. For instance, from The June 2001 Assessment, p21 “NSW argued that the security of ownership of property rights will be addressed in a registry system, which records the nature of the right and the share of the available water to which the licensee is entitled.” We note that progress on the register, while an important component of establishing a strong property rights system for water entitlements, is only describing the nature of the right and does not address existing concerns regarding tenure and duration of the right. In simple terms, it’s of little value to the irrigator or his financier to have a very detailed description of something that is not owned by the irrigator or is of much deflated productive value.

We refer NCC to our comments in the table of comparison in Attachment B for documentation of the differences of opinion we have with NSW Government on some key issues. The table is adapted from the table NSW provided to NCC for the last assessment. We are concerned that NSW’ ability to deliver the list of actions to a specified timeframe is the NCC’s approach, rather than looking at the gaps and flaws in the current Act and its implementation with respect to the original COAG principles. Therefore we would appreciate an opportunity to cover this issue in more depth in a meeting with NCC staff at a time that is convenient.

## **Provision for the Environment**

Regarding the specific issues of assessment for NSW:

When assessing the timeliness and quality of reforms against national principles for the provision of water for ecosystems, it will be important to look at the following (hopefully these points would already be a component of the national principles as they are fundamental to delivering protection of environmental values:

1. basis for making environmental provision – is it scientifically valid and have specific environmental values / characteristics been identified which the Plan is attempting to protect / enhance?
2. benchmarking and performance indicators – do the Plans describe the current status of environmental health benchmarks and are there performance indicators and targets set which can be checked against benchmarks?
3. Following on from the 2<sup>nd</sup> point, do the plans specify monitoring requirements in order to collect information on benchmark indicators

These points are of concern in plans around the state, as in many cases there has been little scientific data and decisions have had to be made using the precautionary principle. This is understandable, but unless there is rigour in target setting and benchmarking and a commitment to monitoring, planning committees will be no wiser in their decision making in 10 years time. Also the concept of allocating 10 % or 20% more to the environment using the precautionary principle, does not mean a committee has decided to actively and adaptively manage environmental needs. It simply relies on the assumption that more for the environment is better – no science or specified environmental health indicator target... not good enough, given the CoAG principle of shifting water to its highest value use.

Re the SWMOP, it could be likened to a ‘swamp’ in terms of the clarity of process, purpose, relationship to Water Sharing Plans and so on!! An assessment of SWMOP should include its legal hierarchy in relation to Water sharing Plans.

With regard to the process of developing the SWMOP, we refer NCC to Attachment A: The NSWIC submission on the SWMOP. As the NCC will be aware, the lack of consultation, extremely delayed timing, nature of targets etc are all of serious concern to NSWIC and we would like to continue our dialogue with the NCC on the SWMOP process, outcomes and relevance to the Water Sharing Plan process.

## **Integrated Catchment Management**

A question to the Council regarding ICM in NSW: The current approach of Catchment management Boards, with plans, and then underneath these, vegetation, groundwater and surface water plans definitely needs reviewing soon. Not sure when the Council plans to look at NSW. The new Catchment Management Amendments Bill has implications for the administration of and hierarchy of plans, as does the NAP.

As far as we are aware, the implementation of all the plans and the administrative and committee structures to undertake the task of implementation has not been finalised in NSW.

Changes to the Catchment Management Act in NSW (due to be tabled in the current session of Parliament) are likely to have a major impact on the integrated management of natural resources at a catchment level. Unfortunately, industry and the community have had little opportunity to be involved in the development of the Catchment Management Amendment Bill and as such we are concerned about the impact of statutory requirements on the community process that has developed the draft (at this stage) water sharing plans. There is an expectation that catchment blueprints which specify target and objectives will become statutory and enforceable documents – not only were the Catchment Management Boards not aware of this when developing these targets there is also confusion about the statutory hierarchy of the blueprints and the water sharing plans.

The adhoc nature of this process raises a number of questions that NCC should address as part of this assessment process.

### **Public Consultation and Education.**

We refer NCC to comments on the SWMOP and on Murray environmental flows project with respect to consultation, when public consultation and education are assessed.

