

**Submission
No 2**

**JOINT SELECT COMMITTEE ON PROTECTING LOCAL WATER UTILITIES
FROM PRIVATISATION**

Organisation: Bathurst Regional Council

Date Received: 27 October 2023

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The Hon. Stephen Lawrence, MLC
Chair, Joint Select Committee on Protecting Local Water Utilities from Privatisation
Parliament House
6 Macquarie Street
SYDNEY NSW 2000

Email: waterutilities@parliament.nsw.gov.au

Dear Mr Lawrence

Inquiry into Protecting Local Water Utilities from Privatisation

Thank you for the opportunity to provide comment into the inquiry into protecting Local Water Utilities from privatisation.

Bathurst Regional Council is the Local Water Utility (LWU) for the City of Bathurst and has approximately 16,000 residential customers and a significant number of non-residential customers, including multi-national businesses such as Devro, Simplot, Mars Petcare and Omya Minerals.

As part of the Town Water Supply system, Bathurst Regional Council owns and operates two bulk water supply dams, being Chifley and Winburndale Dam, a water filtration plant and a large reticulation network of over 400km of trunk and delivery mains, reservoirs and pumpstations. Water reticulation network is around 380 km, with 22 reservoirs & 13 pumping stations. For the sewer network, the reticulation is 475 km of mains, and 37 sewer pumping stations.

It is considered that Bathurst Regional Council is best placed to own and operate the LWU and does not support the privatisation of this essential public service. Bathurst Regional Council wishes to advise that it supports the submission made by the Central NSW Joint Organisation, of which Council is a member. Council has had input to the Central NSW Joint Organisation submission.

The ownership and management of both water and sewer services provides additional economies of scale to regionally based Councils, which are well positioned to understand the needs of the local community, including water supply. This provides additional ability for regional Councils to remain financially viable into the future.

It is also recognised that Bathurst Regional Council is running its LWU in a more efficient manner than larger NSW Government owned operations with the delivery of bulk raw water to the Bathurst Water Filtration Plant at a cost approximately one third of the cost of purchasing bulk water from the NSW Water Fish River Scheme. Council's additional concern regarding any potential privatisation of Bathurst's LWU is the end result of the Bathurst community paying more for treated potable water.

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In 2018-2020, the Bathurst Region experienced its worst drought on record, which saw Bathurst Town Water Supply restrictions get to Level 4 and about to go to Level 5 with a zero supply/system failure prediction of well less than 12 months in combination with an ongoing prediction of drought conditions. However, during the millennium drought, Bathurst was in an enviable position across the region and was not required to implement water restrictions through this period.

The most recent drought saw Council, as a water utility, review its secure yield, with a sizeable shortfall of supply identified. Council identified the following "kit of parts" strategic approach for its water supply yield and demand model going forward incorporating some elements of the NSW Governments Macquarie Castlereagh Regional Water Strategic;

- a. Ongoing low hanging fruit on the demand side (basix and tanks, leak prevention, technology and efficient watering, recycling water where appropriate) and emergency and smaller yield options such as groundwater where feasible,
- b. Bathurst Water Harvesting Stage 1
 - i. 1100 - 1500 ML/annum based on the average of the 3 years of the worst drought on record (2017-2019)
- c. Bathurst Water Harvesting Stage 2
 - i. An additional 1800 - 2350 ML based on the average of the 3 years of the worst drought on record (2017-2019)
 - ii. Concept design offtake is flexibly 2.6kms downstream of the Bathurst Waste Water Treatment Plant.
- d. Winburndale Dam licence review and pipeline augmentation
- e. Groundwater should the framework reform to better permit permanent use (noting current preference for emergency use only and RWS identification of stress/groundwater depletion) and/or
- f. Chifley Dam Pipeline and Wall Raising subject to feasibility and/or
- g. Irrigation rules between Chifley Dam and Bathurst and Fish River upstream of Bathurst and/or
- h. Fish River Water Supply Scheme option and/or

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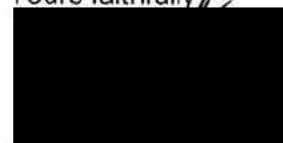
- i. Regional Pipelines noting the potential for a Fish River, Burrendong Dam (utilising some of the airspace as identified in the draft RWS) and Central Tablelands connection.

Council has already commenced construction on the Stage 1 Water Harvesting project and has carried out significant investigation into the augmentation of the pipeline from Winburndale Dam to Bathurst.

It is considered that Council, as the owner and operator of the LWU, is best placed to make decisions as to the operation and improvement as required of the LWU. What Council needs is better integration from a whole of government approach with an output focus to deliver capital projects to improve the secure yield of the Town Water Supply. Council has undertaken extensive lobbying of Government to progress its water priorities to avoid catastrophic outcomes and has found the regulatory and funding environment difficult to navigate.

In fact, the regulatory environment is considered by Council as not fit for purpose in relation to critical human need Town Water Supply. With the aforementioned challenges it is difficult to see how a privatised entity would be able to persevere with the unfit regulatory framework and also how a privatised entity would be able to prioritise a reliable and safe water supply in the public interest while serving its other objective of remaining profitable. It is in fact more than hard enough to get there on a cost recovery basis currently. Were privatisation to occur the recent cost of living experience of electricity and gas would on sound precedent be feared to be likely in the water sector too. This outcome is not in the public interest.

Yours faithfully *l*



D J Sherley
GENERAL MANAGER