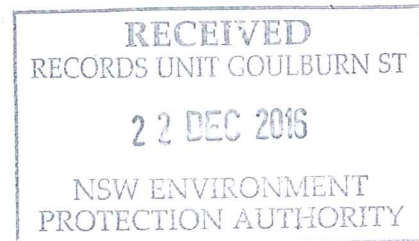


**Address all correspondence to**  
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Council Reference: 3945E (D16/382450)  
Your Reference:

David Fowler  
Director, Regulatory Reform and Advice  
NSW Environment Protection Authority  
PO Box A290  
Sydney South NSW 1232



Dear Mr Fowler

### **EPA Review of the Load Based Licensing Scheme – Shoalhaven Water Comments**

Thank you for the opportunity to make a submission on the Environment Protection Authority's (EPA) issues Paper 'Review of the Load Based Licensing (LBL) Scheme'. In particular, Shoalhaven Water would like to comment on the existing scheme's treatment of receiving water classifications and also weighed load (discounts) for effluent reuse schemes.

#### Background

Shoalhaven Water currently holds 9 Environment Protection Licences (EPL) with the EPA, 8 of which are subject to LBL assessment and fees. All of these licences relate to discharge to waters. In our most recent licensing year Shoalhaven Water paid approximately \$43,000 in administrative licence fees and an additional \$27,000 in load fees. In addition, Shoalhaven Water spends in excess of \$100,000 per annum in EPL compliance monitoring.

#### Load Fees and Incentives

The largest amount of additional load fees paid by Shoalhaven Water is for discharge of phosphorous to 'enclosed waters' – in our case discharge to coastal ground water systems.

It is our understanding that the Load Based Licensing and licence fee system was predicated to provide incentives for licensees to quantify and reduce their environmental impacts. However, the amount of load fees currently paid by Shoalhaven Water does not provide any significant incentives to reduce the quantities of phosphorous discharged. The capital and operating cost of implementing high rate chemical dosing for phosphorous removal would greatly exceed the current load based fees. The load fees paid by Shoalhaven Water are therefore only an additional administrative fee.

The LBL fee system does not include pathogen reduction although these processes form a significant part of our EPL compliance requirements and operating expenditure (energy and chemical consumption). There are significant public health benefits achieved through our pathogen removal processes. We encourage the EPA to consider including pathogens into the LBL incentive scheme.

#### Load Calculation Protocol – weighted loads for effluent reuse

Shoalhaven Water has no major issues in complying with the procedures in the Load Calculation Protocol (LCP) in terms of estimating annual pollutant loads for our sewage treatment plants. The effluent quality and flow monitoring data collected for our EPLs align well with these procedures. Our external laboratory complies with the EPA's approved testing methods for water pollutants.

However, we would encourage the EPA to develop a more pragmatic approach to calculate incentives (weighted loads) for implementing beneficial effluent reuse. Shoalhaven Water operates a number of small scale, low risk effluent reuse schemes. However, the current criteria in the LCP means that there is minimal LBL fee discounts available to these schemes:

- All effluent reuse schemes are considered as having discharge to 'enclosed waters' triggering the highest fee rates for nitrogen and phosphorous. Beneficial land application allows those nutrients to be recycled by pasture and turf crops and reduce consumption of imported fertilisers. By recycling effluent onto land a 'pollutant' is changed into a beneficial compound. However, the existing receiving waters criteria in the LBL system does not currently reflect these benefits. A kilogram a phosphorous applied to land via irrigation can attract the same load fee as direct discharge to waterways.
- The nutrient balance management criteria in the LCP is also quite restrictive, such as requiring a 15 year forward management and monitoring plan. A number of smaller schemes we have established do not strictly meet this criteria, even though they have been approved under Section 60 of the NSW Local Government Act. We therefore received only a very small amount of load fee relief for these schemes even though they create environmental and social benefits by recycling effluent and nutrients onto land.
- In our largest effluent reuse scheme there was the situation where discharge to land (enclosed waters) via irrigation was to attract significant higher fees than discharge to waters via the scheme's ocean outfall.

Shoalhaven Water encourages the EPA to develop a less restrictive/prescriptive set of weighted load criteria for effluent reuse. This would provide greater financial incentives to develop beneficial effluent reuse schemes involving low-strength effluent. For example, by stipulating the schemes are developed managed in accordance with current NSW and Commonwealth reclaimed water irrigation guidelines.

#### Receiving Water Classifications

Currently there are only three classifications for receiving waters discharge: ocean, estuarine and enclosed. These criteria are the same for wastewater treatment plants

throughout NSW regardless of the location, sensitivity or environmental health of the receiving waters. For instance, Shoalhaven Water is subject to a high fee rates for phosphorous discharged to sand dune exfiltration systems. Based on the monitoring and water quality data available, the water quality in these coastal aquifers is good and the impacts of nutrients discharged via treated effluent are negligible.

Shoalhaven Water would encourage the EPA to develop more appropriate weightings/criteria to better reflect the degree of risk or impact that our nutrient discharge to specific waterways. For instance by having the load fees tied to the environmental health of the receiving water body and the risks posed by pollutants discharged.

### Summary

Shoalhaven Water would encourage the EPA to consider the following in its review of the LBL scheme:

- Strengthening and simplifying incentives for beneficial effluent reuse schemes to reflect their role in promoting sustainable environmental outcomes (soils and waterways);
- Amending the receiving water classification to reflect the actual risks of pollutant discharges on a catchment by catchment basis; and,
- Incorporating pathogens into the LBL fee scheme to provide incentives licensees to invest in pathogen reduction strategies.

If you need further information about this matter, please contact Walter Moore, on (02) 4421 1728. Please quote Council's reference 3945E (D16/382450).

Yours faithfully



**Andrew McVey**  
**Manager - Shoalwater Operations & Maintenance**  
16/12/2016