



PARLIAMENT OF NEW SOUTH WALES

Joint Select Committee on Protecting Local Water Utilities from Privatisation

Answers to supplementary questions: Water Directorate

1. What are the benefits of regional collaboration/alliance models in providing safe, secure and efficient regional water supplies over the long-term?

The benefit is the ability to pool resources between member councils to:

- Address skills and capability shortages
- Deliver strategic water planning at a regional/catchment scale
- Develop business cases for regional water security infrastructure across council boundaries
- Procure more efficient access to specialist contractors
- Deliver performance improvement through regional benchmarking and continuous improvement programs
- Develop consistent asset management practices
- Developed shared service arrangements where mutually agreed
- Increase resilience with the ability for neighbouring councils to support each other during emergencies and incidents such as flooding or water quality events.

Regional collaboration lessens the existing burden on individual council resources and improves water and sewerage service levels for the communities they serve. The Water Directorate believes that a targeted alternative funding model would assist smaller councils to grow existing successful water utility alliances and build new alliances where they do not already exist. In addition, county councils could also be funded to encourage the provision of regional assistance to their constituent councils where mutually agreed.

2. What are the main benefits of the Town Water Risk Reduction program and what aspects should be continued?

The Safe and Secure Water Program (SSWP) provides co-funding for capital projects to Local Water Utilities, which continues a long-standing, successful partnership between the NSW government and local government over many decades. The Town Water Risk Reduction Program (TWRRP) complements the SSWP by providing capacity building to reduce risk and optimise the whole-of-life costs of owning water and sewerage infrastructure once built. Water and sewerage systems involve highly complex infrastructure that requires well-trained operators and engineers, leading edge technology and business systems especially asset management, risk management, quality, environmental and safety systems.

The SSWP as a capital program isn't able to address strategic challenges that include skills and capacity shortfalls, efficient risk management and asset management, or emergency and incident management. A notable consequence is that service failures will repeat as skilled operators and engineers leave the local government water sector with the operational knowledge of the system in their head unless skills and knowledge can be transferred to new operators through training and properly documented operating systems with a mature asset management framework. Attraction, retention and remuneration of operators and engineers also remains a continuing challenge.

All aspects of the TWRRP need to be continued. There are a number of opportunities to expand the scope of the program, and it is imperative that the TWRRP continue well beyond short 2-year

approval cycles into a sustained, longer-term commitment to fully realise the benefits of the program.

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?

The Water Directorate has made submissions to the NSW government over many years that the previous Best Practice Management Framework Guidelines for Water Supply and Sewerage were too prescriptive and inflexible considering the wide spectrum in operating environment that occurs across regional NSW from coastal NSW to inland, wetter to more arid climate, denser population to remote communities and transient tourist population that need to be serviced for short periods of the year. In particular, the burden of compliance with the previous requirements were very high and not appropriate for LWU's serving smaller communities.

The new Regulatory and Assurance Framework (RAF) is a credit to the Department of Planning and Environment, Water. The Department listened to the experience of Local Water Utilities and crafted new guidance from the ground up. Notably the RAF removed much of the duplication that occurred between DPE's water utility requirements and the requirements of the NSW Office of Local Government through the Integrated Planning and Reporting framework, eliminating the need for LWU's to 'report twice' on their activities in the future.

The new RAF is in its infancy. It will take time for LWU's to work out how to implement the new regime with less prescriptive guidance. The RAF has 12 strategic outcomes to address. Water Directorate believes that the outcomes could be consolidated to a degree due to some overlap between outcomes and guidance material. However the principles and direction of the RAF are sound and a vast improvement on the past guidance as they are intended to provide the flexibility to allow LWU's to choose how they will comply depending on their operating.

4. What additional water quality safeguards are needed to manage the increasing threats posed by extreme weather events?

Firstly, the resilience of regional water supplies will be greatly improved by ensuring that we don't have 'all our eggs in one basket'. Diversification of water sources is the key, every water supply needs an alternative, a plan B. This could mean a river water source is backed up with a groundwater source, or it could mean that a off-river water storage is created to provide a buffer when river water quality is poor or the river is not flowing. Consideration of rainfall-independent sources such as desalination and water recycling is important.

Secondly, there is not enough visibility of poor water quality in our water sources. Online water quality monitoring of water sources provides better warning to LWU's before poor water quality is pumped into treatment plants that are not designed to cope.

Thirdly, water treatment plants need to be reviewed for risk against extreme water quality events, and additional treatment barriers be installed, or mitigation measures need to be available to harvest alternative water sources until the poor water quality event passes.

5. What catchment management activities do councils need assistance with to protect drinking water quality?

Catchment management is not a core council function, in fact it is a classic 'tragedy of the commons'. No single authority is solely responsible for the inputs and outcomes that control catchment water quality. A collaborative partnership is required between relevant agencies,

including (not an exhaustive list) local government, WaterNSW, Local Land Services, NSW Planning, Office of Environment and Heritage, NSW Fisheries, Forestry Corporation, National Parks & Wildlife, agribusiness, and interested community groups. There are good examples internationally of collaborative arrangements that can achieve synergies such as reducing pollutant runoff, increasing biodiversity, increasing carbon sequestration through catchment management alliances.

