

REPORT ON PROCEEDINGS BEFORE

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

At International Hotel Wagga Wagga, Wagga Wagga on Monday 12 February 2024

The Committee met at 9:15.

PRESENT

The Hon. Stephen Lawrence (Chair)

Legislative Council

The Hon. Mark Banasiak
The Hon. Wes Fang

Legislative Assembly

Ms Liza Butler
Mr Justin Clancy
Ms Steph Cooke
Mrs Helen Dalton

PRESENT VIA VIDEOCONFERENCE

Legislative Council

The Hon. Emily Suvaal

Legislative Assembly

Dr Michael Holland

The CHAIR: I thank everyone for attending the second public hearing of the inquiry by the Joint Select Committee on Protecting Local Water Utilities from Privatisation. On behalf of the Committee, firstly I acknowledge that we meet on Aboriginal land. I acknowledge the traditional custodians of the land where we meet. I pay further respects to Elders past and present for their continued guidance and knowledge, and extend my respect to all First Nations people who may be present or viewing these proceedings online. I thank all the witnesses appearing before the Committee today and the many stakeholders who have made written submissions. The Committee appreciates your input into this important inquiry. I declare the hearing open.

Mr ANDREW CRAKANTHORP, General Manager, Riverina Water County Council, affirmed and examined

Mr TIM KOSCHEL, Chairperson, Riverina Water County Council, affirmed and examined

The CHAIR: I welcome our first witnesses and thank them for appearing before the Committee. Mr Koschel and Mr Crakanthorp, have you been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

TIM KOSCHEL: Yes.

ANDREW CRAKANTHORP: Yes.

The CHAIR: Do you have any questions about that information?

ANDREW CRAKANTHORP: No.

TIM KOSCHEL: No.

The CHAIR: Would either of you like to make a short opening statement before we begin questioning?

TIM KOSCHEL: I'll start, if that's okay. Thank you, Mr Chair. My name is Tim Koschel. I've been the chair of Riverina Water for two years and a board member for seven years. I've been a councillor on Wagga Wagga City Council since 2016. I'm accompanied today by our CEO, Andrew Crakanthorp, who will later provide some context regarding Riverina Water. I first heard about the bill going to Parliament sometime last year, when I was actually driving across to the South Coast for work to visit Cooma, Pambula and Bega. As soon as I heard it I thought, "What a great idea." As soon as I got service—because there's no service up there—the first thing I did was pull over and actually call Andrew and say, "We need to be a part of this." Andrew made a few inquiries and called me back. I was actually quite surprised that it was more centred around Sydney Water and Hunter Water, not the whole water utilities across the State.

You have our submission before you and I don't want to repeat anything that it says. However, I will make some key points as follows. Before I do that, I refer to the letters of support that you have received from our four constituent councils. I do understand these letters have been provided to you. There was a late one that we supplied Friday that you should have a copy of, from Wagga Wagga City Council, as well. I'd also state that we support the submission made by REROC and note that the chair and CEO of REROC appeared at the first hearing of this inquiry in Sydney on 8 December.

A key point for me is that when we talk about privatisation, we normally talk about profit, return on profit and return on investment. However, from my point of view, the terms I use in relation to regional water supplies are more aligned to social responsibility, community obligation and social amenity. The landmark decision to enable Sydney and Hunter Water to have the reassurance that they won't be privatised was a good outcome and is something we should ensure for the remainder of the 92 water utilities across the State. Riverina Water is one of nine county councils across New South Wales, and one of only four county councils with the responsibility of supplying potable drinking water. We are somewhat unique in our operation; however, all four county councils are highly efficient, as our CEO will explain shortly.

Another point I'd like is given our not-for-profit business model, the governance structure of our county councils is extremely cost effective. While councils and board members should be better remunerated for the hours that they invest in their roles, the fact is that at the moment the annual cost of supporting nine members of the board of Riverina Water, for example, is around \$160,000. This would compare very favourably to the annual cost of supporting the board of Hunter, for example.

I just want to make some comments here that we are an essential service and I believe Riverina Water is an essential service, not just for Wagga but for the four LGAs that we do look after. Any kind of privatisation of the water issue moving forward, it would actually create a monopoly in this area because there's no-one else that can come in and supply that across the region as well. We know cost of living is a massive thing at the moment here and any increase on cost to this area will actually have a great impact, not just to the residents of Wagga but to the residents across our smaller regional areas as well.

Riverina Water contends that all arguments and justifications for implementing the protection for Sydney Water and Hunter Water can equally call for the protection of all water utilities from privatisation. In support of this submission, Premier Chris Minns said on 10 May 2023, as quoted in *Hansard*:

We have seen the effects of 12 years of privatisation—the selling off of our electricity assets, our ports and our toll roads. Essential assets were sold often at low prices, with the public paying an ever-increasing amount simply to use the same core services that they used to own. We saw dividends no longer being re-invested back into the New South Wales budget but going straight to private

operators, and then government after government having to look at compensation schemes because people could not afford to use the services anymore. We promised to put an end to that, and I am proud that this is indeed our first bit of legislation.

History provides relevant examples of where the privatisation of the essential service has had a negative impact on communities across the nation—for example, when electricity and gas were removed from local governments' hands in the 1990s. I would like to finally finish off by saying Riverina Water has a mission statement. I quote:

To provide our community with safe, reliable water at the lowest sustainable cost.

In the event of any privatisation, it is not unreasonable to think that a profit-driven company would reverse that mission statement to be something like, "To provide average water quality at the highest possible price." Thank you.

The CHAIR: Thanks, Mr Koschel. Mr Crakanthorp, would you also like to make an opening statement?

ANDREW CRAKANTHORP: Thank you, Chair. Thanks for the opportunity to address the inquiry today and welcome to Wagga Wagga, New South Wales's largest inland city. I've worked in local government for 40 years now across 11 councils and have resided in the southern Riverina for the last 30 years, the last 16 of which have been as a resident in Wagga Wagga. As you will see in our submission, Riverina Water strongly believes that local water utilities should remain in the hands of local government and that local utilities should not be privatised or even be at risk of being privatised.

Riverina Water has existed in various forms since its formation in 1938 and has existed as Riverina Water for the last 25 years. Our supply area covers 15½ thousand square kilometres servicing four local government areas via 38,000 water meters, and more than 77,000 people drink our water every day. We're also very proud that the business model has postage stamp pricing, so if you live in Urana or Oaklands, you're paying the same as if you live in Wagga, and that's well received by our residents.

Our business model is from source to tap for all of our customers and it's a very sound model. Our typical water bill is the fifth lowest in the State at \$458, which compares very well to the State average of \$702, particularly when you consider our climate and the number of pools and swampy air conditioners that are running in Wagga on days like today. That's because our price of water is only \$1.61 per kilolitre at first tier, which compares very well if you were in, say, Eurobodalla where you're paying \$4 a kilolitre.

Chair, I'll also look forward to welcoming you to our state-of-the-art \$45 million water treatment plant, which was commissioned in 2021, and fully funded by our customers via cash reserves of \$35 million and a \$10 million loan from the New South Wales Treasury, demonstrating again the importance of the relationship between local and State governments. That relationship and commercial arrangement wouldn't exist if we were a private company trying to maximise wealth for our shareholders.

In essence, Riverina Water is owned by the community for the community. We've set up a community grants program which invests half a million a year back into community events, and those sorts of schemes simply would not exist if we were privatised or a State owned corporation. We've also circulated a fact sheet that the four larger water county councils put together some years ago, because not many people know what county councils are or what they do. In fact, many of our customers don't really understand us either, because they turn on the tap and get good water, pay their bills and the rest is history. So we're trying to raise the profile of county councils in the State.

The CHAIR: Thanks, Mr Crakanthorp. I might kick off and ask a few questions. I was wondering, firstly, could you explain the governance structure of the county council in terms of the board composition?

ANDREW CRAKANTHORP: Yes, sure. We serve four local government areas. Wagga city is obviously the predominantly larger entity of those, and they have five elected councillors appointed to our board, which meets six times a year, at a minimum. Greater Hume Council have two elected representatives who sit on our board, by virtue of the merger of the former Culcairn shire and Holbrook shire. Lockhart shire has one elected rep and Federation Council has one, to make up the nine.

The CHAIR: Mr Koschel, what do you see as the advantages of having democratically elected councillors on the board?

TIM KOSCHEL: For me, having community representation is the most important part. As a not-for-profit organisation, our role, when we do go in there, is not only to do the function of the board but also making sure that the community has its say in water resources. We know what's happening in there. As the CEO touched on before, we are run by the community for the community, so I think it's really important that it does stay that way.

The CHAIR: Mr Koschel, you referred in your opening statement to things that the Premier had said, quite strongly, about privatisation. But looking forward into the long term, obviously governments come and governments go, and policies of parties change also. What do you see as the most effective means of protecting local water utilities and county councils from privatisation, sell-offs et cetera?

TIM KOSCHEL: What do I see as the best? It is basically a very similar bill to what you did with Hunter Water and Sydney Water—that is, to protect us from privatisation. I can't see what the difference is between metro and regional, why we are looking at them and why we are being treated as a different source. We all provide the same thing: We provide drinking water to our communities. It doesn't matter if we live in central Sydney, Wollongong, Newcastle, Bankstown or Urana. We all have the same right to that same essential service, so I can't see why we shouldn't be treated the same and be protected from that privatisation.

The Hon. WES FANG: It's a shame Minns is not here to hear that.

The CHAIR: Order! In terms of the details of legislation, are there any unintended consequences that you would like to draw the Committee's attention to in terms of how legislation will need to be worded to make sure that there aren't unintended consequences—for example, things that county councils or council water utilities might be doing in terms of particular work arrangements, outsourcing et cetera that we would need to be mindful of in terms of crafting legislation.

TIM KOSCHEL: I may have to defer some of that to the CEO, but I can't see how we would differentiate a lot to the other services at all. We provide the same service. Our structure might be different as a county council, compared to Sydney Water or Hunter Water but, realistically, at the end of the day, you turn your tap on in Wagga and you get water. That is provided in the same way. The structures may be different but not the importance of protecting us from that privatisation. The most important part—and the CEO did touch on it before—is around the postage stamp pricing. If you turned your tap on in the kitchen here today, you are charged exactly the same as if you turned it on at Urana. If we based that back to what the cost would be to deliver that water to Urana, it would be a very different cost to delivering it here, because we're only 600 metres from our water treatment plant, yet the costing is still the same. That's probably the difference in the structure. It is probably the size of the area on a map that we go to. Sydney is a big place with a high population, and so is Newcastle, but the size of our distribution network would probably be the only thing. But it's still all only under that one organisation.

The CHAIR: Thanks, Mr Koschel. Mr Crakanthorp, do you have any thoughts on any unintended consequences that the Committee might need to be mindful of? For example, if we were making recommendations about legislative changes to protect local water utilities, are there any functions or operations in a practical sense that we need to be aware of?

