

23 February 2024

Via email:

**Joint Select Committee on Protecting Local Water Utilities from Privatisation**  
Parliament of New South Wales  
Macquarie Street  
Sydney NSW 2000

### **Orana Water Utility Alliance Technical Committee reply to supplementary questions**

Thank you to the Joint Select Committee for the opportunity to answer to supplementary questions provided by the Committee.

1. How does the alliance model support the sustainable delivery of water supply and sewerage services? What are the impediments to collaboration and how can these be overcome?

- *The alliance model supports sustainable delivery of water and sewerage services through its member councils by providing a unified approach to its key goals and objectives of achieving and maintaining Best Practice by all members.*
- *The alliance brings benefits via a collaborative model of strategic planning, joint procurement, shared knowledge, mentoring programs, and many other joint activities.*
- *Enables mutual assistance between members at times of crisis I.E the OWUA Tier 1 Business Continuity Plan and OWUA COVID 19 Response Flow Chart*
- *Impediments to collaboration include the huge distances over which we operate in the Orana region and a shortage of financial assistance. In particular, skills shortages mean that our member utilities must focus on their water and sewerage operation as a 24/7/365 service and have limited time and resources to be involved in strategic improvement activity without some form of external assistance.*

2. Are there ways in which the alliance model can be improved with the support of State Government?

*There are many ways that the state can provide support that will improve the Alliance model. These include but are not limited to the following:*

- *Recognition by all state regulators and key stakeholders within the government of alliances as representative of their members Councils and regional structures.*

- *By aiding in the establishment of regional training centres and the provision of training resources and brokers.*
- *By the introduction of a Community Service Obligation to assist in non-capital solutions such as water loss management programs, advanced shared telemetry systems, especially for early warning of poor water quality in catchments, data capture storage and analysis services.*
- *By providing advanced water and wastewater treatment support systems to improve uptake of advanced treatment technologies. This would be a very important move forward rather than the current system which discourages innovation and uptake of new technology.*

3. What has been your experience with programs such as the Safe and Secure Water Program and Town Water Risk Reduction Program? What improvements could be made to these programs to benefit your alliance?

**SAFE and SECURE GRANTS PROGRAM**

- *The Safe and Secure grants program has seen a most welcome injection of capital into water and wastewater infrastructure construction in regional NSW. The program though as was the case in the previous Country Towns Water and Sewer Program has continued the long history of difficulties for smaller more disadvantaged communities in getting projects through the maze of regulatory and funding guidelines.*
- *The issue has been that the system put in place by the department to assess projects is combative and highly prescriptive and prevents Councils from making the rapid progress required to resolve the risks they are faced with. It is hoped that this problem will be removed because of the work done during TWRRP 1, this however it yet to be seen.*
- *The other and more pressing problem area of the Safe Secure grant system is with the structure of the grants scheme itself. The current scale of the funding bands has the effect of penalising some smaller councils because of the fixed bands and the combining of both sewer and water revenue when making the assessment for what may only be a water project and vice versa. (See Table 1)*

**Table 1. SSWP funding bands**

Annual revenue of proponent (from water and sewerage)	Safe and Secure Water Program funding band
> \$20 million (m)	Up to 25%
> 10m to \$20m	Up to 50%
> \$5m to \$10m	Up to 60%
> \$2.5m to \$5m	Up to 75%
<=\$2.5m	Up to 90%

- *Many smaller and disadvantaged Councils find themselves in the 75/25 bands simply because of the combining of the two revenue streams of water and sewer. This seems highly inequitable if a Council is doing say a water project yet the income from its sewer fund, pushes it in to a higher less funded band.*
- *The other and more perverse consequence of the current approach is where a Local Water Utility increases revenue to improve cost recovery but reduces its eligibility for capital funding by moving into a lesser funding band I.E from 90/10 band to the 75/25. Many other smaller communities are also totally precluded from eligibility purely based on scale and capacity and not being able to demonstrate full cost recovery.*
- *Safe and Secure funding was shifted from the Town Water Utility Section of the department to the newly formed Water Infrastructure Group this has seen a decrease in available funding due the creation of additional overheads.*
- *Although the Section 60 approval process was reformed as part of TWRRP-1, the departments technical advisors are still able to hold projects back through gateway process for project funding used in the Safe and Secure Program.*

