



PARLIAMENT OF NEW SOUTH WALES

Joint Select Committee on Protecting Local Water Utilities from Privatisation

To the Joint Select Committee

Thank you for your supplementary questions to the Canberra Region Joint Organisation (CRJO).

The following information is provided in good faith to assist the Committee in its deliberations.

Supplementary questions: Canberra Region Joint Organisation

- 1. Could you please provide some information about the Water Utilities Working Group pilot the CRJO has established under the Town Water Risk Reduction Program? How might this help to reduce risks?**

Response:

The CRJO established the Water Utilities Working Group as an information sharing forum. This forum allows Councils (LWUs) to share knowledge, experience and expertise on strategic, technical and operational matters. This includes the ability to visit neighbouring Councils to see solutions implemented to improve insights that can be applied back in their own Council area.

The momentum of this group was adversely impacted by COVID-19, but it is the intent of the CRJO to reinvigorate the working group during 2024.

This group is similar to the Water Utilities Working Group first established in the Central NSW Joint Organisation region.

In most cases, the catchments across the CRJO are discreet to each LGA with Councils undertaking their own strategic planning work via their own Integrated Water Cycle Management Strategy, Strategic Business Plans and Asset Management Plans, with outcomes flowing into their integrated planning and reporting documents for implementation. However, there are some shared catchments. In these cases, investigation of potential shared solutions make sense.

CRJO WUWG offers the NSW Government agencies the opportunity to communicate more effectively with member Councils in a single face to face forum, especially when changes are being considered or matters of interpretation need to be discussed. The CRJO encourages greater use of this approach and calls on the NSW Government to better coordinate the involvement of all relevant NSW Government agencies to meet face to face together so that differing points of view can be aired, discussed and resolved. This should include relevant personnel from the Department Planning and Environment (Water Group), Environmental Protection Authority and the Department of Health so that we can work collegiately toward more consistent advice to Councils.

The CRJO WUWG also provides an improved mechanism to:

- develop and/or review regional scale plans and strategies
- share information about major capital works
- share updates on best practice
- share expertise on more complex matters such as particular treatment processes
- reduce risk exposure through shared experiences and knowledge to build capacity
- potential for shared procurement

Over 85% of telecommunications losses during the bushfires were due to power outage. The NSW Government should therefore prioritise the replacement of timber power poles to critical infrastructure (as recently done to Mt Wandera telecommunications site in Moruya utilising Australian Government funding supported by users of the site).

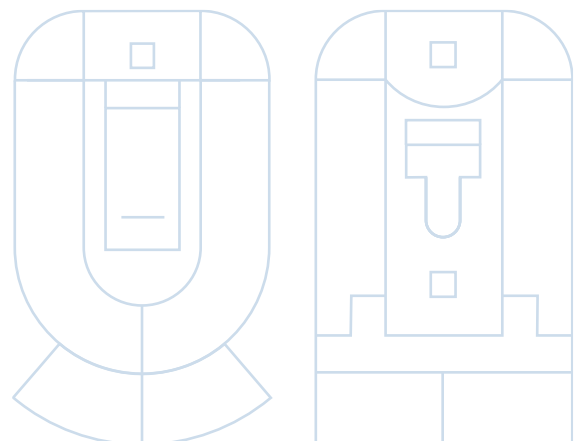
- iv) In many cases, the improvement in power line resilience to critical infrastructure such as water supply, sewerage systems and telecommunications are on shared lines and will also result in improved power supply resilience to significant areas of existing development.
- v) The existing State owned corporation model via Essential Energy and Endeavour Energy needs to be supplemented by additional funding to more urgently accelerate action. The NSW Government should therefore supplement funding to accelerate resilience outcomes to natural disasters.

Some member Councils report that it has been difficult to obtain definitive responses from the Department of Health on risk ratings as they apply to water supply catchments, with little opportunity for input from the local Council, despite their strong local knowledge about the catchment characteristics. Member Councils would like to see improved mechanisms in place to address these matters in a more timely and collegiate manner as the implications for treatment plant design and construction can be very significant. Some member Councils report significant adverse impacts on the timeliness and cost of the delivery of critical water treatment upgrade projects.

Councils value the on-going support of WaterNSW, where agreed by the Council, to provide information and expert services for LWUs to reduce the dam safety and drinking water quality risks.

The CRJO also recommends the NSW Government seek to expand the Safe and Secure Program to reduce the cost burden on regional communities, to better address resilience and to allow for increased Government support for augmentations that facilitate growth. This would be an effective way for the NSW Government to reduce the cost of land development and provide more affordable housing options in regional NSW, whilst better addressing the legacy risks and challenges across existing water and sewerage systems.

