

REPORT ON PROCEEDINGS BEFORE

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

At , Dubbo RSL, Dubbo, on Tuesday 13 February 2024

The Committee met at 9:05.

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

The CHAIR: Good morning. I thank everyone for attending this public hearing of the Joint Select Committee on Protecting Local Water Utilities from Privatisation. On behalf of the Committee, I acknowledge and pay my respects to the Tubba-Gah people of Wiradjuri country, the traditional custodians of the lands on which we meet today. 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 the proceedings online. I am Stephen Lawrence, the Chair of the Committee, and I am joined by my colleagues. We may at some point have further colleagues online, but not at the moment. In advance, I thank all of the witnesses appearing before the Committee today and the many stakeholders who have made written submissions. We really appreciate your input into this inquiry, which I now declare open.

Mr LUKE RYAN, Director Infrastructure, Dubbo Regional Council, sworn and examined

Mr CHRIS GODFREY, Manager Strategy Water Supply and Sewerage, Dubbo Regional Council, affirmed and examined

Ms BEC EADE, Manager Operations Water Supply and Sewerage, Dubbo Regional Council, affirmed and examined

Mr DOUG MOORBY, Technical Chairman, Orana Water Utilities Alliance, sworn and examined

The CHAIR: I welcome our first witnesses and thank them for appearing. Firstly, can I confirm that you've been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

DOUG MOORBY: Yes.

BEC EADE: Yes.

CHRIS GODFREY: Yes.

LUKE RYAN: Yes.

The CHAIR: Do you have any questions about that?

DOUG MOORBY: No.

BEC EADE: No.

CHRIS GODFREY: No.

LUKE RYAN: No.

The CHAIR: We will move to questions from the Committee. It will be a free flow of questions.

The Hon. WES FANG: They might like an opening statement.

The CHAIR: Indeed. I'm getting to that bit, Mr Fang. Before we begin the questions, I wish to inform witnesses that they may wish to take questions on notice during the questioning if they don't have information immediately to hand. If you do so, we ask that you provide the Committee with answers in writing by 22 February. Would anyone like to make an opening statement?

DOUG MOORBY: Thank you to the joint select committee for the opportunity to appear at this inquiry. The Orana Water Utilities Alliance, which is now in its sixth year of operation, represents 13 local-government-owned water utilities in the Orana, Far West and south-western regions of New South Wales. The alliance members were all former members of the Lower Macquarie Water Utilities Alliance, which has dissolved as a result of the break-up of the Orana Regional Organisation of Councils. These utilities include the councils of Bogan, Bourke, Brewarrina, Central Darling, Cobar, Coonamble, Dubbo Regional, Gilgandra, Mid-Western Regional, Narromine, Walgett, Warren and Warrumbungle. Since June 2023 governance of this alliance and its technical group is provided via the board of the Alliance of Western Councils under a memorandum of understanding.

The technical group, of which I am the current chair, is made up of water managers, engineers and other specialists. This group provides a point of contact for both our numerous public sector regulators and private sector providers to interact with all of the member councils. It also provides opportunities for interaction and coordination of staff training and advocacy to government. The utilities in this alliance provide safe drinking water and sewerage services to over 105,000 people across 257,000 square kilometres via over 43,000 water and sewer connections. Amongst these LWUs and LGAs are some of the most drought-vulnerable and socially disadvantaged communities in New South Wales. Our member councils have long held the view that water management in New South Wales is best facilitated by a local-government-ownership model and should be protected at all costs.

The CHAIR: Thank you, Mr Moorby. Is there an opening statement on behalf of Dubbo Regional Council?

LUKE RYAN: Yes, I will make that statement. Just to introduce myself, I have been the director at Dubbo Regional Council for approximately 18 months, and one of the portfolios is the water and sewer functions. Today I've got Chris Godfrey and Bec Eade, who are managers within the water and sewerage branch from a strategic and an operational perspective. There are many elements for discussion around privatisation, forced

amalgamations and the sell-off of local water utilities. However, I would like to just address three points briefly, if I could.

The first point is that local water utilities are non-profit service organisations with the primary objective of providing agreed levels of service at the lowest cost to the community. The objective of the private sector is to make a return on investment or profit by providing these services at a minimum cost to the business but not necessarily to the community. As with all service provision in local government, there is a blend of in house and the use of contractors for the delivery of services. I'd just like to make a point that the use of contractors from the private industry is quite distinct from privatisation of a service.

