

10 January 2024

The Hon. Stephen Lawrence, MLC
Chair of the Joint Select Committee on
Protecting Local Water Utilities from Privatisation

email: waterutilities@parliament.nsw.gov.au

Dear Chair Lawrence,

RE: Public hearing 8 December – Supplementary questions

Thank you again for the opportunity to appear as a witness before the Joint Select Committee on Protecting Local Water Utilities from Privatisation in early December 2023. I am pleased to provide the following responses to the committee's supplementary questions received by the Northern Rivers Joint Organisation (NRJO) on 18 December 2023.

1. Do you believe there are adequate measures in place to support LWUs during natural disasters? What are specific supports that are needed to build resilience?

In just the last 5 years, the Northern Rivers has been plagued and severely impacted by prolonged drought conditions, catastrophic bushfires and devastating floods.

More extreme natural disasters as a result of changing climate conditions will continue to be a significant threat to the region's communities, growing population (one of the fastest in NSW), environment, economy and essential infrastructure and services.

Increased, long-term investment by the NSW and Commonwealth governments is urgently needed to support the Northern Rivers' Local Water Utilities (LWUs) to become more resilient to natural disasters.

The investment required to build resilience is essentially twofold. First, to reduce risk now by delivering the necessary safeguards to help water supply and sewerage systems withstand a natural disaster. Second, to put in place suitable contingency options that can be quickly activated if water supply and sewerage infrastructure fails during a natural disaster.

For example, the loss of power during the 2022 floods that devastated the region contributed significantly to the failure of several key water supply and sewerage assets.

Based on the findings of its final report released in July 2022, the independent NSW Flood Inquiry made a number of recommendations regarding minimising the impact to essential services from natural disasters, including building the resilience of power supplies.

A key priority of the NRJO is to work with all levels of government to ensure all findings and recommendations of the independent inquiry – along with those of the NSW Legislative Council's Select Committee on the Response to Major Flooding Across NSW in 2022 – are implemented in full throughout the region.



2. What do you see as the most beneficial aspects of the Town Water Risk Reduction Program and what aspects should be continued?

By providing much-needed support for the day-to-day operations of LWUs, the Town Water Risk Reduction Program has really complemented other NSW and Commonwealth government funding programs that tend to focus on supporting capital projects and other such works.

Through the program particularly, LWUs have sought a less paternalistic approach that meets their needs in managing their operations, avoids duplication and onerous reporting, and meets the State's regulatory requirements.

While some progress has been made in attempting to address this issue during the program's limited phases so far, there remains much work to do to implement a more streamlined, coordinated and strategic approach for the complex and onerous regulatory and governance frameworks LWUs currently operate under.

The program's skills and training action plan is another critical aspect that desperately needs more investment and attention.

Safe, reliable and sustainable water supply and sewerage operations depend on well-trained and experienced water professionals, technicians, operators and others. Skills shortages are at an all-time high in regional NSW and it's becoming increasingly difficult to attract and retain skilled water and sewerage related workers (even for the NRJO's member councils, despite the enviable location/lifestyle of the Northern Rivers).

Notwithstanding its intention to deliver improved training and more skilled workers to meet the needs of LWUs, the program has not had sufficient time to make meaningful progress in this area.

Assisting LWUs to utilise more digital technology as part of their operations is a further key aspect of the program that must be continued.

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?

Implementing the new Regulatory and Assurance Framework for Local Water Utilities remains challenging. The intent of the new framework is positive providing greater transparency as to how the department will regulate and assess an LWUs strategic outcomes whilst also relaxing some of the historical mandated requirements for LWUs that were unachievable and cost prohibitive

LWUs are subject to a comprehensive regime of water management, public health, safety, environment protection, economic and other regulation within a stringent performance measurement framework overseen by the State.

There's no doubt such regulatory and governance requirements are important. However, the current requirements are very complex and onerous, and do not support LWUs to address their many challenges and operational risks. Rather, they contribute to them by adding layers of oversight and reporting that stretch already constrained resourcing.

Unfortunately, the new Regulatory and Assurance Framework's performance monitoring and reporting requirements have only increased this burden on LWUs.

4. **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?**

NRJO member councils predominantly engage private contractors to undertake capital projects such as new asset builds, treatment plant upgrades, pipeline replacements and other renewal works.

There are 2 main advantages for LWUs in being able to outsource these types of works. First, councils generally do not have the in-house capacity to undertake large, resource-intensive and lengthy capital projects. Second, the flexibility to procure private sector services (when needed) via a competitive process enables councils to access the most efficient and best value for money project delivery options on behalf of the communities they serve.

It's important to note there may be times when NRJO member councils need to engage private contractors to assist with their day-to-day water supply and sewerage operations – such as to address short-term staff shortages, specialist and/or during extreme incidents like natural disasters.

However, typically the operation (including maintenance) of water supply and sewerage assets, systems and related infrastructure and services would be undertaken in-house by council staff.

Should you need to discuss any of the above further, please do not hesitate to contact myself or the NRJO's Executive Officer Phillip Rudd directly.

Yours sincerely,

A black rectangular redaction box covering the signature of the councillor.

Councillor Sharon Cadwallader
Chair | Northern Rivers Joint Organisation