## **2. The June 2001 Assessment of NSW' Progress in Implementing Water Reforms**

Some comments from the June 2001 Assessment are documented under the following headings:

### **Interstate Trading:**

- We support the Council's comments on p8 of the Water assessment regarding the three issues listed that need to be resolved so as not to impede inter state trade – security of tenure and of water, addressing of environmental impacts, further pilots of different areas and types of licences.
- We add that we are not aware of research into the social and economic considerations in allowing or restricting trade between certain areas. We don't believe there is a vision for what irrigation is supposed to look like – where it will be, how it will be used and on what and this should be explicit, so it can be what we aim for in working through issues associated with trade and other aspects of water reform.

### **National Action Plan for Salinity and Water Quality:**

- We were heartened by the aspects of the NAP related to defining property rights - as per point 4. on p 13 of the Water assessment – 'improved governance framework... including property rights...' However we are not aware of processes in place to ensure this happens or our role for input as a group

concerned and impacted by the outcomes. We understand the NAP does not fall under the existing Strategic Framework on Water Reform and seek clarification from the Council on its role in the implementation and assessment of the NAP.

- There is also a statement on p 13 of the Water assessment “ COAG agreed that compensation to assist adjustment where property rights are lost will need to be addressed in developing catchment plans”. Again we state our understanding that the Catchment Management Board plans in NSW – some of which are already complete, have no terms of reference to consider detailed quantification of the impacts of their plans or the mitigation of these impacts. There is no acknowledged policy in NSW presently that Catchment Management Plan impacts will be fully costed and plans set in place to deliver compensation where appropriate.” Can the Council inform us of how / if / when it is working to implement / assess this CoAG agreement?

### **Allocations**

- From p21 of the Water Assessment – ‘The Water Management Act 2000 clearly defines the types of rights by specifying several categories. It specifies that the rights will provide the holder with a share of the water declared available for consumption. Under the Act, the environment has first priority, followed by holders of basic landholder rights and then all other consumptive users’ we draw to NCC’s attention an obvious conflict between the stated intentions of water reform from CoAG that there be a balance between environmental, social and economic needs and the Act’s prioritisation of rights to the environment. This has left Water Management Committees to walk the difficult line of making tradeoffs, with the instruction that environmental needs take priority and the knowledge that there is no process for mitigating financial, economic and social impacts on individuals, communities or regions.
- The Water Assessment, p21 also highlights the NSW approach of linking ‘the right into the water planning process’

We look forward to the opportunity to clarify comments made in this report in due process and thank the NCC for the opportunity to comment and for the extension in timeframe for submissions.

Yours sincerely,  
**NSWIC**

## **Attachment A: NSWIC Submission to DLWC on the SWMOP – February 2002**

### **Response on Interim State Water Management Outcomes Plan**

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#### **Executive Summary**

NSW Irrigators' Council supports the underlying principles of the Water Management Act 2000 and the intent of the State Water Management Outcomes Plan (as stated in the Act but not as appears in the Interim Plan).

NSW Irrigators' Council maintains its view that if a SWMOP is considered a necessary component of the implementation of the Water Management Act 2000 then it should consist only of existing (and previously agreed) state-wide targets such as the Murray-Darling Basin Cap and end-of-valley salinity targets (and other government obligations arising from inter-governmental and international agreements).

NSW Irrigators' Council believes that it is the water management committees in the development of their water sharing and water management plans that should be establishing realistic and practical valley (or aquifer targets) that promote the water management principles established by the Water Management Act 2000 and recognise catchment-wide issues.

NSW Irrigators' Council is of the opinion that at this point in time it cannot comment on specific SWMOP targets without the scientific data that was used by DLWC (and others) to identify and justify the majority of these targets or to allow an understanding of the specific (and measurable) environmental benefits that they will deliver.

NSW Irrigators' Council does not accept that there has been a genuine attempt to involve all stakeholders in the development of the SWMOP.