ANDREW CRAKANTHORP: It's a difficult question to answer and nothing immediately comes to mind. The Riverina Water business model, we choose to construct all of our water mains for new subdivisions, industrial and residential subdivision, and not contract that out. That is basically a policy setting for the county. Hunter Water and Sydney Water would have relationships with private entities who come in and do that construction work—or developers, in fact, do that work. I think it's important for councils to retain that ability to make the choice about when they do engage with the private sector. In terms of our billing, we have commercial arrangements with third-party companies in Sydney who process the water accounts and send them out, but I don't see that having to be protected. That's just running the business in the most efficient way that you can to minimise cost to keep our prices low, as they are.

In my experience, in the last 20 years there was one company that was touting to want to come in and own or run elements of our assets or take over the supply, which never really got traction. That was before my time at Riverina Water so I haven't got the detail around that; I don't know if it progressed to the board. However, there would be no desire or appetite for a county council—or a council or a utility, I think—to divest its water or sewage functions to a private sector company because of the risks of profit-driven pricing.

The CHAIR: In terms of staffing and labour shortages, which we keep hearing about in all sorts of sectors, how are things travelling in terms of the county councils' capacity to fill key positions of technical staff and so forth?

ANDREW CRAKANTHORP: In the last six months there's been a turnaround in the labour supply market. We're attracting good quality applicants across a range of areas. We employ industrial electricians, water treatment plant operators—although that remains an area of challenge so we're growing our own and putting people through TAFE. We have a rotation of six trainees/apprenticeships at any one time in our business cycle. During COVID, obviously there was an impact and our turnover of staff went to a high of 15 per cent, which is abnormally high. It runs at around 4 per cent to 5 per cent on a staff of 120. So even in the rural areas, we're not having problems attracting staff into the rural towns. That would be my comment.

The Hon. MARK BANASIAK: Just going to your submission, you say that this inquiry should not only encompass protection from privatisation but other threats like forced amalgamation, corporatisation of State entities and absorption of local water utilities into Sydney or Hunter. Suppose inquiries make recommendations around legislation, would you like to see the legislation around protecting privatisation also encompass some of these things as well? So it be a little bit different to what was passed for Sydney and Hunter to obviously encompass some of these other issues that you raised, particularly the absorption of LWs into bigger entities?

ANDREW CRAKANTHORP: Good question. The answer would be yes. I'm just trying to recall the name of—there's another inquiry just commenced by the Productivity Commission. The Minister for Water commissioned that. I understand that the terms of reference for that inquiry broadly refer to improved relationships between State-owned corporations and local water utilities. We're in the early stages of that inquiry. In fact, the terms of reference should come out this month, we're told. Getting back to your question, that would be a good thing, from our point of view. The challenging thing, to go down another angle, is that if you were to remove water and sewerage functions from the operations of general purpose councils, you would put them under further financial pressure because of the relationship between the water fund and sewer fund and how they support what we call the general fund. If that was to be removed—and it's a generalisation—rural shires would struggle even more to remain an ongoing financial entity because of the relationship between the different funds that the general purpose councils operate.

The Hon. WES FANG: Chair, we've got plenty of questions over here. Justin, do you want to start?

The CHAIR: I'll leave it in your hands.

Mr JUSTIN CLANCY: Tim and Andrew, thanks for being with us. In your submission, you touch on the relationship between local water utilities and the New South Wales Government, and you state that the "threat of privatisation would place that effective working relationship at risk". How would privatisation impact on the relationship between government, regulatory bodies and local water utilities? I'd be interested in your thoughts more broadly around the regulatory environment.

ANDREW CRAKANTHORP: A good example was around 10 days ago when there was an algal bloom at Blowering. Immediately, our staff are working with NSW Health and WaterNSW to ensure that the integrity of our water supply—our bottom line is safe, healthy drinking water. Arguably, that sort of relationship may not exist if it's a privatised company running the water in our catchment. You wouldn't have the strength of those relationships. Encouragingly, the State Government has deliberately, over the past 10 to 15 years, been engaging more and respecting local government more broadly and having a more genuine partnership. There's a way to go, but it has improved. It used to be not good—not a partnership.

The other example we're dealing with is—it's a complex issue—PFAS from the RAAF base in Wagga. The project governance group that's administering that very serious and challenging issue is headed up by the Department of Regional NSW. We've got WaterNSW at the table with Riverina Water, Goldenfields Water, the Department of Health and NSW EPA. If you had a private company sitting in on that by virtue of doing what we're doing, the discussions would be entirely different and commercially difficult. But because of our relationships with State members, who are also briefed, and Federal members—because it's all in the public interest, we've all got the same end goal. To have a private player in there would be very problematic and, I think, would be really difficult.

TIM KOSCHEL: To add further to that, probably a bit more bluntly than Andrew just put it, because we all work for the community, we have some really great relationships across all levels of government and all organisations of government. Privatising that and putting it in a different company's hands, it would be interesting to see the difference in conversation—what we could actually share to what the confidential information is. If I talk in regard to PFAS and different things like that at the moment, what could be shared and what can't be shared? If we have a look at the privatisation of a company, what is their best interest? Who are they representing? To them, it would be shareholders or whoever owns the organisation, and the community probably would come second. The input you'd have sitting around one of those tables, you've got a different point of interest from the community.

Ms STEPH COOKE: Good morning and thank you for joining us today. I've only got a couple of questions. Mr Crakanthorp, given your history of working with general purpose councils and also with county councils, do you think that county councils are more vulnerable with respect to attempts to privatise or do you think they're at greater risk than general purpose councils?

ANDREW CRAKANTHORP: Yes, I do.

Ms STEPH COOKE: And why is that? Could you expand please?

ANDREW CRAKANTHORP: Yes, sure. In 1997 when the then State Government took the electricity function from the then Southern Riverina Water and Electricity, the councils involved at the time pleaded with the State Government, who agreed to set up the Goldenfields Water and Riverina Water, and so that was a good win for the community because it kept the water entity in local government. General purpose councils exist by virtue of the Local Government Act, and there is a different section in the Act which allows county councils to be proclaimed and operate. It's also very easy to—I don't know what the legislative term would be but to dissolve the county council wouldn't be difficult, for example, and to say, "You're going to join Hunter Water," and whatever that then looks like. That scares me, concerns me, because we could be gone within a day or a week at the drop of a pen under the current legislation.

As we know, the Hunter Water, Sydney Water legislation now requires an Act of Parliament I think—not being in the detail—for that to happen. I think to unravel a general purpose council from its water and sewer funds, as I said earlier, would be problematic for that to happen. Although the alternate, as an advocate for water county councils, would be for county councils to have more of them. An alternate option would be for the general purpose councils for the water and sewer so that we operate similar to Sydney Water where you've got the full water cycle. It makes a lot more sense for me.

Ms STEPH COOKE: It's probably digressing slightly from the main topic of today but it's one that's close to my heart. You mentioned the recent algal bloom at Blowering. What do you think or what more needs to be done with respect to providing good quality safe drinking water against the backdrop of natural disasters like the ones we've seen in the last four years? That Blowering area, for example, was heavily impacted by the Dunns Road fire. We've seen other natural disasters, including the floods of 2022. These have impacts on our infrastructure and on service provision. What have the discussions been internally for what you can share with respect to how we manage these situations in the future, particularly for small regional communities?

TIM KOSCHEL: I was just going to be quite blunt and say keeping it in the community's hands. Privatising it and getting it out of the community's hands would be the worst thing that you can do. To keep looking after our water supplies and supply you with the best possible way and the best possible quality we can is leaving them owned by the community and run by the community, because moving them across and putting them in private hands, then you shift change to keeping your shareholders happy and not keeping the water quality and the services there and at the best possible price.

ANDREW CRAKANTHORP: If I could just add to that, I think the technology has got a role to play as well. The Riverina Water model and Goldenfields—it's not very well known that 80 per cent of our water comes from the aquifers and that's why we're concerned about the impact of PFAS. The growth for Wagga has to come from surface water or the Murrumbidgee. The technology that went into the new plant allows—and you'll hear the detail around this this afternoon, but we can treat extremely dirty water at a level of what's called 700 NTU, which is the turbidity in the water, so that at all times we can have continuity of supply.

For communities downstream, at Griffith and all the communities who rely on the Bidgee, including Narrandera, which is screaming out for improvement in water quality, the technology is going to have a big role to play in that. I suppose the other point I wanted to make, going back to an earlier question, was around when PFAS became an issue. Our board was very clear to me in saying, "Let's get on the front foot and tell our community that we have a risk," and so we did. We led the issue and created the issue, whereas I think in private hands there would be a different approach to that, and that comes at the risk of the trust the community has in us to be transparent about the issues confronting us and not be commercially motivated not to say, "We've got an issue."

Mrs HELEN DALTON: Nice to see you again. I want some background, really, to understand. Do you get a water entitlement? Obviously Wagga is growing at a rate of knots and the requirement for water would be increasing. So what happens? Have you got a water entitlement or something? How do you cater for that?

ANDREW CRAKANTHORP: Yes, we do. We have a groundwater entitlement of around 14 gigalitres and a surface water licence—so, they are licences—of seven gigs.

Mrs HELEN DALTON: What do you do with the water that you don't use?

ANDREW CRAKANTHORP: It flows past.

Mrs HELEN DALTON: It flows past. So you don't trade it, sell it?

ANDREW CRAKANTHORP: Previous boards have purchased a gigalitre a few years ago and we trade that on the temporary market, depending on the seasonal conditions, and the money from that goes into an internal reserve to buy more water licences so that we have—so that's how we add to our licensing availability to water. Also, if a new company comes to Wagga as part of the new SAP and they're water intensive, then we talk to them

about how much—they may have to buy a licence to access some of that and we have commercial discussions with them about how that works.

Mrs HELEN DALTON: Would that be for a lot of developers coming in?

ANDREW CRAKANTHORP: No.

Mrs HELEN DALTON: No?

ANDREW CRAKANTHORP: No, we typically—so of the 21 gigs that we have, it's only in the drought years that we might use 18 gegalitres, so we have capacity with—

Mrs HELEN DALTON: So in a drought year, obviously, the price of water goes up. Would water restrictions happen here a lot, during a drought year, and maybe you've sold surplus water? Is that something that happens or do you hang onto that water? Obviously there is more demand for water during a drought to run swampies and all those things that you mentioned before, so would you sell water because it's worth a lot and then just put people on water restrictions here? Does that ever happen?

ANDREW CRAKANTHORP: No. We can't trade our town water entitlements.

Mrs HELEN DALTON: You can't?

ANDREW CRAKANTHORP: No.

Mrs HELEN DALTON: Have you got general security, though?

ANDREW CRAKANTHORP: Yes, we've got high security—

Mrs HELEN DALTON: You can trade those?

ANDREW CRAKANTHORP: We bought that one gig and we're buying more from within the groundwater system as it comes available.

Mrs HELEN DALTON: And you trade that?

ANDREW CRAKANTHORP: We do, yes. The revenue from that goes into a reserve to keep buying groundwater licences as they come onto the market, which is very rare.

Mrs HELEN DALTON: So would you use that entitlement during a drought for the locals here?