### TOWN WATER RISK REDUCTION PROGRAM

- *The Town Water Risk Reduction Program (TWRRP\_Phase-1 2021-2023) has seen a promising start made on resolving some of the risks it was set up to do in relation to the industry. Progress was made in relation to the key areas below and to other smaller segments of the industry, there remains much more to refine and complete.*
  - Redesigning the regulatory approvals framework (RAF)*
  - Water Utility Strategic Planning Framework*
  - Technical Training Courses*
  - Councillor Training*
  - Incident and Emergency Planning*

*Continuation of all these programs would be beneficial to all water alliances, Councils and their utilities management and staff.*
- *The work currently being done around Skills and Training is of vital importance and needs to be continued if real progress towards the establishment of a trade training pathway is to occur.*
- *An expansion of funding available to alliances for the provision of Regional Training Facilities would be a very positive step for all alliances and their member Councils across the state.*
- *Another very important action the government could take easily would be to make the Councillor Training package developed in TWRRP 1 a mandatory course for all incoming councillors and senior Council executives. This training program is a massive help in building understanding of the importance and ramifications of good decisions by elected officials for the water sector.*
- *There should be a continuation of the work commenced in TWRRP 1 around the provision of alternative operational funding models such as a community service obligation to enable alliance wide support programs.*

4. Can you provide more information on why network operations are a key vulnerability in the operation of water treatment plants?

- *There has long been an industry habit of focusing on plants which are vitally important in insuring safe drinking water and safe recycled water. What cannot be disputed is that the largest and most vulnerable part of our systems are our networks.*
- *A significant number of boiled water alerts occur because of contaminated storage reservoirs or contamination of reticulation pipes and services.*
- *most of the reticulation systems in regional NSW were constructed using either Cast Iron or Asbestos Cement Pipes between 1948 and the late 1960's these systems are all now approaching end of life. Repeated pipe breaks and mains failures provide potential points for contamination of drinking water supplies.*
- *These assets I.E reservoirs, pumps and pipe systems struggle to attract grant funding because unlike roads which attract 100% grant funding both federal and state they generally miss out because they are mostly buried and or hidden from site.*
- *It is also a fact that for a person to work on the consumers (domestic and commercial premises) water and sewer systems in NSW regulations stipulate that they must be a qualified plumber under the supervision of a Licensed Plumbing Contractor.*
- *To work on the systems that produce, store, and distribute (the pipes) drinking water to these consumers, no regulatory qualification is required other than in the case of Fluoride dosing. This creates an occupation with no clear career progression and tendency towards lower remuneration for the people (LWU Operators) engaged by utilities in this most critical part of the supply chain.*

5. How could government reduce the burden of strategic planning on local water utilities without compromising on the quality of water services delivered to communities?

- *The government (DCCEEW) could help regional utilities by ceasing its insistence that all the heavy lifting in strategic planning especially climate and water modelling be carried out by the LWU's. Given that the rivers and aquifers are State owned and managed it is beyond reasonable expectation that the work of strategic yield analysis, modelling, and catchment management fall to the utilities.*
- *These pieces of strategic planning work are some of the most expensive and time-consuming tasks involved in planning for water utilities. Greater collaboration and transparency by the State in relation to the models it holds along with a true linkage between this, and normal local government IP and R strategic planning process would go a long way towards easing the burden.*

6. How do catchment management and regional water management strategies improve drinking water quality for local water utilities?

- *The various strategies in place or under development would best serve water quality for critical human needs if they were to consider the use of pipelines to distribute water more efficiently during drought rather than rivers with all the consequent quality variables and losses they experience and will continue to experience because of climate change and other environmental variables.*
- *Critical human need (drinking water) is only 4% of available river flows in most western river systems. A once in a century investment in a transmission system of raw water pipelines delivering water from dams and aquifers to townships for treatment across western NSW would be a preferable option. This approach would mitigate the large, scale risks of catchment management, failure due to drought and raw water quality in rivers away from the contentious arena of town water supply and leave it to the main users which are the irrigators and the environment.*

I hope these answers are of assistance to the committee in its deliberations.

Yours sincerely

*DR Moorby*

Technical Chairman

On behalf of Orana Water Utilities Alliance Technical Committee