NSW Irrigators' Council reiterates its Ministerial advice of 15 December 2001:

- (i). As part of a consultation process on the SWMOP there must be a specific session(s) with peak groups;
- (ii). NSWIC proposal for irrigator peak group workshop participants:
  - 1 NSWIC representative from each valley
  - involvement of DLWC decision-makers
  - NSWIC presentation on key issues
  - DLWC presentation on key issues
  - identification and debate of 'negotiable' targets
  - independent facilitator; and
- (iii). NSWIC must have a seat at the table when DLWC review any anomalies in terms of compliance of individual water management plans with SWMOP targets.



## Introduction

*“What this information should tell us is not to abandon action entirely, but to focus our attention on the most important problems and only to the extent warranted by the facts.”<sup>1</sup>*

NSW Irrigators' Council (NSWIC) has responded to the Interim State Water Management Outcomes Plan (SWMOP) following an invitation from the Director-General, dated 12 December 2001.

In making this response NSWIC notes that all the draft water sharing plans have already been assessed against a number of SWMOP targets (26 according to the DLWC) by the Interagency Working Group and that this assessment is in the process of being forwarded to the water management committees.

Regardless of this fact, NSWIC believes that it is appropriate to question a number of aspects of the SWMOP including the timing, process, scientific supportive evidence and environmental and economic implications of implementation.

## Background

The Water Management Act (2000) – Section 6 (1) – clearly states *that the Governor may, by order published in the Gazette, establish a State Water Management Outcomes Plan for the development, conservation, management and control of the State's water resources in furtherance of the objects of this Act.*

Therefore, it seems that the development of an over-arching state plan is not a pre-requisite under the current legislation. In light of this it seems incredible that the DLWC would allow the water management committees to complete at least 75% of their local planning process before releasing an over-arching plan full of targets, objectives and outcomes that they had to comply with.

Logic would suggest that a better approach would have been to allow each of the relevant water management plans to be developed, finalised and implemented before embarking on the ambitious exercise of setting the over-arching targets and strategies for the State – unless of course the SWMOP was the first Plan to be developed and delivered to these committees before they actually started their planning process rather than a month before draft plans were due to be submitted.

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<sup>1</sup> Lomborg, B (2001). *The Skeptical Environmentalist – Measuring the Real State of the World*, p5

## *Process*

NSW Irrigators' Council's perspective on the SWMOP development process: (Attachment 1 contains a number of pieces of correspondence on this matter):

- Water Advisory Council workshop held 4 April 2001 to discuss draft SWMOP – NSWIC & NSWFA reject the draft as too prescriptive and counterproductive to achieving realistic environmental outcomes.
- NSWIC advised in early April (10<sup>th</sup>) that Working Group of NSWIC, NSWFA, NCC & Aboriginal Land Council would be 'kept going' as a reference group on the development of the SWMOP – no further meetings of this group were ever convened by DLWC.
- Water Advisory Council meeting held 14 June 2001 considers a revised draft but NSWIC maintains earlier stance and seeks greater stakeholder involvement in drafting of SWMOP.
- At a meeting of NSW Irrigators' Council held in the NSWFA Boardroom on Thursday 25 June 2001, the Director-General advised that draft was going to water CEO's that day but that he felt that the plan was "about 50% there" but further revision would be necessary.
- Water Advisory Council advised in meeting on 24 July 2001 the SWMOP would be finalised by September and released for targeted consultation.
- Water Advisory Council advised in meeting held 24 October 2001 that it was anticipated that the SWMOP would be presented to Cabinet on 16 October 2001.
- NSW Irrigators' Council receives correspondence from Director-General dated 12 December 2001 with a hard copy of Interim SWMOP and advised of opportunity for comment.
- January 2002 – Interagency Group completes review of water sharing plans including their compliance with Interim SWMOP targets and begins process of providing feedback to committees.

## Issues

*"To ensure effective implementation, as well as local policing and monitoring, of such water plans, they have to be developed with real and not tokenistic public participation in decision making, following processes which are perceived to be fair and equitable."*<sup>2</sup>

### (i). The Consultative Process

Assessing water sharing plan compliance with SWMOP targets and then asking committees to justify or amend their position is not a 'consultative' mechanism. Perhaps it would have been appropriate to ask river management committees whether they felt that the SWMOP targets were achievable and appropriate for their river system.