ANDREW CRAKANTHORP: We haven't had to and the only reason we've ever imposed water restrictions is because the State told us to. Our water security is tremendous. We're not like the Dubbos or the Tamworths.

The CHAIR: It's pretty good in Dubbo, though.

ANDREW CRAKANTHORP: People struggle with it because the rest of the State will be in drought and our signalling to our community is always a tension for us because the security of our supply is hardly ever threatened because of the strength of the aquifers.

Mrs HELEN DALTON: That's good. Burrinjuck Dam has now got another algal bloom as of today. There was an announcement on the radio, on the news. So the struggle with all of this is with real-time data. By the time you get the water tested—it takes a week to get it tested and then you've got to have successive tests, I think. Would you think that there should be more research and development into the measurement of water quality? Do you think that's an issue? Even with Lake Albert you've got algal blooms at times too, haven't you, and then it's unusable? Even if it looks good, you've got to get that clearance, and it takes time. It takes a fortnight. Would you think that it's an issue getting real-time data from testing?

ANDREW CRAKANTHORP: Yes, I do. For us it's not, but the closer you are to, say, Burrinjuck and if you are a water utility pulling water out of the Murrumbidgee, the more time sensitive that data would be. Goldenfields could probably answer that because they have source works at Jugiong. However, for water to get from Burrinjuck, leaving the gate now, I think it's around eight travel days to get to our intake. We are not concerned about that. Plus, with the quality of the plant it removes most things with chemical dosing and keeps it within the Australian Drinking Water Guidelines. I think, as science improves, yes, it would be better to have as close as you can to real-time data. That would mean expediting or having testing kits within water treatment plants, close to the source, where you don't have to send it away to a university or a nationally accredited water supply analysis company, which typically do the testing for all local water utilities in the State.

Mrs HELEN DALTON: The other thing, just touching on fires and natural disasters, is the risk of having a fire around the dams, and then you get a rainfall event and all that debris and ash goes into the water. Is that

something that may concern you? I've had constituents talking to me about that, especially when we've had a lot of fires and the contamination of water after that. Generally in Australia we will have some very harsh conditions and then, of course, it will rain and rain and rain, and all of that goes into the water supply. Is that something that you've had experience with, or is it not a problem with Burrinjuck?

TIM KOSCHEL: Probably not a heap of issues or problems due to the distance that Andrew touched on before, plus most of our water does come from the aquifers and not from the river as well. So I understand the concern that you're raising with that, but from the Riverina Water point of view, it's probably not as big a concern for the water that we do source.

ANDREW CRAKANTHORP: I was aware, during the 2021 fires, that the department of health was liaising closely with all local water utilities on the Murrumbidgee because of that reason. We kept a watching brief on it, but it didn't impact. We didn't get complaints or concerns from the public about the change in the quality of the water from the river.

Ms LIZA BUTLER: Thank you for your time today. I just wanted to clarify the water fund to the general fund. Did you say that it was \$500,000 a year that you put into your general fund from the water fund?

ANDREW CRAKANTHORP: No, I didn't, because we don't run a general fund.

Ms LIZA BUTLER: So for the \$500,000 you mentioned that goes into community events, how does that work?

ANDREW CRAKANTHORP: The community grants program is set up under a—typically it operates at half a million a year when we've had operating surpluses of \$2 million to \$3 million for the two financial years prior to that. Because we've had dry years, the ratio has dropped back so that it runs at \$100,000 a year. The point I was trying to make is that the board took that decision to introduce the program, which is now in its fourth year, to try and raise the profile of Riverina Water with its customers to raise awareness of what we do. We have the capacity, because of the business model, to donate that money back to the community, to strengthen community facilities or events, festivals—you name it. There's four categories within it. I won't go into all the detail, but it's very well received. We do get some criticism, saying, "If you didn't do that, you could drop the price of your water," but in a revenue of \$31 million in a wet year, half a million is affordable and responsible, or so the board believes.

Ms LIZA BUTLER: Is that why you were saying that, if you didn't have that, that would come out of council's general funds and then communities wouldn't have the funding for those events if it was privatised?

ANDREW CRAKANTHORP: No, I'm not saying that. Typically, the programs we fund, say, at Holbrook—we put \$50,000 into a football ground kitchen, which is a council-owned facility, and that's well received by our four general-purpose councils, because it allows projects to get completed that they're unable to afford or that they can't get through State or Federal funding. So we become another source of funding.

TIM KOSCHEL: I was just going to add to that, if I can. The board's very careful when it comes to the funds. I remember when it came to the board meeting this was debated. We just didn't want to pull \$500,000 out of revenue, and we were quite aware that we didn't want to increase water costs or get half a million from the community just to give 500 back to the community. So it's on a percentage based of whatever the net profit is, and we did put a floor on it so it would always be around that \$100,000 minimum, regardless, because we still wanted to make sure that we're able to do that profile building and work with different community organisations around the LGAs. We do invest a lot of that through those green processes back into water sustainability projects and different things like that as well.

The Hon. WES FANG: Chair, I just foreshadow we may go one or two minutes over just because I've been waiting very patiently for my five minutes and we've gone a little bit over that time.

The CHAIR: You've been very patient.

The Hon. WES FANG: Mr Koschel, I noted in your opening statement you talked about your excitement at the thought that we might be included in the anti-privatisation bill that Labor brought before the House, the first bill that they brought to the New South Wales Parliament. Can you tell me how you felt when you learned that it was only for Sydney and Hunter?

TIM KOSCHEL: Thank you for your question. I was probably left wondering why would probably be the easiest answer. As I said, I was driving across. You get no service going across the Snowies, across to the South Coast. I was heading over there for work and pulled over and I called Andrew. I said, "This is amazing," and I recall I don't think you'd heard of it or seen it at the time. You don't get many radio stations, so I won't name the one I was listening to when you're flicking radio stations, jumping through that area. Andrew called me back

quite quickly and then mentioned that he'd looked into it and then it was only for Sydney and Hunter. I said, "Well, this isn't right." I actually then asked him to reach out to—I know that he'd spoke to our local member as well, trying to get us included in that original bill as well.

The Hon. WES FANG: Do you believe that it makes the Labor Party look like they're prioritising Sydney and the Newcastle-Wollongong area as opposed to rural and regional New South Wales? Do you think they're treating us like second-class citizens?

TIM KOSCHEL: Without getting into the political side—

The Hon. WES FANG: Feel free.

TIM KOSCHEL: —as a regional person and a person that lives in this region, who was born and bred and always lived in the regional areas, it does, and I said that in the part. It makes us feel we are being treated different to regional, and I think what's good for one should be good for all.

The Hon. WES FANG: You're aware, obviously, that my colleague Steph Cooke, the shadow Minister for Water, brought a number of amendments forward to try and fix that bill, to try and have rural regional areas included, and they were all rejected by the Labor Party. How does that make you feel?

TIM KOSCHEL: Again, probably ask a lot of questions to why. I know we've had the pleasure of Steph coming and meeting us at the water treatment plant and talking us through it as well. I think it's probably left more questions than answers to why, and thank you for those that lobbied on our behalf as well. It's probably left more—yes, the inquiry came out of that, which was good, but why couldn't it be included in that start is something that I was wondering at the time as well.

The Hon. WES FANG: We've heard this fallacy, that it's somehow due to unintended consequences, but Mr Crakanthorp you indicated, quite rightly, that the unintended consequences for the privatisation matters, when you're talking about Sydney Water, Hunter Water, are probably greater than when you're talking about an entity like Riverina Water. In relation to unintended consequences, do you believe there is any reason that we could not have been included in that bill, and there is no reason why the bill that is now brought forward by my good friend and colleague, Steph Cooke, the shadow Minister for Water, cannot be supported by the Labor Party?

ANDREW CRAKANTHORP: Without being drawn on party positions—

The Hon. WES FANG: I am happy for you to do that as well, if you like.

ANDREW CRAKANTHORP: We believe the changes brought forward in the amendments make sense and should be endorsed.

The Hon. WES FANG: Are you aware that organisations like the New South Wales Country Mayors Association had supported what Steph Cooke was doing? We had a number of entities that were agitating and advocating for those amendments to be passed, yet the Labor Party rejected all of them. Was it disappointing for people who are covered by Riverina Water to know that they are not protected from privatisation in the same way that Sydney Water and Hunter Water are?

TIM KOSCHEL: I'm happy to answer that one. Thank you for the question. Yes, I agree that I think it creates a lot of concern and uncertainty for that moving forward. Unfortunately, at the time—we've probably raised the profile more than that. Unfortunately there has not been, probably, a lot of media coverage. When I do talk to people on the street or I go and meet people and I talk about this issue, they're actually surprised that it's even up for debate and why it's even on the table when it's something that should be there.

The Hon. WES FANG: Mr Koschel, knowing that in 2008 the Labor Party had a plan and had started consultation around the idea of privatising rural and regional water assets, do you think that played any role in the fact that they rejected the amendments brought forward by Steph Cooke to protect rural and regional areas from privatisation?

TIM KOSCHEL: I was unaware of that, but that is quite concerning, if that is.

The Hon. WES FANG: The Labor Party had started consultation around privatisation of rural and regional water assets. Obviously that might have been part of their agenda as to why they blocked those amendments from Steph Cooke.

TIM KOSCHEL: I am hoping it wouldn't be a part of the reason why, but I can't see why we couldn't be treated the same as Sydney and Hunter.

The Hon. WES FANG: Thank you very much for your insightful evidence.

The CHAIR: Thank you for your evidence, gentlemen. You will be provided with a copy of the transcript of today's proceedings for corrections. Committee staff will email any questions taken on notice or supplementary questions. If there are any, we ask that you return those by Thursday 22 February.

(The witnesses withdrew.)

Mr AARON DRENOVSKI, General Manager, Goldenfields Water County Council, sworn and examined

Mr GEOFFREY VENERIS, Manager Production and Services, Goldenfields Water County Council, affirmed and examined

Councillor DAVID McCANN, Mayor, Coolamon Shire Council, sworn and examined

Mr TONY DONOGHUE, General Manager, Coolamon Shire Council, affirmed and examined

Mr RAY GRAHAM, Director Technical Services, Bland Shire Council, affirmed and examined

The CHAIR: I welcome our next witnesses. Would anyone like to make an opening statement?

AARON DRENOVSKI: I would, if I may. Goldenfields Water is a single-purpose county council that has been providing water supply services in the South Western Slopes and Riverina region of New South Wales since 1997. Prior to this, these functions were carried out by the Northern Riverina Council Electricity and Water and the South-West Tablelands Water Supply. As a county council, Goldenfields Water is a unique organisation, especially given that it is made up of seven different councils that depend on it to deliver vital drinking water for their communities. Covering an extensive 22,500 square kilometres, we are known to have the longest regional network of pressurised water supply mains in New South Wales.