The second point is the collaboration with other local utilities which is facilitated through organisations such as the Orana Water Utilities Alliance and the Water Directorate. This allows us, as local water utilities, to have a collaborative approach, to discuss common issues such as workforce numbers and educational requirements for people within the water industry, and to advocate or come up with solutions to address these issues. There is also a strong network outside of these organisations, with staff having contacts with other local government staff as well as contacts with our regulators such as the Department of Health and the Department of Planning and Environment—just to name a few. This allows for a diverse range of information and industry practice as opposed to one way of operating.

My last point is that good community outcomes are a focus of local government, and the delivery of affordable services are key to the role that local government plays in the community. The ability for local government to plan for future use of land allows integration and expansion of services to the community as opposed to incorporating external authorities into land use planning for development matters. In that regard, local council, as the local land use planning authority and water authority—and I'm talking about stormwater, water and sewerage—is well-placed to best optimise its current growth and bring into those areas where we can look at stuff like stormwater harvesting, which is something that you don't necessarily get with land use planning when you've got different organisations trying to plan for the future. Thank you for the opportunity to attend this.

The CHAIR: Thank you, Mr Ryan. We will now move to questions. Mr Ryan, you said in your opening statement that you wanted to draw a distinction between the use of private sector people as opposed to privatisation. Can you give any examples of the ways that a council's water operations need to interact with the private sector that should not be prohibited by a statutory ban on privatisation or sell-offs?

LUKE RYAN: Certainly. There is a range of activities that we do tender out, for example. With our large capital works, we aren't equipped to do those specialist types of activities, so we do go to contract or go to tender, which is an open process that calls on those skills and abilities to do those larger-scale type builds for us, even down to doing our water testing that we need to provide. That's outsourced to a private company as well. There is a broad range of activities that we do, and it's about bringing in those skills that we need that we don't have in-house. And that's not different to any of our operations throughout council as well.

The CHAIR: You would be concerned that a statutory ban on privatisation does not interfere with your capacity to do those things.

LUKE RYAN: That's correct, because we do need that to be able to operate our facilities.

The CHAIR: I think it's fair to say that, to date, the inquiry has been looking at two things: One is how a ban on privatisation should be crafted and how it would work, and the second thing is how do we ensure that water provision is at the right quality and sustainable going into the future.

The Hon. WES FANG: I think there is a third thing as well.

The CHAIR: There are probably a few other things, but I'd put it as two main things.

The Hon. WES FANG: How the Labor party backstabbed rural and regional New South Wales?

The CHAIR: Order!

The Hon. WES FANG: Just a suggestion.

The CHAIR: So the question that I wanted to ask, looking at the second thing, is what solutions are required to effectively mitigate risks to water quality and security going into the future, moving forward over the decades?

LUKE RYAN: The past couple of years have certainly shown climate change and the different conditions that we have in the catchment can affect our water quality, and it's about our intake. The mitigation that we have through that is the way that we set up our processes in terms of forewarned levels and rainfall activity in the catchment. We've also—and I'll just use our Dubbo plant, for example—through some recent funding been

establishing bores and a pipe network, so that actually gives us access to groundwater. So we're able to actually blend both bore water and surface water. Again, that's a risk mitigation for both quality of water and for security into the future when we're looking at drought conditions.

The CHAIR: In terms of the overall expenditure on water infrastructure and operations, are you able to estimate how much of that is coming from fees and charges here, the local government sources, and how much is coming from State and Federal sources? It's probably a difficult question.

LUKE RYAN: I don't have that information on hand, sorry. But we certainly can put that together in a submission.

The CHAIR: Sure. That's all my questions, so we'll turn to questions from other members.

The Hon. MARK BANASIAK: We heard a lot yesterday about, I guess, the other side of this issue—not just privatisations but forced mergers or amalgamations. Notwithstanding that some local water utilities may want to merge at some point or share resources or combine in a more formal way, do you see, if we're crafting this legislation, we need to take that into consideration and maybe put parameters around if two water utilities would like to do that they would still be able to do so? Across the panel?

DOUG MOORBY: I guess, long and short answer, yes and no. It really depends on the desire of the community to see their assets become merged with another group's assets, I guess is one. In answer to the earlier question about the split of costs, it's predominantly capital works that are funded by government grant and all operations are meant, under the current legislative framework, to be operated via your fees and charges. So it will really depend a lot on the will of those councils, the will of their communities and whether they are interested in actual mergers. This is where we believe, very strongly, in the alliance model. As somebody who has been a water manager within local government for 15 years, and I have worked in and around and alongside this industry for coming on to 50 years both in the private and public sectors, I still am very convinced that public ownership or local government ownership is the prime and the best model for this region and for the west of New South Wales in particular.