NSWIC maintains that the consultation process on the SWMOP (with extractive water users) has been inadequate and unacceptable. A post-development exercise is merely an afterthought to ensure that government can refute claims of 'failed process'.

### (ii). Scientific & Economic Data

*"The consequences of relying on rhetoric instead of sound analysis are many, primarily poor forecasts and consequent biased decisions."*<sup>3</sup>

The SWMOP document states on page 16 – *"While recognising that definitive information on water and habitat requirements for these species may not be available and therefore the target cannot be more tightly specified at this time, it is important that water management committees clearly demonstrate that they have thoroughly considered all the available information and that this is reflected in their water management plans."*

NSWIC believes that critical SWMOP targets should be supported by definitive scientific data and that stakeholders should be given access to these reports to allow for an adequate and informed assessment of these targets. In addition, without an understanding of the economic implications of critical SWMOP targets (particularly those associated with mitigation of thermal pollution) it is not possible to comment on the relevance of those targets.

### (iii). Outcomes

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<sup>2</sup> Bjornland, H (2000). *To regulate or to market – striking the balance for sustainable water use*. Paper presented at the Water and Law Symposium. Adelaide.

<sup>3</sup> Lomborg, B (2001). *The Skeptical Environmentalist – Measuring the Real State of the World*, p29

In an email from a senior DLWC representative dated 10 April 2001, NSWIC was advised that the SWMOP would not contain any statutory targets but we note that in the preamble to the Interim Plan it states that *"...Section 8 of the Act requires that all functions exercised under the Water Management Act must be in accordance with the SWMOP, and therefore care must be taken to ensure that actions and approvals do not detract from the achievement of the outcomes and targets..."*

If the SWMOP, as originally indicated, was to be a statement of policy and to outline some broad targets then clearly it would be difficult for extractive water users to be critical of the Plan or nor, for that matter, the process.

## **Conclusions**

It is quite obvious that NSW Irrigators' Council is far from satisfied with the DLWC's approach to consultation on the SWMOP. The process has been flawed from the beginning and a last minute attempt to address concerns that have been expressed since April 2001 is really little more than window dressing.

The Premier has recently expressed his vision for the future of the federal Labor Party. Mr Carr is quoted as saying (in respect to federal issues) that *"There is a case for moving from heavy-handed to light-handed regulation. There is a case for moving from regulatory mindset to an investment mindset"*<sup>4</sup> The Premier's view on regulation at a federal level seems somewhat removed from the realities of natural resource management in NSW.

NSW Irrigators' Council believes that in adopting a 'catch-all' mentality in the Interim State Water Management Outcomes Plan, the NSW Government is neglecting an opportunity to address (and achieve) major environmental improvement.

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<sup>4</sup> The Australian Financial Review, Tuesday 29 January 2001, p53.