It is further recommended that the NSW Government ensure all future programs allow for staged funding toward all phases of project delivery from strategy, feasibility, design and then capital construction.



3. How does the new Regulatory and Assurance Framework for Local Water Utilities support LWUs to address risks and strategic challenges effectively and efficiently? Are there areas where the Framework could be improved?

Response:

The RAF is well laid out in the new document produced by the WaterNSW ([Regulatory and assurance framework for local water utilities \(nsw.gov.au\)](https://www.nsw.gov.au/regulatory-and-assurance-framework-for-local-water-utilities)).

The CRJO agrees this provides necessary NSW Government oversight and a level of assurance to NSW communities.

The CRJO also acknowledges the need for strong long term strategic planning for water and sewerage infrastructure to ensure the best outcomes and appropriate pricing pathways that deliver intergenerational equity (as required of Councils under the LG Act 1993).

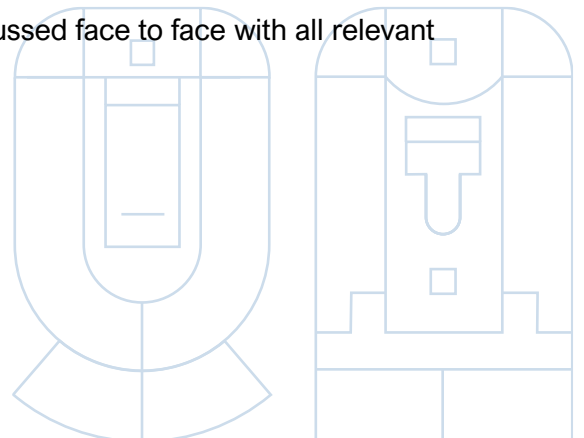
This strategic work is also critical to better plan matching resource development including addressing the skills and people needed over the long term. This includes ensuring people are developed over a number of years to be ready to take on the required roles of the future to meet growth, allow for attrition and the ageing workforce and to meet future technology and environment needs. This requires LWUs to ensure they commence training well in advance of the need through youth and existing worker training programs, with adequate redundancy built in to mitigate the risk of future skills shortages and ensure the delivery of essential water and sewer services.

It therefore makes common sense that all future water and sewerage strategies include a matching workforce development component.

Feedback from member Councils indicates that:

- i) There is a current expectation of immediate implementation of the RAF which has not provided sufficient time for this new approach to be effectively implemented by Councils. It is therefore recommended that Councils be given an appropriate amount of time with support from the relevant agencies to implement the new RAF requirements.
- ii) The most difficult area to navigate for Councils is the differing advice coming from and/or information required by NSW agencies (DPE WaterNSW, EPA and Dept of Health). This includes the duplication of some information and/or a lack of understanding as to the reasons for information being requested. It is therefore recommended that the NSW Government undertake a cross agency review of what is required to ensure greater consistency and preferably simplicity.

Matters such as (i) and (ii) above are ideal matters to be discussed face to face with all relevant agencies via the CRJO Water Utilities Working Group.



4. Do you believe there are adequate measures in place to support LWUs during drought and other water supply and sewerage emergencies? What are specific supports that are needed to build drought resilience?

There are existing support mechanisms via the State Emergency Management arrangements when natural disasters occur resulting in major impacts on water and sewerage infrastructure. We would recommend the Select Committee seek advice from Councils such as Lismore City Council on their most recent experiences in this regard.

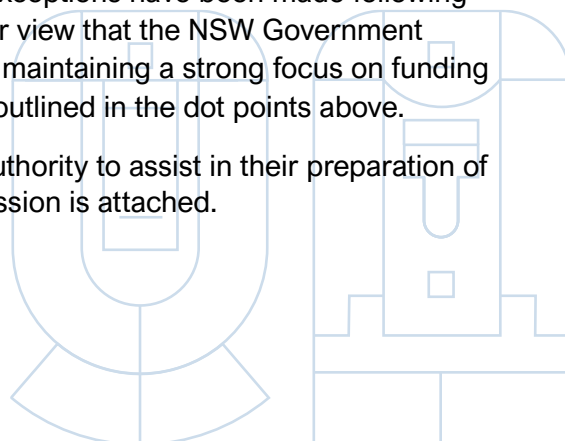
The CRJO believes that the focus on prevention needs to be improved through increased support for capital works that better secure water supply and improve the resilience of major water and sewerage infrastructure to drought, natural disasters and future climate change.