The Hon. MARK BANASIAK: Any other comments?

LUKE RYAN: Yes, I'm happy to comment on that as well. Certainly, where there's a desire for two local water utilities to combine and that shows that it's good business sense and there's support from the community, I don't think that should be precluded from this as well. That's very different to a forced amalgamation.

The Hon. MARK BANASIAK: Exactly. I guess the other thing that we have picked up through submissions and through hearings, separate to the privatisation issue, is the regulatory burden that is placed on local councils and water utilities. If you could create a shopping list of things that, obviously, create that regulatory burden and probably could do with the chop, we're all ears. Perhaps they can take it on notice. But, if there's things that just create unnecessary cost burdens and regulatory burdens, that don't necessarily improve the way you do your work, I think the Committee would love to hear.

DOUG MOORBY: I'm happy to comment on that if Luke wants to defer to myself. The regulatory burden placed upon councils is very much to do with the size of the utility itself to start with. There's been a vast improvement over the last couple of years as a result of the Town Water Risk Reduction Program, which was a bit of a breath of fresh air, in all honesty. We saw people actually listen to what we had to say. Possibly hasn't been the amount of activities yet we might've liked to have seen. Some of that has been a little bit jammed by, obviously, election cycles and governmental changes. But, in the whole, we believe it was a positive move.

Perhaps the biggest burden that has been placed on small utilities—and I'm sure my colleagues from over at Centroc have already mentioned this—is around the issue of strategic planning and the cost, to local government, of strategic planning, particularly when each local council is basically told that, before you are eligible for grant funds, you must complete a total integrated water cycle management plan or, as it is now, a new RAF under the IP&R reporting framework, and one of the key factors in that is actual modelling yield, secure-yield modelling and safe-yield modelling, and that is an incredibly expensive business, particularly for small councils. And, although it's grant funded, sometimes I think it's way overcooked.

A lot of those models already exist, but they exist in the hands of the State and the State regulators. And when they're sought to carry out this modelling, they're suddenly not available. That has been a real burning issue for myself as the water manager at Narromine Council but for many of my colleagues in the western areas of the State who have been forced into very expensive strategic modelling of what is not, in fact, their asset. The rivers and the aquifers belong to the State, not to the local government entities, and we are, in fact, forced to do the modelling work.

The Hon. MARK BANASIAK: Any other comments from—

LUKE RYAN: I'm fine, thanks.

The CHAIR: Just one question from me. Mr Moorby, there was a Productivity Commission report lately that recommended, for remote councils and water providers, that a system be put in place that—I think they called it a community service obligation, where, basically, State or Federal grants would be given, not tied to specific infrastructure spends but rather designed to make up the difference between the cost of providing the service in the remote area and the capacity of the local community to pay it, so to effectively systematise a top-up system. Is that something that you would endorse?

DOUG MOORBY: Most definitely. It is something that is fully supported by all 13 member councils of our alliance and particularly by our more western and remote councils that do not have the rate base nor the financial ability to meet the whole of the user-pay model for operations. It's wonderful when grants are given out and ribbons are cut and all of that. We love that. But the day-to-day operations of a utility is really fraught. And, as someone who's done it for a lot of years, it is a tough gig for our managers to do when we have such limited resources and limited funds and an escalation in the required standards of delivery. The public themselves demand these escalations. It's not just about regulators; it's about equity. They want the same quality of water as their city cousins have.

And I think that's probably where that community service obligation really would make a huge difference to some of the most financially disadvantaged communities in not just New South Wales but Australia. The bulk of our member councils are the 13 of the alliance, rated by the ABS at level 1, 2 or 3 in the socio-economic disadvantage. The bulk of them are level 1, which means they are really heavily socio-economically disadvantaged. One of the most perverse outcomes of the safe secure grants scheme was that a lot of those smaller towns and utilities were in fact ruled out. And particularly if you were looking for something—to do a village of a couple of hundred people, to provide water or basic sanitation sewerage services, you were ruled out of that grant program due to low capacity. So that's a real bugbear, and I think a community service obligation would go a long way. Sorry, that was a longwinded answer.

The CHAIR: No, it was good. Thank you.

DOUG MOORBY: There is a lot to bring in, in that space.

The Hon. WES FANG: Are you guys going to announce more grants?

The CHAIR: In some of these small and remote utilities—I think some would have a staff of about 10 people—can you give us a sense of how they are operating at the moment and what sorts of challenges they are facing?