We service approximately 46,000 customers across the local government areas of Bland, Coolamon, Junee, Temora, and parts of Cootamundra-Gundagai, Hilltops, Wagga and Narrandera, and have the capacity to maintain and operate around 2,400 kilometres of water mains, five water treatment systems, 40 pump stations and 114 reservoirs, which has an approximate replacement value of \$450 million. We employ over 70 local staff members who share the vision to deliver great results for the communities that we serve. This is evident through our strategic planning and priorities, set around the delivery of quality water service in a cost-effective and efficient manner. Goldenfields Water continues to provide exceptional service to our customers. In our most recent customer survey, 87 per cent of our customers rated our water quality satisfactory or higher, whilst 95 per cent of our customers were satisfied or above with our service delivery.

Not only do we consult with each of our constituent councils and customers through our community engagement strategy to understand the needs and priorities which help identify future improvement areas and shape our business activity strategic plan, but we also strongly invest in educating our customers, particularly our younger generation, on the value of water, where it comes from, and monitoring their water consumption through our very own app. We have established strong relationships with each of our seven constituent councils and work collectively with local, State and Federal governments. In December 2023, thanks to the \$13.7 million joint investment between Goldenfields Water, Federal, State and local governments, we completed the West Wyalong Water Reliability Project, which has improved the water flow and pressure by up to 40 per cent for this particular community. Goldenfields Water is proud to acknowledge that this was a joint initiative and an indication of what can be achieved when we work collaboratively together with all levels of government.

In recent years, Goldenfields Water has completed several multimillion-dollar projects. Due to our capacity, skilled workforce and strategic planning, we have been able to undertake these projects in-house. For example, the Mandamah Rural Water Supply Scheme, which expanded our region's water supply network by 180 kilometres, was initially budgeted for \$10.9 million with completion scheduled for July 2023. We completed that project nearly two years ahead of schedule at a cost of around \$7 million, in-house. There is no denying the level of commitment in our regional areas, because we have local people working for their own community, wanting to ensure the best, safest and most cost-effective service is provided. Whilst Goldenfields Water and other local water utilities are protected from privatisation, local communities will remain at the forefront, and collaboration between the different levels of government will be its greatest opportunity.

The CHAIR: Mr Graham, do you have any thoughts on how intergovernmental work and collaboration at the regional level in strategic water planning could be improved?

RAY GRAHAM: Certainly. At the moment not only at water level but the intergovernmental communication with local government is very hit and miss. We get directions but we don't get a lot of support at the local government level. We at local government are the coalface. We are the face of the community. If something goes wrong, the community comes to local government in the first instance. If there is a decision made at a State or a Federal level that involves local government, we're the ones that then have to pick up the pieces at the local level.

The CHAIR: In terms of the privatisation question, do you have any thoughts on what legislative changes would enshrine a protection against privatisation while ensuring at the same time that there are no barriers to appropriate outsourcing and things like that?

RAY GRAHAM: I can't talk too much on the appropriateness of the legislation. All I can talk on is really the impact that the potential privatisation of services such as water or sewer would have on the local communities. Again, the cost impacts are potentially on the local communities. A private entity is driven by profit, whereas local government is driven by community needs, community wants and also community ability. When councils set their fees and charges, do their costings, do their budgeting, it is based around what the community itself can afford. Any implementation of that, any price rises are then driven very much at a community level.

Also, just the impact on the staffing at a local level—I'll give an example. At Bland Shire we run our own sewer network. Our friends at Goldenfields supply us with the water, but we have local staff with local knowledge. We've got the little village of Ungarie, which has a lot of flooding. Our local operator there is actually a member of the SES. When there's flooding coming down, that will affect our sewer treatment plan. But because of the local connection, he is actually aware very early on. He knows what needs to be done at that sewer system because of that local connection, what he needs to turn off, what pumps need to be arranged—because of the local care, the local connection.

Another example is over Christmas we had a major outage at one of our pump stations. It was an electrical issue at a local substation. We had a local contractor who has done a lot of work for Bland shire in the past. He knew that pump station extremely well. He knew what was likely to be affected. He was actually on holidays down the South Coast. Our sewer operator still rang him and he actually talked our sewer operators through the workarounds to get that pump station going. If that hadn't occurred, there would've been flooding of sewer in the township of Wyalong over Christmas, which would not have been ideal—but, again, local knowledge, local contractors that actually knew what they were doing, that actually cared about what they were doing and then just brought with them that wealth of knowledge.

Mrs HELEN DALTON: Are you supplying stock as well—stock and domestic? Or is it just potable for the towns?

AARON DRENOVSKI: With Goldenfields Water, as part of the network there are property owners along the trunks and the mains, and we do have some network that provides stock and domestic.

Mrs HELEN DALTON: Right, so not in all areas?

AARON DRENOVSKI: No.

Mrs HELEN DALTON: It would seem that your organisation is really well run. I can see the validity of having it not—well, don't privatise. What other risks do you face as an organisation? Is that your biggest risk? Have you got enough water?

AARON DRENOVSKI: If I may, with water allocation we typically, in a dry year—that's when we make the money. We sell around 9,000 megalitres in a dry year. In a wet year, it's around 7,000 megalitres, so you can do the sums between that. You touched on allocation previously. We don't sell any water at the moment, but there is potential there that we could temporarily trade and that we'd go further into that, but you've got to have an integrated water cycle management strategy that provides opportunity for that to occur. That doesn't occur with Goldenfields at this stage. The fluctuation in water consumption, we have to average that out with our budget over the 10-year plan rather than just relying on what we may sell in a year.

Mrs HELEN DALTON: Where do you draw your water from?

AARON DRENOVSKI: We have five schemes. Our two largest schemes are Oura, which is just out of Wagga here to the north—

Mrs HELEN DALTON: So from the Murrumbidgee, obviously?

AARON DRENOVSKI: Yes, and then we also supply from the Murrumbidgee. We also have two other bore fields and one where we source—where is the irrigation channel?

GEOFFREY VENERIS: Leeton.

AARON DRENOVSKI: Leeton. We also have a seam out of there.

Mrs HELEN DALTON: So, yes, from the Murrumbidgee—so you've got two bores as well? You just said that?

AARON DRENOVSKI: We have multiple bores. I might just hand that over to Geoff, if I may.

GEOFFREY VENERIS: We have multiple bores. We have three groundwater supply systems, that being Mount Arthur, which supplies the shire of Coolamon, Ganmain and places like that; we also have Oura, which is 10 minutes out of Wagga here. It's a shared bore field that Riverina Water have. Similar to how they have their

current PFAS concerns and risks there, that's one of our major concerns as well; it's a shared aquifer for that. There is also Mount Daylight, which is within the Carrathool shire. Carrathool actually own the water licence but we manage the system and supply that water.

Mrs HELEN DALTON: So the bores are reliable?

GEOFFREY VENERIS: They can be! They are. In terms of yield, yes, they are. We live in a very good place, a very protected place in terms of where we currently sit. However, our recent yield studies for Oura are showing that there is a decline in our groundwater systems.

Mrs HELEN DALTON: What about out at Carrathool—Mount Daylight, is it?

GEOFFREY VENERIS: Yes.

Mrs HELEN DALTON: What's the reliability of that?

GEOFFREY VENERIS: We've never ran too many issues, but it's a small supply scheme and it's very remote, so we haven't had too much issue or risk of those.

Mrs HELEN DALTON: I'm from around Binya. A lot of the locals there have got Goldenfields. We're grateful, for sure.

GEOFFREY VENERIS: I could probably also add, in terms of the risks, probably one of the majority of risks for us is that Goldenfields Water is economy of scale. Riverina Water mentioned that they have around 30,000 customer connections for 15,000 square kilometres of service area. We have 23,000 square kilometres of service area with about 2,400 kilometres of pressured mains and we only have 11,000 connections. For us to operate, we are lean and mean—and we pride ourselves on that. The price of water you do see is a little bit higher of Riverina Water, just being over the other side of the Murrumbidgee, but still well within—I think we're around \$2.70 a kilolitre. Like Mr Crakanthorp mentioned, Eurobodalla's at \$4 a kilolitre. We pride ourselves on that.

The Hon. MARK BANASIAK: In your submission you talk about—regardless of ownership of assets, it's the failure to address adequate funding. Do you see that adequate funding, or lack thereof, as a potential risk that may lead to privatisation for some of those smaller local water utilities—not necessarily yourself because you seem to be doing quite well, but some of those smaller ones might see that lack of funding as a driver towards privatisation as an option?

AARON DRENOVSKI: I'll kick that one off. Look, it's important that the State Government, like through the Town Water Risk Reduction Program and other areas, continues to fund infrastructure, particularly in those smaller communities. You'll also note, too, the scale of the funding—that the larger you are, the less you receive as a percentage. So, yes, we definitely encourage the State to gear that up, because there are numerous projects that need to be funded and more funding towards asset renewal, particularly, as a major issue.

GEOFFREY VENERIS: Yes, there have been previous reports from Infrastructure Australia which highlight some of the issues of either a lack of information and issues of existing systems or quality of systems, due to lack of funding. One of the big comments within the previous reports—I think it was around 2017—was for privatisation or a suggested outcome. Obviously we definitely disagree with that outcome.

Ms LIZA BUTLER: Thanks for your time today. You just said that you operate "lean and mean". Do you put any money back through to councils in community participation, like grants, such as Riverina does?

GEOFFREY VENERIS: Yes. Within our submission I mention there's a mechanism there under section 356 of the Local Government Act where we provide donations. That is generally around for our constituent councils where we provide some of the scout halls or facilities like that with free water charges and access to water.

Ms LIZA BUTLER: So if, due to your infrastructure costs, water was to be privatised in your region, what are your estimated projected costs of water? Would it have to go up because of your model that you would use?

GEOFFREY VENERIS: Compared to privatisation?

Ms LIZA BUTLER: Yes.

GEOFFREY VENERIS: Yes. The expectation would be that they would have to run a profit.

Ms LIZA BUTLER: And just a quick question, not part of this: Do you use alum in your water supply as a flocculant?

GEOFFREY VENERIS: At our Jugiong Water Treatment Plant, we do, yes.

Ms LIZA BUTLER: And how much supply do you carry at one time—three weeks, three months?

GEOFFREY VENERIS: Generally around two weeks, but it's subject to the time of year and demands that we have at the time, but a minimum of two weeks worth of storage.

Ms LIZA BUTLER: Thank you.

The CHAIR: Excuse my ignorance, what's alum?

GEOFFREY VENERIS: Liquid alum is used in the treatment process to bind the heavy solids, to either float them or drop them in the treatment process to remove the dirty stuff, particularly.

Mrs HELEN DALTON: It clears the water.

The CHAIR: Okay. Thank you.

Mr JUSTIN CLANCY: Firstly, perhaps, for the member councils, previously we've heard about one of the challenges of moving towards the county council model is that general purpose councils said there's a relationship between your general fund and your sewer and water funds. How would the benefits that you see moving through the county council model outweigh that challenge? Is there an impact around sustainability for your councils by moving to that county council model?