This includes providing funding for works such as provision of:

- improved storages with greater capacity based on long term planning, accounting for growth and taking account of expected climate change impacts
- incorporation of smarter designs to allow easier future expansion of capacity (such as that implemented on the new Eurobodalla Southern Water Storage where the dam base structure has been designed to be more readily increased in capacity from 3,000ML to 8,000ML when required, without major impacts on supply to existing customers)
- upgrades and/or new transfer pipelines and/or pump stations
- upgrades to improve water quality outcomes during periods of adverse weather and flooding
- relocation and/or mitigation of major infrastructure away from the direct impacts of natural disasters such as flooding and/or bushfire
- improved mains power supply and telecommunications resilience (as outlined in response 2 above)
- ensuring new construction and/or augmentations take advantage of newer treatment technologies that produce fit for purpose outcomes as determined by LWUs for their regional communities
- ensuring all water license and water sharing plans give priority to urban water supply
- working with the Australian Government to secure additional funding for urban water security measures and to address improved resilience to natural disasters and climate change.

We note that there is limited assistance to LWUs for water and sewerage infrastructure following the impacts of natural disasters, although we are advised some exceptions have been made following more extreme disasters such as the Lismore flooding. It is our view that the NSW Government should retain an ability to assist in such extreme cases whilst maintaining a strong focus on funding programs and actions aimed at prevention and mitigation as outlined in the dot points above.

The CRJO made a submission to the NSW Reconstruction Authority to assist in their preparation of the NSW State Disaster Mitigation Plan. A copy of that submission is attached.



5. For councils in your region, what are some specific examples of services that are undertaken by private contractors on behalf of publicly owned water utilities? What are the advantages of councils having flexibility to engage the private sector to provide those services when needed?

As LWUs, Councils work to develop and retain a local workforce capable of providing all base level engineering, technical, trade (eg specialised electrical, mechanical, fitters), treatment and operational services matched to their current and future needs (as laid out in their various strategic plans). This can include highly specialised personnel where the demand justifies the investment by the Council with reasonable surety of sustaining sufficient back-up resources locally. Typically, the larger the local population serviced, the larger the Council, the greater the preparedness to develop the level of internal resource with internal expertise and procure the required supporting equipment, technology and machinery.

Most Councils include within this resourcing structure, youth development and existing worker training programs specific to water and sewerage system design and operation. What is critical however is to have a critical mass where those being trained can call on experience and skilled personnel for guidance and mentoring to ensure their successful progression.

However, in regional areas, the size of LWUs organisations and the practicalities of distance, mean that Councils often need to call on NSW Public Works Advisory and/or the private sector to deliver specific elements to ensure cost effective services. This can include:

- Filling short term gaps in internal resourcing
- Delivering works requiring specialist expertise, technologies and/or equipment where it is not affordable for a Council to acquire that expertise, technology and/or equipment. For example, undertaking CCTV work internally on a sewage network and then using those outputs to reline sewer pipes underground without open trenching is a highly specialised activity which can be delivered cost-effectively under a multi-year contract (typically a three year contract subject to satisfactory performance). This approach is more cost effective and much less invasive to residents using a contracted resource rather than open trenching pipe renewal methods undertaken by internal teams).
- Highly specialised tasks such as treatment plant, major pump station or dam design, construction and on-going assessment
- Specialist advice such as treatment process engineering to optimise performance and capacity outcomes
- Larger one-off tasks beyond internal resourcing capacity such as laying a new trunk watermain over a longer distance
- Design and/or construction of new water and sewerage schemes under the Safe and Secure Program

It therefore not so much a question of the advantages of a Council having the flexibility to contract in services when required, it is actually an essential element of the delivery of safe and effective water and sewer services to regional communities everywhere.

That said, it is critical that the NSW Government (and all Councils) understand that a level of internal expertise within Councils will always be required to ensure the private sector is actually delivering fit for purpose, cost effective solutions that meet the needs of regional communities. The universal experience of our member Councils is that the private sector has also experienced skills shortages and operates with a commercial motivation, with consequent adverse impacts on the technical and quality deliverables provided to Councils. Only when the Council has the internal

expertise, are many of the future operational challenges avoided or mitigated through the design and construction of key projects.

This is one area where the NSW Public Works Advisory has a vital role to supplement the expertise of local Councils to ensure the best outcomes for regional communities and NSW. To that end, the NSW Government should ensure that PWA continues to provide sustainable services in the long term to NSW communities.