DOUG MOORBY: It's funny you nailed on 10, because I have a staff of six, and I am only 40 minutes out the road. That's a permanent staff of multidisciplinary operators. I am fully staffed, and I'm probably one of the most lucky ones in the State from that perspective at the moment, because I know I have colleagues in bigger utilities that are way understaffed. Operator attraction, training and retention is a major issue to all of us in the industry and a massive one to our region out here. We have actually got involved in mutual assistance—providing assistance to each other at times of crisis—with operators and staff. Most of the staff in the smaller utilities are multidisciplinary; in other words, they do both water and sewer. In some of the major centres, it's just one or the other. Any splitting out of utilities or forming of private entities or even the example of county councils, which has been turfed around at times, would have a retrograde step on those utilities, because suddenly you lose—half your staff go off to work in water alone, because that is usually what happens with those things, and you've still got to have the same number of staff to manage your sewer assets, which are really important.

So the big factors for us are attraction, training and retaining of staff in New South Wales. We've put forward some ideas on that to the State in recent times. A couple of those seem to have disappeared. There's been a lot of work done by DPE, and I'm going to give them more credit here on recruitment. We produced some really great videos last year to try to recruit people into the industry. My staff were heavily involved as were our neighbouring councils in those things. And we've also floated the idea of a regional water training centre, which is something we desperately need. We need to be able to bring the trainers to us, not send our staff away to the east coast for training. Not only does it put them at a disadvantage of being far away from home and, in a lot of cases, off country—and a lot of our western operators are Indigenous persons. In fact, 50 per cent of my crew is. To be able to train them on country, where they are comfortable and happy, and to be able to bring quality trainers to them is a major aspirational goal of our alliance and one of our key projects that we have floated. I am happy to say we have full board support for that, and you'll probably hear more about that later from our board chairman.

Ms LIZA BUTLER: We heard yesterday that an issue with staff is that there is no formal qualification for them. You can train them, but it is not—

DOUG MOORBY: The National Water Training Package as it stands will bring you a qualification in most States. Unfortunately, in New South Wales it has been rather messed around with, I guess is the best way of putting it. Part of the training was delivered by one of our regulators, but it was never accredited. Even when they did manage to get it accredited, they were unable to maintain that accreditation, partly for the fact that they were doing it all on the east coast, again, as I said. The actual position of a water utility or a water operator can take the form of a networks operator, a plant operator, which is a highly specialised role—and the same applies across the sewer networks and sewage treatment as well.

The two areas—in particular, treatment plants are the thing that everybody always rushes to hone in on, where in fact one of the key and missing links is the network operations. My guys are used to me banging on about that around the place. Network operations are critical because that is where the most vulnerabilities exist as far as risk mitigation in our systems. If you are going to have a risk incident—an E. coli detection, or any of those sorts of things—it is always going to occur in a reservoir or in mains. It very rarely occurs in a plant because plants are usually closely monitored.

There are unfortunately a large number of water treatment plants in this part of the State that have been built solely on designs supplied and insisted upon by regulators from the east of the State that in fact do not work or do not function the way they should. That has been another real soapbox issue of mine, if you want to put it that way, for a long time. The design—councils go to our regulators with a design, with an idea. They base it upon the information given by their staff and by their well-trained—and a lot of the training—sorry, I have diverged off your question a bit. But a lot of the training our guys get, they get for themselves on the job by troubleshooting and fixing problems. The larger part of those problems generally come about as a result of bad design that has been forced on them from a strategic level. I can't be more equivocal about that. Some people dislike that being said, but it has got to be said.

Ms LIZA BUTLER: With such a small number of staff at Narromine, so many people are on call regularly and called in on weekends and—

DOUG MOORBY: Basically, we work an on-call roster where one person is designated the on-call operator at all times, 365 days a year. Very rarely does that person go out alone. They may, if it is very local and very minor. You can really say, technically, there are two people on call at all times, out of six. If you add in holidays, leave, training, it becomes pretty heavy duty on those guys. Without trying to cry poor, the managers, the engineers, are basically on call. I'm sure my colleague alongside me here, Bec, will bear that out. We are on call 24/7, 365 days a year. The moment these guys encounter a problem they can't deal with, the first thing they do is pick up the phone and talk to us. That usually entails either us jumping onto a computer or going out in the field or doing something along those lines. The burden on staff is massive. One of the big issues over the years has been the wages those staff are paid because of the lack of accreditation of their training. And that, I believe—and I hate saying this—at times has been a very deliberate act. If you don't accredit it, you haven't got to kick the can to pay the money for the people. You can—

Ms LIZA BUTLER: Out of interest, what is your price per kilolitre of water? We heard yesterday about different pricing.