TONY DONOGHUE: Can I just seek some clarification? Because at the moment we only have a sewer fund, because that's all we deal with, and Riverina Water provide the—so there's some issues there on growth. How do you grow your community and determine new areas for zoning and things like that, and how does that infrastructure get there? By being water and sewer assets, they are long-life and generally it's the up-front cost that is the struggle. You can pay for it over time and replace it, but it's that up-front cost that creates the problem. So, to your question, we really only run our sewer fund and we leave the water to these guys. Our sewer fund is, again, lean. I think we made \$55,000 profit last year on a \$800,000 turnover. So we're doing what our community needs to do. We're a little bit like Goldenfields. We have three very small sewage treatment plants 60 kilometres apart, so we need to have a workforce that is very mobile and can get around to very small networks and very small ratepayer bases that use that. Have I appropriately answered that?

Mr JUSTIN CLANCY: Tony, if I may, the line of the question is, for councils to make a decision to move towards a county council model, and sharing resources under a county council, they are forgoing that water fund, and it has been raised that that could impact on sustainability of councils, because there is a relationship between water funds and general funds. As a council that has moved to the county council, how have you approached it in terms of sustainability and around funding for your council?

DAVID McCANN: If I may, where you're going is the example of bulk councils versus reticulated councils. That is a huge issue, I have to say. Those councils that have elected to remain as bulk customers—therefore, they buy all their water into their own facility and then send it out—are facing a lot of problems because of, as has been said, the infrastructure issues. Whereas the reticulated councils are far better off in the sense that Goldenfields, through their program of renewals and so forth, are looking after their system, basically. That's not a reflection or a comment on those councils that are bulk councils. But it has been my experience that I have seen a number of these bulk councils in our area having severe difficulty with their infrastructure. In one case I'm aware of, a council has probably a \$10 million problem with its town water system, and the money is simply not there for repair. And it's not a county council problem in that they have elected to remain as a bulk customer.

Mr JUSTIN CLANCY: Thank you, David. One more question if I may, Chair, and perhaps for Goldenfields. In your submission you state that county councils are seeking to be recognised as concurrent approval agencies in terms of planning. Why is that important for you and then, returning to your member councils, do you support county councils seeking to be approval agencies?

GEOFFREY VENERIS: Yes, it is very important for us on the basis that in the current situation we don't have any regulatory authority under the planning Act to be referred development applications, or any impact on our own infrastructure or management of water services. With the introduction of the Planning Portal that came into effect a couple of years ago, we are still not part of that portal. So we still are not provided, through that mechanism, planning provisions for us to do. It's only the goodwill of our constituent councils, and generally they are really good. But some historically have been bad. We also have tied income to that for developer charges. That's where we receive income to provide future headworks and to maintain and increase supply for those provisions.

TONY DONOGHUE: We agree. We always seek to cooperate with Goldenfields Water on infrastructure, the same as any infrastructure provider. The better the strategic planning, the better the outcome for your

community. We believe that they should have a comment on where the infrastructure is going and where it's needed so that everyone can plan appropriately.

DAVID McCANN: Chair, if I may add to that comment, it has been recognised that the significant investment needs to be at the initial stage when the planning and the headworks stage goes in. And perhaps my concern is around funding generally of water infrastructure in the State. For us to grow here in the regions, we need to be able to give some confidence to our communities and timeliness in preparing developments for residential or otherwise. At the moment we're really reliant on council, through its LEP process, establishing where it hopes to go and then negotiating with the water authority to put the headworks in, or the developer has to do that—and obviously there's a long time between that happening and when people move in.

The other concern I have is in regard to various funding models that have been provided to local government and other agencies. On some occasions, particularly for drought funding and drought relief, water authorities aren't considered or are unable to apply for those funding models. In one case—in the last round, I think it was, of drought funding that came to us—we identified a need for a fast-flow water station to be established in one of our communities. By that, I mean a standpipe, the old standpipe, but these are fast-flow facilities that provide almost immediate replenishment of fire trucks and/or bulk water carriers and that sort of thing. It didn't qualify under drought funding for a project, so as a council we took the initiative to fund Goldenfields to construct that for the community. It highlights, I think, a more bureaucratic issue we have sometimes with how we can spend the money: We see the need, but we're told we have to spend it in other directions. I think in this case it was to do with community infrastructure, so things like playgrounds and such were funded where a bulk water supply was needed.

GEOFFREY VENERIS: Sorry, I just forgot. I left out, in terms of the concurrent approval agency request that Goldenfields has made, that's on the provision that within the existing planning portal that receives the development applications, Sydney Water and Hunter Water are already on there. They are a concurrent approval agency, whereas we are not.

The Hon. WES FANG: Second-class citizens again.

DAVID McCANN: Sorry, Chair, if I may just finish off there as well. The funding, obviously, is an issue. The relationship between the GP councils and Goldenfields is very strong, I believe—speaking for my council, at least. My concerns with privatisation—I think the runs are on the board. We've seen, in our regional areas, electricity is a problem. I won't go to banking because that's a huge problem. So just about every public—I'm perhaps showing my age a little bit. What were public utilities that have been privatised are now either deciding on, for financial reasons, to pull out of regional communities. It is a huge concern for our communities. We're gun-shy.

Mr JUSTIN CLANCY: David, in that regard, because in regional areas you're in a thinner market, is that more of a risk in terms of those impacts?

DAVID McCANN: Absolutely. We oppose privatisation of any currently State-run asset—if that's the right way to use it—simply for that reason, because the scale of economy will mean that the service will be reduced. It's as simple as that.

TONY DONOGHUE: Can I give examples there? As a council we have stepped in whenever markets failed, in aged care, child care, banking, community transport. So we administer all of those services as a council because the markets have failed.

RAY GRAHAM: Also, if I may, Mr Chair?

The CHAIR: Certainly.

RAY GRAHAM: Continuing on from where Councillor McCann has come from, we've got two villages in our shire that council provides sewer treatment facilities to. One's got a population of 200; the other one's got a population of 400. Again, if we give it to a privatisation model, how is that subsidisation going to work? Is a private company going to look at that and go, "No, this is not going to work because our unit costs are too high." They're either going to have to charge those communities higher fees to still provide a similar service—or would they disconnect them from it and send them back to having the old septic tanks working on their backyards?

TONY DONOGHUE: I'm going to step in there. I assume you're going to run like we do, Ray. We cross-subsidise. The larger towns subsidises the smaller towns to provide that sewer so that there's a fair and equitable sewer charge across the whole shire.

Ms STEPH COOKE: Good morning, gentlemen. I will start by saying thank you so much for the services that you provide the communities across this area. We are truly blessed to have both the GP councils and the

county council. Thank you for the strong collaboration that you have together to ensure that our communities are best serviced. I might start with Goldenfields. I asked Riverina earlier today whether, all things considered, county councils were more vulnerable or at risk of privatisation than the general purpose councils. It's not to pit you against each other in this particular case, but I'm just wondering. Certainly, their view was yes. I'm wondering if that is a view that Goldenfields would share under the circumstances. And then I'd like to hear a little further from either Bland or Coolamon in relation to how vulnerable you feel as some of the smallest councils in New South Wales but still, in Bland's case, covering a large area, and whether you do feel equally vulnerable to privatisation or less so than your county councils.

AARON DRENOVSKI: I'll start off. With Goldenfields Water, all we do is water. All of our assets already sit in one pool under the Goldenfields banner, whereas with the GPs, it's a bit different. It sits in there intertwined with all of the other functions they provide. So, yes, we do feel more vulnerable, indeed.

RAY GRAHAM: Yes, we do feel vulnerable. I go back to the recent project that Goldenfields has just completed in Wyalong and West Wyalong. Again, it was a collaboration between Goldenfields Water and Bland Shire, with funding from various levels of government. However, it was an ongoing discussion between the two councils that has been going on for several years. The townships of Wyalong and West Wyalong have been very constrained as far as development goes because of our water supply constraints. We have already had poor pressure. One of the locations for poor pressure was the town medical facility, the hospital. It also meant that while we're struggling for housing availability in the townships, we couldn't progress because the water supply wasn't there. It has been, again, a typical collaborative approach between our water supply authority, being Goldenfields, and the council, and we've ended up with a really good result. And we've had some sort of assurance that they were there to look after their community, because we are a part of their community.

TONY DONOGHUE: Of course we feel nervous. Water and sewer are long-life assets that require a significant amount of cost to rebuild, so you have to save and put reserves in, in order to rebuild after 60-70 years. And you don't want someone looking at the books and saying, "Gee, you've got \$70 million there. That means you've got \$70 million of work to do." You shouldn't be taking that \$70 million because it's seen as "They're just gold plating; they're really just building reserves." The prior body to Goldenfields was—

DAVID McCANN: NRCC.

TONY DONOGHUE: NRCC. They had their reserves taken and the energy component taken. What has happened is our community has actually paid for their assets two or three times because, every time that cash is taken out, we've got to build those reserves back up because it's such a long-life asset. I only like doing something once and doing it properly. I really don't like building reserves to lose it to the next whim.

DAVID McCANN: I'm probably just echoing the comments that have been made. Vulnerability takes different forms, and there is a vulnerability for us as a council to make those long-term decisions for our communities. We've got evidence to show that our communities are growing, so we know that we have to be prepared for that. We're planning to do it, and we're working collaboratively with Goldenfields Water to do that. I am against privatisation because I know that if that becomes a corporation of some sort—as has been said numerous times—with shareholders or if it's Sydney-based, they are not going to understand what I'm talking about when I talk about the village of Marrar or the village of Matong. It's a spot on a map but there are real people who live there, and we want to try and deliver the best possible services we can to those communities.

Everything is not right. In Coolamon we have—and Aaron will back me up—many complaints about the quality of the water we get in Coolamon. But there are an infinite number of reasons for that. It is bore water. We're finding that our community expectations are changing slightly. Perhaps older people in the community are accepting of the water quality; newer people to town want crystal clear water. That's their right and we want to provide it, but to provide it with a corporation or a for-profit body trying to balance the books and give their shareholders money and give us the service we want—it's just simply not going to happen. Yes, we've got fears about privatisation.

The Hon. WES FANG: I have a couple of questions. Gentlemen, thank you very much for coming and appearing today. In relation to the last answer, talking about smaller places that perhaps may not be on the map for people in Sydney, have either the water Minister, Rose Jackson, or the local government Minister, Ron Hoenig, been to visit any of the sites or organisations that are represented here today? I will start with you, Mayor.

DAVID McCANN: No.

The Hon. WES FANG: Mr Donoghue?

TONY DONOGHUE: No.

The Hon. WES FANG: No, that would be the same. Bland shire?

RAY GRAHAM: No.

The Hon. WES FANG: No? Goldenfields, have you heard from either one of them—the water Minister or the local government Minister?

AARON DRENOVSKI: We have met both of them in Sydney when we've attended—

The Hon. WES FANG: They haven't come out to site, though, to actually look at the infrastructure on the ground?

AARON DRENOVSKI: Not as yet.

The Hon. WES FANG: Okay. In relation to that, do you think it's, again, a city-centric view that the local government Minister and the water Minister have, given that they're not really getting out into the regions and actually looking at these infrastructures and understanding from the people that are servicing these communities what their lack of support for Steph Cooke's bill and amendments means to your communities? Have you had the opportunity to make it clear to them that privatisation isn't supported by your communities?