**Attachment B: NCC 2001 Assessment - Comparison of Water Rights**

<b>CHARACTERISTIC</b>	<b>WATER ACT 1912</b>	<b>WMA 2000</b>	<b>NSWIC COMMENTS</b>	<b>NSWIC PREFERRED</b>
Ownership	<p>Possession of physical licence reflected in a computerised database.</p> <p>Owner of right is occupier of land.</p> <p>Related to Parish maps.</p> <p>Only a single owner of all aspects of licence.</p>	<p>Entry on a public register.</p> <p>Owner of rights to be clear, regardless of occupier of land.</p> <p>Extraction rights and works licences based on locations specified through Deposited Plans.</p> <p>Each element of access and use can be owned separately</p>	<p>None of this has been defined or tested under new legislation.</p>	<ul style="list-style-type: none"> <li>❖ Register similar to Torrens Title backed by Government guarantee.</li> <li>❖ API believes there are gaps in current system. i.e. current register of licenses out of date and inadequate description of a unit of water.</li> </ul>
Tenure	<p>Term of licence generally five years. No commitment to renew</p>	<p>Minimum term of 15 years specified – Explicit expectation of renewal</p>	<ul style="list-style-type: none"> <li>❖ Implicit expectation of renewal.</li> <li>❖ Tenure is directly impacted by 10 year WSP.</li> <li>❖ No test yet of how “solid” 10 year certainty is.</li> </ul>	<ul style="list-style-type: none"> <li>❖ 20-25 years with compensation linked to the licence and not the planning period – justification of investment.</li> <li>❖ Expectation of renewal provided that there has been compliance with licence conditions.</li> </ul>
Universality	<p>Surface water, groundwater treated differently</p> <p>Regulated and unregulated surface water systems treated differently</p> <p>Some systems embargoed, others open, trading only in some systems.</p>	<p>All systems managed on the same basis.</p> <p>All systems subject to a volumetric access limit</p> <p>Open trading in all systems</p>	<ul style="list-style-type: none"> <li>❖ How universal – what about closed systems, why not interstate as well?</li> <li>❖ Is open trading necessary other than to satisfy COAG?</li> </ul>	<ul style="list-style-type: none"> <li>❖ If you describe the right adequately in the register (and have a detailed exchange rate) then it removes the need for universality.</li> </ul>
Divisibility	<p>Regulated and groundwater systems quantities divisible</p> <p>Quantities separable from works only in regulated systems. Works not separable from use conditions</p> <p>Unregulated systems not divisible until 2000</p>	<p>All systems with divisible entitlements, and daily flow shares where relevant</p> <p>Quantities, works and use conditions separable.</p>		<ul style="list-style-type: none"> <li>❖ The real intent of divisibility is to allow for the ‘right’ to access and the ‘right’ to extract.</li> </ul>

Exclusivity	Unused rights regularly reallocated to others by administrative decision.  Costs and benefits not internalised.  Accounts by administrative action and few instances of controllable account management.	Unused rights to be re-allocated through trading only  Costs and benefits to be clearly allocated and internalised  Allocations limited to 100 per cent.  Statutory provision for water accounts and enhanced account management	❖ Annual accounting will still provide for socialisation ❖ Unused rights will only be fully re-allocated through capacity sharing.	❖ Within period of licence, the licence holder has full enjoyment without attenuation or is entitled to compensation following attenuation. ❖ Efficient costs and benefits to be clearly identified, contested and shared on agreed cost-sharing principles. ❖ What does statutory provision for water accounts and enhanced account management mean?
Enforceability	Adequate theory, difficult in practice – directions and suspension available but penalties low and no culture of compliance.  Very limited appeal rights	Improved in theory and in practice – any person can take action, penalties more realistic, and strong culture of compliance.  Broad appeal rights.	❖ Improved appeal rights.	❖ Not what we would consider as part of a property right. ❖ Enforceability is the ability/capacity of the licence holder to contest diminution of those rights and not the ability of DLWC to enforce regulation.
Tradability	<b>Good for regulated systems, poor for unregulated and groundwater, none for off allocation.</b>  Extremely limited trading between systems.	Good for all systems, possible for supplementary water, public register to support trading.  Possible expanded trading between systems.	❖ Status not known until regulations etc completed and WSPs gazetted. ❖ No evidence to suggest trading is good for all systems.	❖ What are implications? ❖ Person A and Person B will have different tradability connected to their water right. ❖ Needs to be due consideration of barriers to trade and other externalities and applicable compensation (PBT).
Clarity/ Reliability/ Attenuation	New shares continually created until embargoes were put in place  Rules not clear or predictable in advance	Total allocation known, reliability predictable because rules known and predictive models available.  Clear trading principles and rules, and clear water accounting rules.	❖ Unspecified commencement and roll over of plans.	❖ Reliability must be defined – bulk water provider (NSWIC to look at Fish River). ❖ An agreed model and assumptions “locked away” as a benchmark. (The goal posts can’t keep shifting). Yield (how much) and reliability (how often).

Other Notes:

- ❖ As appears in National Competition Council’s NSW Assessment of Governments’ progress in Implementing the NCP and Related Reforms. Source: South Wales Government (2001) (unpublished)
- ❖ New legislation in itself will not provide guarantees because most of these will be covered by Regulation/orders therefore NCC cannot assess NSW’s property rights regime until Regulations are finalised.