DOUG MOORBY: It varies from place to place. A lot of it is determined by the will of our councillors and by the circumstances of the councils themselves and the circumstances of the community. In the case of Narromine, my current price is \$2.15 per kilolitre. Out of that, we have to operate a partial treatment plant—we are still attempting to build a complete treatment plant. This was a drought-created partial solution to a day zero crisis which, thankfully, James McTavish and the department assisted me to deal with back during the last drought.

The Hon. WES FANG: In relation to that, can you just confirm—James McTavish in particular was very supportive?

DOUG MOORBY: During the last drought, the role of the drought commissioner was integral and had a lot to do with preventing day zero scenarios from occurring. At the same time it did not undo any of the problems that had been caused by earlier decisions, both political and non-political, about the way things were done in the country. This is one of the biggest problems. We're dictated to from the east as to what we do out here and that solution is not always suitable.

The CHAIR: Ms Cooke has some questions—

The Hon. WES FANG: It's just James McTavish was removed from the role recently by Ms Moriarty.

The CHAIR: I'll just stop you there, Mr Fang.

The Hon. WES FANG: I know you will.

DOUG MOORBY: I don't wish to get into political commentary, sorry.

Ms STEPH COOKE: Mr Moorby, you mentioned the Town Water Risk Reduction Program earlier, that it was—in your words—a breath of fresh air. I've done some reading in relation to that program and spoken to a few of my councillors that are involved. Is it fair to say that that program has got off track a little bit insofar as—I feel as though we've lost about 12 months or so, if you like, under the original time lines. That may or may not be the case, but I'm interested, if it is, how do we get that back on track and ensure that it delivers what we need it to?

DOUG MOORBY: I applauded, and was one of the people who pushed, Jim Bentley when he was the dep sec at the time to implement that program. It was, as I said, a breath of fresh air, but it was hectic. It was chaotic. It pushed along at a massive rate. Particularly for those of us that are in regional areas that were involved with the working groups. I sat on all 10 working groups that were involved in that, along with my deputy, who is here in the room today, Claire Cam from Mid-Western. Numerous other members of our alliance were also involved in other minor working groups within it.

The pace was frenetic for the first two years because there was a massive deadline imposed on that group within the department and upon the members of the group. The outcomes were good. The RAF is still up for some debate. That's the new regulatory approvals framework. It hasn't truly been fully tested as yet, I believe. I think there's a lot of testing yet to come. The strategic planning framework came across really well. It's been tied to the current local government IP&R framework, which I think it should never have not been tied to. Whether it will achieve simplicities and some reduction in cost to local government is yet to be seen.

The other groups that came out of that—the incidence and emergency management framework has had an excellent outcome. That's brought it right to the fore at a time when we need it in New South Wales. I've got to applaud all levels of government and all sides of politics there. We've had the full support of everyone in bringing that to the fore. The recent climate catastrophes have really honed us in on that. The training and skills group is still going. That has carried into what we call TWRRP 2—Town Water Risk Reduction Program 2. I was a little disappointed that it had a very tight funding set of rules put around what it could and couldn't do. Although there's been some wonderful stuff done, our desire to get a facility up and going couldn't make the grade, which is still yet to be determined. That program had a lot of things to fix and it was really pushed over a very short period.

The Hon. WES FANG: I want to drill down a little bit on some of the detail in relation to the bill, which is what we're actually looking at today. There was a bill moved in the Parliament that protected Sydney Water and Hunter Water from privatisation but it didn't protect rural and regional assets. My colleague Steph Cooke here moved some amendments but those weren't supported by the Labor Party, unfortunately. My first question is around the consultation that's occurred in relation to the issue of privatisation from the Government. You've obviously got a local representative here, the good Chair, who has also got links, obviously, to the current Labor Government. Was there any consultation that occurred either at the Dubbo council level or in the Orana Water Utilities Alliance in relation to protection from privatisation that was mirrored in the amendments that Steph Cooke brought to the Parliament? Could I start with you, Mr Ryan?

LUKE RYAN: In my opening address—I've only been here for 18 months, so personally I haven't been involved in any of those—

The Hon. WES FANG: Yes, the bill only happened in May or June last year. It was only about nine months ago. No conversations were had with you by the Labor Government around protection from privatisation?

LUKE RYAN: Not for regional—not for local water authorities—

The Hon. WES FANG: And the former mayor didn't seek to engage with you on that issue?

LUKE RYAN: As I said, I haven't been involved in any of those discussions.

The Hon. WES FANG: No, okay. Mr Moorby?