The CHAIR: There's a few questions in there, Mr Fang.

The Hon. WES FANG: I know.

The CHAIR: You might just break them up.

The Hon. WES FANG: I was basically just tossing the ball up into the air and seeing who took a swing at it.

The CHAIR: It was certainly confusing to me.

DAVID McCANN: I'll start the ball rolling, I guess.

The Hon. WES FANG: Beautiful.

DAVID McCANN: I would hope that this inquiry will get that message through loud and clear. We are very agnostic in relation to politics out here—

The Hon. WES FANG: As am I.

DAVID McCANN: —in rural New South Wales. We talk to everybody.

The Hon. WES FANG: Well, you talk to those that show up, is that right?

DAVID McCANN: We certainly welcome visits, but we are more than happy to go to Sydney, as long as we get a good hearing.

The Hon. WES FANG: Or maybe the local government Minister and the water Minister could come and see you? I bet that might be a bit of a novelty. Does anybody else have—sorry, Goldenfields, you have been to Sydney and had a chance to meet with the Minister. Were you clear in your view around the lack of support for privatisation?

TONY DONOGHUE: I am happy to say that Steph Cooke is our local member and she is quite clear on how we feel around this. We've made representations on several occasions because that's our avenue through to government, and she represents us quite well.

The Hon. WES FANG: A great local member—I couldn't agree more. I think I will leave my questions there, Chair.

The CHAIR: Thanks, Mr Fang. Are there more questions? We have one minute left.

The Hon. WES FANG: I can fill it, if you like.

The CHAIR: I am happy to take an early break, unless anyone wants to ask any further questions.

The Hon. WES FANG: No, I am happy. Actually, no, I just want to ask—if you don't mind, Chair?

The CHAIR: There is time, so you can ask a question.

The Hon. WES FANG: I have heard the word "vulnerable" mentioned a number of times. Do you think it is effectively treating us like second-class citizens that Sydney Water and Hunter Water now don't have that threat of privatisation hanging over their heads, yet the Labor Government refuses to actually make you feel supported and not vulnerable by not banning the privatisation of rural and regional water assets?

DAVID McCANN: Again, I would hope that our evidence and the evidence that's been given by others goes to that and highlights that we are against privatisation.

The Hon. WES FANG: I just wanted to give you the chance to clarify. Thank you, Chair.

The CHAIR: I thank all witnesses for appearing before the Committee. You will be provided with a copy of the transcript of today's proceedings for corrections if necessary. If there are any supplementary questions, they will be provided to you and we would ask that you answer those by 22 February.

(The witnesses withdrew.)

(Short adjournment)

Mrs KARINA EWER, Chief Executive Officer, Berrigan Shire Council, affirmed and examined

Dr JULIA CORNWELL McKEAN, Mayor, Berrigan Shire Council, affirmed and examined

Mr LUKE TEDESCO, Manager of Environmental Sustainability and Acting Director of Operations, Leeton Shire Council, sworn and examined

Ms YVONNE LINGUA, Executive Officer, Riverina and Murray Joint Organisation [RAMJO], affirmed and examined

The CHAIR: Good morning, again. I welcome our next witnesses. Thank you all for appearing before the Committee to give evidence. Can I inquire, firstly, have you all been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses? Yes. Any questions about that? No. Okay, very good. We'll now proceed to questions. It will be a free flow of questions and there will be an opportunity for opening statements as well. When we do move to questions, you can take questions on notice if you don't have information immediately to hand and then we'll give you a date for return of that information. Would someone like to make an opening statement?

JULIA CORNWELL McKEAN: I would, please. Thank you, Chair and Committee for hosting us here today. My name is Julia Cornwell McKean and I am the Mayor of Berrigan Shire Council. I am here today to represent Berrigan Shire but I believe my commentary also reflects other rural and remote councils who provide water as a service to their communities. The first thing I'd like to say is I am no expert in relation to water, but I've become something of an expert in relation to equity. Health, education, telecommunication and now privatisation of water utilities—again, we see favouritism in the cities as compared to us in the regions.

Berrigan Shire Council is one of 92 New South Wales local water utility providers. Our council services four communities, with separate treatment facilities in each township. Populations in the Berrigan Shire range from approximately 990 residents in Berrigan to nearly 3,000 in the largest township, being Tocumwal. In total, the Berrigan Shire Council services the water utility needs of more than 8,900 residents. Our delivery is tailored to the size and demands of each township.

Protecting Sydney Water and Hunter Water from privatisation reinforces the principle of public ownership and accountability for water utility providers. A broader commitment to public ownership provides the opportunity to set a precedent that values water utility services as essential public assets. In essence, it's a good thing, but it's not happening for us. Berrigan Shire Council strongly believes water utility provision is best facilitated in our regional, rural and remote areas by councils, and councils are best placed to proactively meet the needs of the community through local response and sound strategic planning principles. Thank you.

The CHAIR: Thank you, Ms McKean. Is there an opening statement from you, Mr Tedesco?

LUKE TEDESCO: Good morning, esteemed members of the Committee. It is an honour to address you today regarding the vital water utility services provided to our communities. Residents of New South Wales deserve safe, reliable and affordable water and sewerage services. This is essential across the State. However, smaller communities in rural and regional areas often face additional challenges in accessing these services equitably. In our local government area, Leeton Shire Council is best equipped to deliver these services effectively and efficiently. Leeton Shire Council continues to have strong working links with private enterprise through the engagement of specialised contractors to assist in short-term staff shortage periods. This model is successful; however, there are opportunities that State and Federal governments could explore to provide enhanced protections from the privatisation of local water utilities.

Council believes that to protect our local water utilities from privatisation, a revised governance model that is simpler to administer and that aligns more closely with the Integrated Planning and Reporting framework that local governments are bound to under the Local Government Act could help significantly. On the reporting requirements on local water utilities in comparison to the private sector, local water utilities would have less administrative obligations. By working together, Federal, State and local governments can ensure that all residents of New South Wales have access to the safe, reliable and affordable water and sewerage services they deserve, without creating a business venture where entrepreneurs are able to capitalise on non-negotiable services to our community. We strongly advocate for residents of New South Wales, who deserve safe, reliable and affordable water and sewerage services, and believe Leeton Shire Council is best positioned to deliver this.

YVONNE LINGUA: Thank you for the opportunity to be here to represent our beautiful Riverina and Murray region. As I said earlier, I am the executive officer for the Riverina and Murray Joint Organisation, which comprises 11 local government areas that are working collaboratively under the joint organisation model, which, of course, are legal entities legislated under the Local Government Act. Our members include Albury city,

Berrigan shire, Carrathool shire, Edward River, Federation, Griffith city, Hay shire, Leeton shire, Murray River, Murrumbidgee and Narrandera shire councils. It is in this capacity that RAMJO is here today: To be a voice for our region and to stand in solidarity with our members and other joint organisations across the State in supporting the protection of local water utilities from privatisation.

We underscore the vital role that local water utilities play in sustaining regional communities, their efficiency and responsiveness to local needs, and the importance of retaining local governance over these critical services. RAMJO is supportive of legislative and policy measures that safeguard against privatisation, ensuring that water and sewerage services remain under the stewardship of local government for the benefit of our communities now and into the future. We call for the protection of rural and regional local water utilities from privatisation, in the same way that Sydney and Hunter Water has been—that is, constitutionally protected.

The CHAIR: I might kick off with a few questions of Ms McKean. There were some things in your submission about infrastructure needs in Tocumwal and Berrigan. Would you like to expand upon that? I think it was particularly in respect of ageing infrastructure that needs to be replaced.

JULIA CORNWELL McKEAN: I'll speak in brief and then perhaps, if I could, I'll hand over to Ms Ewer, our CEO. We at Berrigan shire have invested more than \$10 million in recent times in upgrading our water plants. Specifically, we have finished in Finley and we are near finishing in Barooga. Berrigan does not currently require any upgrade, but it will, and we know that Tocumwal will imminently. We have invested and we have looked after our funding and budget to make sure that we can account for that, which is not necessarily something that all councils have achieved. I will hand over to our CEO, Ms Ewer.

KARINA EWER: Ageing infrastructure isn't a phenomenon that is specific to local government. It's across all governments. Because every time grant rounds come out, they want something new and shiny. Ageing assets are a real issue for everybody. Our council has been really good in that we have a very healthy budget there for our upgrades for water and sewer, and we've been able to do \$10 million worth of upgrades in the last couple of years, like we just said. Tocumwal is growing at an exponential rate, and so we are in the planning stages now for doubling the capacity of both water and sewer in Tocumwal to keep up with the growth rate, and part of that is service reviews. We are required to do them, and we make sure that the service we provide is paid for by the community so that we can replace the assets as and when those are needed.

The CHAIR: Thank you. What does your council see as the most effective means of protecting regional water utilities from privatisation?

JULIA CORNWELL McKEAN: I'm no legislative drafter, but I would suggest making sure that it's legislated in the same manner as it has been for Sydney Water and Hunter.

The CHAIR: Are there particular aspects of operation, whether at present or foreseeable in the future, that you would like to make sure that a statutory ban doesn't interfere with, so your ability to temporarily outsource, to use labour hire companies—things of that nature, where you're interacting with the private sector but not privatising?

JULIA CORNWELL McKEAN: I heard some of the earlier witnesses mention our water facilities are run by our own staff, people on the ground, and we train up our own. What we would like to see is some uniformity of qualifications so we can make sure we can recruit people into the roles and keep it as local as we can. We haven't had the need to outsource, but that's not to say we won't. If there aren't any qualifications that people can get and we can't recruit people, we will need to outsource. So we would hope there would be some protections in that regard.

The CHAIR: Could you expand upon that, maybe, in terms of what you mean by "uniformity of qualifications"?

KARINA EWER: To work on a water utility, there are a number of courses you need to do, but none of them add up to a qualification. You've got to know how to fluoridate water or remove it from, because you don't want to kill people with too much fluoride, and you also need to know how to do the reporting, how to do the assessment. It's quite scientific, making sure we wash water properly so you can drink it and making sure that it doesn't have any diseases et cetera in it. That's actually quite scientific, and the maths to do it blows my mind every day, and these people are very capable but cannot get a qualification. Some of them are quite underpaid because we can't line it up with an actual qualification. So I think that that is quite important, that we do have that sort of work done together.

The CHAIR: Ms McKean, just lastly from me, have you got thoughts on how partnerships and resource sharing between councils can improve service delivery?

JULIA CORNWELL McKEAN: This is not just in relation to water. It's in relation to everything, and so we strongly support RAMJO and the other councils on RAMJO to share service delivery. We were just saying in the car this morning, "Why are we replicating things 11 times sometimes?" We should be doing as much as we can as a group to leverage. To be honest, to actually be competitive with the city in terms of attracting resources, in terms of buying-power, the only way we can as small communities is by those joint service delivery options. Hopefully, we can bring on board more councils to do that with us. Not everyone agrees with this position, however.

