

**Submission
No 16**

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

Organisation: Leeton Shire Council

Date Received: 28 October 2023



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Joint Select Committee on
Protecting Local Water Utilities from Privatisation
Parliament House
Macquarie Street
NSW 2000

Per Select Committee Submission Portal

Dear Joint Select Committee Members

RE: Leeton Shire Council Response to Inquiry into Protecting Local Water Utilities from Privatisation

Leeton Shire Council is a Local Water Utility (LWU) that offers both water supply and sewerage services. We consider these services to be our most significant contribution to public health and undertake them with care and diligence.

The purpose of this letter is to outline Leeton Shire Council's view that it is important to secure the future of LWUs across regional NSW, just as the government has done for Sydney and the Hunter Valley - *Constitution Amendment (Sydney and Hunter Water) Bill 2023*.

Our regional water assets should be protected. We do not support the privatisation of LWUs in the regions or the sell-off of assets, nor do we support forced council or LWU amalgamations.

We also outline what is required to support the sustainability of water services to consumers in regional NSW. Certainly, privatisation is NOT the solution to under investment in water and sewerage infrastructure and service capacity over many decades. Instead there should be better consideration of the different operating conditions of LWUs across the State, and these should be supported to succeed through a more efficient governance model and greater State Government investment in ongoing operations to build capacity and deal with emergencies.

Leeton Shire Council's Position:

- Leeton Shire Council considers it essential that the local community (via their Council or alliance of Councils) retains ownership, involvement and control over local water and sewerage services. We note that our position aligns with the that of Local Government NSW and NSW Country Mayors.
- Leeton Shire Council strongly opposes the privatisation of Local Water Utilities (LWU) and supports legal protections being introduced against privatisation, just

as the NSW Government has done for Sydney and the Hunter Valley. It is, however, important to ensure that these protections still accommodate a degree of outsourcing to the private sector when required by a local council, such as during times of disaster or times of short-term staff shortages. Councils having this discretion is imperative to keeping critical and essential water and sewerage services available during times of disaster or staff shortage and during extreme incidents and climate events.

- Leeton Shire Council believes the NSW Government should not have any legal ability to sell-off any water utility or sewer services being offered by local councils across NSW. The need to consult with councils first is in place already, needs to be retained, and should be strengthened. Local communities lost control of electricity supplies previously and we do not support this potentially happening to our water supply and sewer services too.
- Leeton Shire Council opposes forced amalgamations of councils and LWUs. Instead, Council supports opportunity for voluntary collaborative models at a regional level, such as regional water alliances, where a council deems this useful and efficient.
- Leeton Shire Council believes that all towns across regional NSW deserve to receive drinking quality water at an affordable cost. Council notes the disparity of cost burden on consumers of water and sewer services in the regions compared to the metropolitan areas, most especially in smaller communities, dispersed communities and communities in dry/arid climates.

As well as economies of scale, the rainfall differences between inland and coastal NSW must be acknowledged and cannot be ignored when the State Government is determining how best to support LWUs.

Council recommends that the NSW government considers delivering permanent ongoing operational funding for LWUs - and alliances of councils - to assist them with delivering efficient water and sewerage services. Perhaps the redistribution of Financial Assistance Grants could assist to achieve better service equity. Also, additional State Government funding should be available to support communities when there are climate induced emergency events / incidents that require remediation and expert technical support.

- Leeton Shire Council considers the legislative environment for LWUs to be complex, cumbersome and inefficient. Currently LWUs have to report against at least 8 pieces of legislation, namely *NSW Local Government Act 1993*, *NSW Water Management Act 2000*, *NSW Public Health Act 2010*, *NSW Protection of the Environment Operations Act 1997*, *NSW Environment Planning and Assessment Act 1979*, *NSW Dams Safety Act 2015*, *NSW Work Health and Safety Act 2011*, and *Commonwealth Water Act 2007*, along with a host of guidelines and supporting regulations. Council reports on its services separately to NSW DPE (Department Planning and Environment), NSW Health and NSW EPA (Environment Protection Authority).

Council advocates strongly for a revised governance model that is simpler to administer and that aligns more closely with Integrated Planning and Reporting under the *Local Government Act 1993*. Council would prefer a consolidated, whole of government, regulatory approach from LWUs that is streamlined, coordinated, and strategic.

- Leeton Shire Council is of the view that risk appetite for LWUs should be developed in consultation with elected councillors and local communities rather than being unilaterally imposed by any regulator. Significant unnecessary cost burdens can accrue on a LWU due to a change in risk appetite from a regulator. A case in point is 'Good Dams Safety Performance' which is difficult to navigate and often not fit for purpose for our levels of service.
- Leeton Shire Council acknowledges there is a need to invest in LWU resilience and seeks support from the NSW Government for not only capital investment, but also increased capacity building, improved water utility risk management (to predict, mitigate and monitor risk), improved digital technology upgrades, and ready access to water operator training.

Concluding comments:

Thank you to the Committee for the opportunity to provide a submission.

Residents of NSW deserve safe, reliable and affordable water and sewerage services. Smaller communities deserve equitable access to these critical and essential services too.

In our Local Government Area, Leeton Shire Council is best positioned to deliver these services.

Refreshing governance models and introducing funding for operations for regional LWUs would represent a transformational opportunity for regional communities in NSW. The benefits from State Government investment in budget support for water and sewerage services will complement existing capital project subsidies and will ultimately flow back to NSW's success through improved economic development.

For further information, please contact John Pearson, Manager Water and Wastewater, on [REDACTED]

Yours faithfully



Jackie Kruger
General Manager