DOUG MOORBY: No, there was very little consultation that occurred to the level that I operate at, or at the alliance level. I know it was discussed. I know it has been flagged for some time. Just to see Sydney Water and Hunter Water protected was a bit of a relief. There has been, for a long, long time, and for most of the years I've operated in LG, a report sitting around somewhere that was commissioned many, many years ago—I'm not even sure which side of politics did it and I don't particularly care—that called for the reduction of local water utilities in this State down to about three or four. That would have been probably the most retrograde and craziest thing ever done. It may work in a little tiny State like Victoria—and I know there was a bit of a plan cooked up at one stage to mirror that in New South—where you have everyone jammed into a little tiny area. It's not going to work out here.

The Hon. WES FANG: No.

DOUG MOORBY: Privatisation is just not going to work out here, either.

The Hon. WES FANG: And that's the—

DOUG MOORBY: That's why I welcome this inquiry.

The CHAIR: Just let the witness finish, Mr Fang, if you don't mind—

The Hon. WES FANG: Yes, yes. We know that in the previous time that Labor was in government it had some consultations around potentially privatising water utilities and assets in rural and regional communities. Do you think that that's perhaps one of the motivations in the Labor Party rejecting not only the amendments that Steph Cooke brought but also, I guess, not immediately adopting the same protections that were provided to Sydney Water and Hunter Water for the rural and regional assets in the rest of New South Wales?

DOUG MOORBY: Well, I'm not a political operative. The level I operate at is way, way below there. I'm more interested in what happens—

The Hon. WES FANG: Do you believe—

The CHAIR: It's way above Mr Fang's level.

The Hon. WES FANG: —it treats us like a second-class citizen?

DOUG MOORBY: If I can finish here?

The Hon. WES FANG: Yes.

DOUG MOORBY: I've spent a massive chunk of my life working outside the public sector in the private sector, managing large-scale water utilities both internationally and here in Australia within the mining industry and the oil and gas industry. Once upon a time I did believe that privatisation was the key to everything. That belief disappeared long ago. As far as making any political commentary around it, it's really not on my radar or within the purview of my role as chairman of this alliance.

The Hon. WES FANG: Yes, I appreciate that.

The CHAIR: Mr Fang, before you go on, I might just check if Mr Clancy has any questions, because time is limited.

Mr JUSTIN CLANCY: No.

The CHAIR: Please continue.

The Hon. WES FANG: While I appreciate that view, where the protection wasn't offered—and you're now, I guess, a convert away from any views of privatisation—would you have appreciated the opportunity to present that position to the Government before it put a bill to the House only protecting Sydney Water and Hunter Water?

DOUG MOORBY: I do believe that, although nothing was directly quoted in the last few months around that to us in meetings we had with the department—and, you must remember, we don't meet at ministerial level or at the political level, so we meet with representatives of the department—we have been reassured all the way along the line that there was no move from the new Government, or, in fact, the previous Government, to force any further amalgamations of local government. Some of the worst damage to water utilities in this State was actually done by the last round of amalgamation. I don't know whether you heard me mention earlier the break-up of the Lower Macquarie Water Utilities Alliance—the oldest and perhaps one of the most active water alliances in this State—and that was totally destroyed as a result of Fit for the Future.

The CHAIR: We might just—sorry.

DOUG MOORBY: Whatever way you people in the political wing decide to go, I would strongly discourage forced amalgamations and forced privatisation, or privatisation in any way, shape or form.

The CHAIR: Thanks, Mr Moorby.

The Hon. WES FANG: So you would—

The CHAIR: I will stop you there, Mr Fang. I will go to Mrs Dalton because we're almost at time.

The Hon. WES FANG: But I have so many questions.

The CHAIR: I'm sure you do.

The Hon. MARK BANASIAK: Put them on notice.

Mrs HELEN DALTON: Thank you for attending and thank you for your full and frank response, too, because this is an opportunity for you to have your say. A lot of these people here, sitting around, have no idea about what's happening in the bush, so I really appreciate what you have to say. Cast your mind back to the last drought. I was thinking of the millennium drought and then you said, Mr Ryan, that you'd only been in the job for a short time, so I guess from the last drought, which is not that long ago, how did you go with water quality and water quantity? This is what it's about. I think, as we go into the better seasons, and we've had a reasonable lot of rain in the last couple of years, the memory dims. There will be another major drought. Are you prepared for it, and what can we do?