The Hon. MARK BANASIAK: Earlier on, one of our first witnesses raised concerns not only about privatisation, but they said there is a risk for local water utilities in being corporatised into State corporations or, essentially, merged with Sydney Water or Hunter Water. I'm just wanting to hear your perspective, whether you feel that is also a risk and whether you would like to see the legislation that hopefully is put forward to not only protect LWs from privatisation but also to include some provisions to protect you from being absorbed into State corporations.

KARINA EWER: I lived in a remote community in South Australia, where the State water provider gave themselves an award for how much money they'd saved in delivering water to that community. They delivered it by giving them a smaller pipeline of water. Those communities in that area then cannot grow, and they are then forced onto drinking rainwater, which sounds great until you realise how many people die of giardia each year. So those are not good outcomes for rural and remote communities if that's the only option that's provided, because it always comes down to how much it costs per head to deliver it from so far away.

JULIA CORNWELL McKEAN: Some of it also comes back to that equity point. We don't want to be the junior partner. For far too long decisions are made in Sydney that don't consider us in the regions, and we just don't want that to happen. We need to have a voice.

The Hon. MARK BANASIAK: Mr Tedesco or Ms Lingua?

LUKE TEDESCO: The only thing I might add—out in the regions we have the tyranny of distance, so when we're talking potential mergers, it's not always the cheaper solution when you're travelling fairly extensive distances. There are also challenges in terms of training staff in the water treatment plants. Each plant is different, so it's not as straightforward as merging.

YVONNE LINGUA: I would just add that I think it's very obvious that the skills and the knowledge are unique to each community as well, so I think anything that protects that knowledge and keeps it where it's based is very important. I think each local water utility understands its own issues and therefore understands the solutions that are required to address those issues. And just further to that, RAMJO very much supports the Canberra Region Joint Organisation and the Central NSW Joint Organisation submissions that are really looking to use the joint organisation model to facilitate the sharing of services and training and anything else that the collaborators wish to expand on. That kind of model that is legislated under the Local Government Act already and has quite a number of protections could be a very efficient way of facilitating that.

Mr JUSTIN CLANCY: I see this as an extension to the Chair's question around resource sharing. In your mitigation strategies for the Berrigan submission, you specifically say "encouragement" of regional partnerships and resource sharing. What would encouragement look like from your perspective? What could the State be doing to help foster that encouragement of regional resource sharing?

KARINA EWER: I guess to make it a little bit easier for us to do that sort of work. It is quite complex at the moment. Even if we do go out to each other, we've got a whole heap of rules and reporting requirements that make it a little bit more difficult. The encouragement is just supporting that we can do this stuff ourselves. The Productivity Commission has said on a number of occasions that if you want services delivered to communities cost-effectively and at a high level then you get local government to do it. So support us in doing that, not taking those things away, I suppose.

JULIA CORNWELL McKEAN: Some of it's got to be streamlining the bureaucracy, allowing us to go to joint tender without some of the messiness that is currently happening, some joint contracts and, at the same time, tailoring to your own environment—because, as we've already said, there are some nuances. But the bureaucracy is the thing that stops us almost always.

Mr JUSTIN CLANCY: Have you got an example of that where, for example, the joint tendering issue has played out as a barrier for you?

KARINA EWER: FOGO—food organics and garden organics. We've worked with a number of councils through RAMJO. We went out to a really large tender and got far better pricing for our communities and were able to work. Then you can opt in, I suppose. We've gone through the tender. We've got the best price we can get

across the RAMJO region, and that's been a great outcome for our communities. It would have cost us a lot more to go out as 9,000 people.

JULIA CORNWELL McKEAN: A power purchasing agreement is something else that we're looking at.

Ms LIZA BUTLER: My question is leading on from the others. I think you may have just answered it, but I will ask it quite specifically. You said that if there was legislation that you not privatise, you could not be taken up into Sydney Water, but you are saying that you would like something in there to make it clear that if you did want to merge with other water utilities in the area you were still able to. Is that what you are saying? It is actually in your submission that I was reading that.

LUKE TEDESCO: I believe the best scenario would be if it was an option, not a mandate. Give the flexibility to the councils to negotiate amongst one another and work out whether it is best for both communities to go down that path.

YVONNE LINGUA: If I could just add to that as well, the joint organisation model is providing opportunities for this opt-in/opt-out situation. We are currently assisting some of our member councils, as Mayor Cornwell McKean just said, to participate in a power purchase agreement. There are a number of examples across the disaster risk reduction space as well, and also within meeting net zero emission targets and whatnot. There is an existing model that could be invested in and strengthened that would facilitate this opt-in/opt-out situation.

Mrs HELEN DALTON: Thank you for attending. You have mentioned the governance model—I am just sort of summarising what you have all said—and then, of course, the admin burden that you have got, and we need uniformity of qualifications and flexibility. Is there anything else that we are missing that you need? We seem to be always defending our communities—which is really a bit tiresome—all the time. We have seen that with the current state with buybacks right now. We are all under a lot of pressure, so I appreciate you giving the time to come here today. But is there anything else that we are missing with all of this that we would need? Because you are doing a great job and governments need to understand.

KARINA EWER: Acknowledging that we can do this. We are more than capable of doing this. We don't need other people to tell us how to deliver water. This is something we have done for a very long time.

Mrs HELEN DALTON: I was wondering about the qualifications of someone running Hunter Water and Sydney Water. Do they just sort of learn on the job, too, and do bits and pieces of courses? They haven't got any specific qualification?

KARINA EWER: There is no specific qualification for water delivery that I am aware of. We have actually looked it up on a number of occasions, and have actually engaged with TAFE and with the water authorities to see if we can create a singular qualification. That is not getting a lot of traction, but it would be very nice.

Mrs HELEN DALTON: I could see Berrigan leading the way.

JULIA CORNWELL McKEAN: Ultimately it's sensible. It is water that we drink, so professionalisation of this sort of work is a no-brainer in my opinion.

Mrs HELEN DALTON: Absolutely. I agree.

LUKE TEDESCO: An important point I would like to make as well is that we have two components to delivering the water and the sewerage services to the communities. You have naturally got the treatment processes that take place at the treatment plants, but there is also the infrastructure below the ground. I guess this is deviating a bit from your question, but when we talk potential mergers, we need to be able to respond to emergencies quickly. When you are factoring in travel times, Griffith to Leeton—that is at least half an hour. The town can't wait that long. In terms of training, I can echo Berrigan's comments. We have been looking into that recently. It is essentially modules broken apart that we have tried to piece together to make a qualification, but it is not a formally recognised qualification that we can identify anyway.

Mrs HELEN DALTON: RAMJO looked at that. I mean, that might be something that RAMJO could do.

YVONNE LINGUA: Yes, thank you. Again, I will reference our counterparts in the Central New South Wales Joint Organisation area. They have done a lot of work in this space, and that is something that organisations have been discussing recently to expand on. It is just a matter of looking at our capacity and trying to strengthen that to be able to run more projects and continue addressing that. Thank you for the question as well that you raised just before. There is just one other thing that I think is really important to highlight as well. I think it starts with an acknowledgement that the regions that we are talking about are supporting million-dollar industries and businesses that are providing critical products that are then going elsewhere around the country. It isn't just a

matter of our local councils here just saying that we want more support. We actually need that support to continue all of the work that we're doing and to support all of the businesses and industry.

Mrs HELEN DALTON: This is in reference to the buybacks as well? Is that what you're saying?

YVONNE LINGUA: That wasn't what I was explicitly saying, but you could also apply that lens to it as well. Again, it's just another example of the regions playing this critical role in the bigger picture of the country.

Ms STEPH COOKE: We have heard over and over again throughout the course of this inquiry about the ageing infrastructure in this space that local water utilities are facing. Even hearing from Goldenfields this morning—they are a very successful county council. It also is facing infrastructure backlog issues. How do we work together to overcome some of these challenges? I have, not too far from you guys down there, Narrandera Shire Council—and Leeton, of course, just up the road—facing an enormous mountain, with a \$25 million, \$30 million upgrade required to their water treatment plan plus mains replacement. These are big numbers and that's just one council. I could go on about the nine just in my own patch of the world. Clearly it's an issue that you've raised in your submissions as well. What can we do to work together from a State perspective, a local perspective and even, I guess, by necessity, engaging the Federal Government to solve some of these issues in small regional communities?

KARINA EWER: The Safe and Secure Water fund that we've got—with grants and things like that, it's really nice to build the new water treatment plants and things like that. But, really, it would be nice if we were allowed to do the unsexy stuff, which is the stuff under the ground as well. That all has to come out of our own budgets at this stage. If we were allowed to apply some of that funding to actually upgrading the stuff that carries it under the ground, that would be very nice.

JULIA CORNWELL McKEAN: Asset management, whether it's water treatment plants or anything, is a real problem for councils in general. We all like bright new shiny things, but we don't take into account the ongoing costs and how we need to budget for that. We just don't have enough money to sustain and upkeep our assets. But better planning—we're in a very fortunate position in Berrigan Shire Council, having been able to almost deliver those two completed plants and plan the next one. It's not for me to say what other councils' positions are. But, more generally, it is really important to start that planning early and make sure that that money is there and budgeted and we have that State support.

YVONNE LINGUA: I think it's a great question and thank you for asking it. Another really critical thing that needs to be discussed and brought to the table is that we're missing a cross-pollination of a number of State agencies as well with regard to this issue. Immediately, I can think of three State agencies where this conversation applies. One of them is the Reconstruction Authority and our disaster risk reduction work. The other is the department of climate change and energy as well—when we're talking about infrastructure that needs upgrading.

If there was a commitment from the State for each of these agencies to better understand these issues, it could actually facilitate their work going forward. There's actually a lot of potential for stronger partnerships. But the success of those depends on really understanding the fundamental issues. That is a process that this will facilitate, so I'm delighted that this is happening. But I think a more in-depth look at that—but really listening and understanding that and then that paves the way for co-designed projects. Again, this is tapping into the existing knowledge that we already have, utilising that, understanding that that's actually an asset, supporting that and strengthening that.

Ms STEPH COOKE: Just a follow-up question, if I may. If I'm hearing you correctly, there's an opportunity for greater collaboration between the likes of the Reconstruction Authority and the Department of Climate Change, Energy, the Environment and Water, so that when it comes to building, replacing or upgrading infrastructure there's that betterment piece built in, so that as we roll out infrastructure it can withstand some of the natural disasters—the challenges that we have experienced—and on top of that you get longer life of that asset, allowing the better planning that you refer to, Mayor, to take effect and give you a longer period of time for plans to upgrade and maintain into the future. Am I summing up a lot of things there in an accurate way?

YVONNE LINGUA: Thank you. Yes, that is what I was saying. Of course, the third State agency that escaped my mind was the Department of Regional NSW as well—we're talking about population growth and expansion. I'm sure there are others, but those are the three that immediately came to mind in this discussion.

Ms STEPH COOKE: Just one more, please, Chair. What we're really getting at here is that your water asset shouldn't just be seen through the lens of water and of the water agencies; they should be seen as a whole-of-government approach, which I guess makes sense, because you have to see them through the lens of a whole-of-council approach.