CHRIS GODFREY: In 2019 we received \$30 million from the State for the securing of the water supply in Dubbo, Geurie and Wellington in the Dubbo LGA, so that funding has been used predominantly to construct bores in various places. We've been undertaking that body of work that Mr Moorby here has referred to previously. We've also been undertaking modelling of the Upper Macquarie Alluvial Groundwater Source and that body of water beneath us basically supplies that groundwater to Wellington, Geurie and Dubbo. As alluded to previously, it's extremely expensive to undertake that work. In the order of several hundred thousand dollars of work has been done there just to prepare computational models, essentially. That work is still progressing to this day.

Mrs HELEN DALTON: Is that water reliable?

CHRIS GODFREY: To a point. One thing that must be remembered about it, though, is it's very much a finite resource and one thing the model is showing us is that it is well and truly over-allocated in this area as it stands already, and that really it's probably something that we shouldn't be relying on too much as a long-term drought security source of water.

Mrs HELEN DALTON: So what's the answer?

CHRIS GODFREY: Complex. I think there are probably many facets and many ways of answering that question. Some may suggest ways in which the water in Burrendong Dam is managed might be a solution in terms of how it's allocated to, you know, areas downstream—a very contentious issue in itself, obviously. There are obviously water restrictions and things like that. Reusage, recycling of effluent, is another method. It's interesting in terms of effluent generated by communities. It's one of the most reliable sources of water that we actually have available to us. I think, on average, Dubbo, for example, generates around eight megalitres a day and as long as there's water getting into our system somewhere, we generate that fairly consistently. So there's much to be said, I think, about looking at ways of reusing that water and implementing, and shandy-ing our system, so to speak.

Mrs HELEN DALTON: So it's not utilised at the moment.

CHRIS GODFREY: No.

Mrs HELEN DALTON: I flew over when we came in. I recognised or saw where it was.

CHRIS GODFREY: Yes.

Mrs HELEN DALTON: So that's an area that could be expanded and utilised.

CHRIS GODFREY: Yes.

Mrs HELEN DALTON: You talked about the State Government's management of water and dams. What's your general opinion about all of that? Can you expand on that?

CHRIS GODFREY: It's probably not something that I can expand upon greatly. It's more just, I suppose, thinking about the amount of water that's used for irrigation purposes and potentially the prioritisation in the really extreme events, which is something, but I can't comment too much further on that.

Mrs HELEN DALTON: You sort of have continuous accounting here, don't you, with water and so you kind of know what's going on. Have you got a comment about that?

DOUG MOORBY: Yes, assuming you're pointing to me, I do. One of the most important pieces of work that has been done in recent years is the regional and catchment water strategies that have helped to inform a lot of what goes on. Now I worked during the last drought. It was during my 10-year tenure at Narromine shire. I spent the millennium drought predominantly working at Lachlan shire at Condobolin. So I've worked on both rivers, both catchments and both lots of alluvium. Narromine shire sits on the lower Macquarie alluvium, which is below the upper Macquarie that Chris was talking about. Like Dubbo, we have done a stack of modelling work. We just finished it last year. The reliability factor of those groundwater or alluvium bores is limited, and I would say to anyone who straightaway says that groundwater is the panacea for all droughts, "Be very, very careful."

I was working in California at the time the aquifers failed over there. I've seen it in other parts of the world—the Middle East. We need to manage every one of our water resources as if it's finite, because it is.

I strongly support Chris's move around recycled water. For some of the smaller utilities like myself, it's not that easy to do, and it's not that big an amount of water. Most of the water we expend is used in domestic use, evap cooling and green space, which is vitally important for the wellbeing of your communities. We are all citizens of the rivers, as I call them, and all citizens of the aquifers, whether we be irrigator, town water utility or whatever. It behoves us all to manage them properly.

Mrs HELEN DALTON: So even with your local sporting fields and things like that, that water could be utilised or treated and put back on that. I think Berrigan shire do that and do it very well. Here's a broad question—we may have missed something: the five biggest risks or five biggest changes that you would like to see. You talked about upskilling, and basically localising rather than centralising. This is a policy that has occurred in the last probably 30 years, where we've all got to go to the city to get trained or we've all got to take city ideas and try to mesh them back into the bush. What are the five things, if you were king or queen for the day, you would change? Here's the time to have your opportunity. What would it be?

The CHAIR: Just while people think about that, we're at time, so we might just take answers from Mr Ryan and Mr Moorby on that, if that's okay, Mrs Dalton.

LUKE RYAN: Certainly, one of the difficulties we're facing is staff attraction and retention.

Mrs HELEN DALTON: There's the first one.

LUKE RYAN: Certainly, understanding what we need to do to make the industry more attractive and having that minimum level of qualifications being set as a trade for some of these things, whereas we don't do that. We set that only in our PDs, but having that as a recognised minimum standard for—

Mrs HELEN DALTON: The government's training will be that you get on a Zoom? Is that training going to work for training, for Indigenous people, say?