YVONNE LINGUA: Exactly, yes.

LUKE TEDESCO: Chair, may I just add to that?

The CHAIR: Certainly, Mr Tedesco.

The Hon. WES FANG: I thought you were going to have a swing at them.

Ms STEPH COOKE: No, I'm not swinging. When the penny's dropped for me, that's a big deal.

LUKE TEDESCO: One thing I'd like to add is local water utilities are currently reporting against, or working under, the legislation from a number of different agencies. There are about eight pieces of legislation that we work under, plus a number of guidelines and other requirements. To give you a real-life example of a challenge when it comes to long-term planning for water utilities, DPE have a document that they require that is called the IWCM—the integrated water cycle management plan—but then the IP&R framework has an asset management plan requirement. They both do very similar things. That is one example of many. To give you an example of the reporting requirements, NSW Health has an annual report that local water utilities are required to complete. DPE has a similar report, which is required annually. The EPA has annual licensing reports, and then we've got to report quarterly in the IP&R framework.

Ms STEPH COOKE: Wow.

LUKE TEDESCO: If we could streamline that process—

KARINA EWER: When we say "administrative burden"—

LUKE TEDESCO: When it comes to asset planning, in particular, the IWCM and the asset management plans directly clash.

The CHAIR: Just before we go to Mr Fang, who might be next, I have a question for anyone on the panel. What do you think is the most important thing maybe that we're not doing—or maybe it's a question of emphasis—in terms of State and local government cooperation in terms of the proper provision of water services?

KARINA EWER: Talking to us.

The CHAIR: That sounds like a good start.

KARINA EWER: It just starts there. We do this provision every day, and then legislation will come in to say how we need to do it. Then we're chasing that up as well as all of just providing. It would be nice to be able to say, "This is how water is provided." Some people drag it from the ground; we drag it from the Murray. We have different delivery methods, but they all end up with the same requirements under Health and EPA and all of the rest of the stuff. We still have to have quality water to deliver.

JULIA CORNWELL McKEAN: To echo Mr Tedesco's point, don't bury us in paperwork. Let us actually get the job done. That paperwork costs our ratepayers money that we can't spend on things that we all want.

LUKE TEDESCO: If I was to provide two equally important goals, they would be the funding that's been discussed—reviewing the guidelines and making them more useable for water utilities in the areas that they actually need to be used—and looking at the frameworks that the local water utilities are working under and trying to streamline them. Those would be my two key points.

The CHAIR: I acknowledge the presence of Dr Joe McGirr, the member for Wagga Wagga, who has just arrived. I will hand over to Mr Fang, if he has questions.

The Hon. WES FANG: I might have one or two, Chair, thank you. I also was going to acknowledge Dr Joe McGirr. Welcome, Dr McGirr. It's good to see you here. Perhaps privately you can provide some insights to the Labor members about how the Labor Party has ignored rural and regional New South Wales. But whilst we've got the witnesses here, I might ask them some questions about that, Chair. I'll ask the Berrigan shire first. You've referenced already Safe and Secure Water in one of your answers, and that was a program that was obviously rolled out by the previous Government. When The Nats were in government along with the Liberal Party, we looked to secure water utilities across rural and regional New South Wales. Then you'll obviously also be aware that there have been programs such as Stronger Country Communities. There has been a number of rounds of that. Can you provide the Committee some insight as to how valuable those funding rounds have been for rural and regional councils in providing the infrastructure that's required to advance the communities that you represent?

KARINA EWER: I'll say invaluable. We're working with the department. Even just in the co-design of what we're delivering, they will give us great advice. They're actually really very useful. They spent a lot of time with us walking us through that process, so that we're meeting all of the requirements and that we're spending the

money wisely. They're quite able to give us really good advice. Both of those programs have been very much partnerships to get the resource delivered.

The Hon. WES FANG: In relation to Stronger Country Communities, for example, where there were multiple rounds of funding, we would look to do different things at different times and target that funding. You've obviously referenced the Safe and Secure Water Program. Do you think that there might be a need for another round of that, but perhaps looking at things that you identified earlier, which are things like infrastructure underground as opposed to the actual water treatment things? Do you think that perhaps the Government could support some of our rural and regional communities by providing extra grant funding along those sorts of programs?

JULIA CORNWELL McKEAN: We've certainly been beneficiaries of Stronger Country Communities, but that was catch-up. Like what we've managed to achieve so far has been catch-up from a long time when things needed to be done. Yes, definitely more investment on those other infrastructure aspects would be welcomed.

The Hon. WES FANG: Yes. Obviously it's the job of the Committee to write recommendations coming out of the feedback that we've had in relation to the bill, but I would also think that, in general, in relation to issues around the privatisation of water assets, the actual issues of water assets themselves. Do you think that along with a recommendation, perhaps, that rural and regional communities need to be treated with equity—and I note that the word "equity" has come up a number of times in the answers that you've provided—in relation to the refusal to provide privatisation opportunities to rural and regional assets, but also that the Labor Government might want to pull its finger out, shall we say, and perhaps fund some more programs? Things like Stronger Country Communities have now gone. Things like Safe and Secure Water are really, I would say, on the chopping block. You need that funding from the Government to actually provide the services that you have; otherwise, as you've said, it becomes a case of having to catch up. Is that right?

JULIA CORNWELL McKEAN: I won't criticise any government at this point, but I will tell you—

The Hon. WES FANG: I will. That's my job.

JULIA CORNWELL McKEAN: —no matter whose government it is, I'd like to see equity for us and if that means more funding, or whatever it is, we need to be heard that we, in the country, are no different to people in the city. The divide makes me very mad, no matter who's in power.

The Hon. WES FANG: Mr Tedesco, just turning to you now. You're a manager of environmental sustainability, but you're acting in infrastructure?

LUKE TEDESCO: Director's role.

The Hon. WES FANG: Could you provide the Committee some insights as to the capability of the infrastructure team within the council to deliver projects? Has it been a case of there's maybe not the funding required to deliver some of the more important infrastructure assets moving forward? Have you got secured funding for the things that you need to do?

LUKE TEDESCO: Are we specifically speaking to water and sewer?

The Hon. WES FANG: Yes.

LUKE TEDESCO: We have all the staffing resources we need in-house, apart from certain expert pieces that we outsource. In terms of funding, our water and sewer reserves are quite wealthy. The water treatment plant in Leeton, which is our largest water treatment plant, is coming up to end of life about 2031, and we're in master-planning stages for that at this point. We don't know what it will cost yet, but we're reasonably confident we'll be able to self-fund that.

The Hon. WES FANG: Excellent. That's really good to hear. In the circumstance where there might be a risk of privatisation, the cash on hand that's going to pay for that—there is potentially a risk that if a private operator was to take over that operation, they may seek to downgrade some of the programs and services that you'd be looking to install into that facility as a cost-saving measure. Is that right?

LUKE TEDESCO: I believe we've seen privatisation of electricity—I've seen it, anyway—and we all know what electricity prices have done. When we talk of a community of Leeton's size, there's not a lot of a customer base. There's quite a small pool. Private enterprise makes money. I shouldn't say that they're not about the customer, but the way that council approaches that customer satisfaction would be different to what a private enterprise would do.

The Hon. WES FANG: I have two more questions left, and then perhaps someone else might want to ask a question. I want to ask the joint organisation—you've heard the testimony today from multiple organisations.

The Labor Party, in rejecting the amendments to protect rural and regional assets, is treating us like second-class citizens. Do you believe that that view has been echoed by all of the members that you represent?

YVONNE LINGUA: Yes, I would be able to say that confidently. I think it is a question of fairness, and I think you could really interpret that as not being something that is fair.

The Hon. WES FANG: I totally agree with you. My final question is, where the Labor Party has looked to provide protections for Sydney Water and Hunter Water in relation to protection from privatisation, they didn't allow that for regional and rural water assets. Privatisation works on a model of either services being reduced in order to generate a profit, or an increasing of costs. This is a question to all of you. Could you provide some insights to the Committee around the sort of people that are represented within your communities? Do you have a lot of wealthy people? Do you have a lot of vulnerable people? What sort of people make up your ratepayer base? Would they be able to sustain any exorbitant cost increases that the Labor Party seems to think can be allowed by blocking the bill and the amendments that have been put forward by my good friend Steph Cooke?

The CHAIR: There are a lot of propositions inherent in that question. You don't have to adopt all of the propositions in answering, if you don't want to.

The Hon. WES FANG: But feel free to, if you'd like.

JULIA CORNWELL McKEAN: The average age in Berrigan shire is 55, and getting older. I can't remember the average income off the top my head, but it is significantly less than what it is—in fact, it's closer to a single income for those that are earning in most homes. Quite often there are no double incomes in families. So the answer is no. People are always very much hurting where we live, and the retirees are running out of money fast.

KARINA EWER: Having said that, though, we also have multimillion-dollar farms that produce food for the whole world. So if you put more cost in water, you'll put more cost in food. That goes across the water buybacks as well. But it does have on knock-on effects. We've seen that with things like electricity: As it goes up out there, it starts to cost more in here.

Mrs HELEN DALTON: And you're one of the fastest growing shires too, aren't you?

KARINA EWER: We absolutely are. We're growing at about 32 per cent at the moment.

Mrs HELEN DALTON: It's amazing. That's a real pressure point.

KARINA EWER: Yes.

The Hon. WES FANG: Could I ask other members if they have a view on those matters?

LUKE TEDESCO: I'd virtually be echoing Berrigan's comments. In terms of income, it fluctuates across our shire. I think the median would be below the State average. We're in the MIA; that's the food bowl of New South Wales. A lot of food and fodder, citrus and other things come from our area. The farming demographic is very diverse, from small 50-acre farms to 1,000-acre farms. We have big business in Leeton; SunRice is based in Leeton. I think any impact onto our local economy will have waves throughout the State.

The Hon. WES FANG: Understood, and I would imagine it's the same for the JO in that instance?

YVONNE LINGUA: Yes. I would add that, obviously, our region is incredibly diverse. It differs greatly from, say, Albury to Carrathool. I think, just reiterating the point, that it is never a one-size-fits-all model. I think that perhaps even considering privatisation does think that perhaps the solution is a one size fits all, and it clearly isn't.

The Hon. WES FANG: Would a better way to start be to protect rural and regional assets from privatisation before we looked at protecting Sydney and Hunter? That's obviously an indication of where the priorities lie for the Labor Party that they went in reverse order. Those are my questions, Chair.

The CHAIR: You can take that as a comment.

The Hon. WES FANG: That's exactly what it was.

The CHAIR: Is there anything that we haven't asked you about that you particularly want to tell us as you came here today? Feel free to tell us if there's anything. No. Okay, very good. Thank you for appearing before the Committee today. You'll each be provided with a copy of the transcript, and any supplementary questions will also be emailed to you. We kindly ask that you return those by 22 February. That concludes our public hearing for today. I again place on the record my thanks to all the witnesses who appeared today. In addition, I thank the Committee members, the Committee staff and Hansard for their assistance in the conduct of the hearing.

The Committee adjourned at 11:50.