LUKE RYAN: Again, that broadens right out into the terms of delivery of training and how that is delivered. Doug mentioned a local training facility to be able to bring trainers here rather than sending staff out.

Mrs HELEN DALTON: Okay. The second thing?

LUKE RYAN: Looking at water security, for me, is one thing. We've got to look at novel ways of doing that. Traditionally, it's surface water and groundwater. Chris talked about re-use of effluent and how we can make that more streamlined. It is a very complex process. The reason for that is that it's about protecting human health as well. So we've got to make sure that within our regulators there is confidence that implementing these sorts of treatments for the provision of drinking water is carefully considered. Part of looking at security of water for the future is that it's easy to say, "We'll grab water from here and we'll harvest stormwater." But it's what we do with that at the plants as well. It certainly requires changes in the way that you operate a plant in terms of chemical dosing. There may be additional treatment processes required with the types of source water that you bring in. It's a very tricky part in terms of going—it's not just grabbing water.

Mrs HELEN DALTON: You're not talking about nation building either.

LUKE RYAN: No. It's talking about capital upgrade and each plant is different as well. It's certainly not, "Here's the package. Go and deliver it." It's certainly got to be tailored to each of those.

Mrs HELEN DALTON: That's two?

LUKE RYAN: That will do for two.

DOUG MOORBY: I'd support those first two straight up: regional training centre and different types of water to guarantee water security.

Mrs HELEN DALTON: Nation-building projects?

DOUG MOORBY: Yes, but the most important thing that I believe could happen to fix a lot of the problems for our most disadvantaged communities would be the introduction of the community service obligation. It sort of staggers me sometimes that some of these areas produce grain and fibre—massive amounts of money that goes into our economy in this State and yet we're at the bottom of the list when it comes to getting support to keep our towns which support those industries.

Mrs HELEN DALTON: Absolutely.

DOUG MOORBY: Our towns support those industries. We provide the ability for those industries to be there, and yet it is really hard to get support for a small township. People say, "Why do you live out here?" I've actually had bureaucrats say that to me. It's because somebody's got to. Okay, that's my three.

Mrs HELEN DALTON: That's the third one. Is there anything else?

DOUG MOORBY: Number four: A decrease in the burden of strategic planning that is placed upon the small councils. A lot of the strategic planning should be done at the State level, particularly around strategising for water and the operation of rivers et cetera. I cannot for the life of me understand why small councils are forced to do yield modelling on a river that they don't even own. I just find that absolutely—

Mrs HELEN DALTON: That might be WaterNSW's job.

DOUG MOORBY: I was staggered when I came into the industry in New South Wales and discovered that. I went from 1978 until 2008 without working in local government in this State. I could not believe that things were pretty much as they were when I left.

Mrs HELEN DALTON: Is there anything else, Doug? Here's your big chance.

The CHAIR: You can take it on notice if you need to.

DOUG MOORBY: There's a million things I could put on my wish list but I guess the opportunity to talk to you guys today is another really important thing. To have our political masters, for want of a better way of putting it, come out and actually listen to us ought to be a regular occurrence. It shouldn't require something like this to have—

Mrs HELEN DALTON: I totally agree.

Mr JUSTIN CLANCY: Mr Ryan, returning to your concerns around the statutory ban and the impact on private contractors. That aside, that shouldn't preclude some form of protection around privatisation of water assets, in your view?

LUKE RYAN: No, certainly. Precluding the use of private contractors in a business would harm Dubbo Regional Council and I would imagine it would harm any other local water utility. There is a reliance on bringing that expert advice and skill into the business. As I said before, that's not an unusual circumstance just for the water industry, that's generally across the board.

Mr JUSTIN CLANCY: To your point, you consider that's reasonable not just for Dubbo Regional Council but for other local water utilities?

LUKE RYAN: Indeed, yes.

Mr JUSTIN CLANCY: Including some of those that already enjoy protection against privatisation such as Sydney Water?

LUKE RYAN: I would imagine that they've got contractors in there as well. I know Hunter Water does. I've worked with some people there before. But certainly they bring in the expertise as well, and they've been afforded that protection as well. Certainly, that shouldn't preclude the use of private contractors within a public organisation.

DOUG MOORBY: If I could jump in there. For our smaller utilities, it's absolutely vital that any form of legislation doesn't stop us from accessing specialist private contractors. Things such as telemetry is the first one that springs to mind. We all absolutely rely on that in our scattered Far West and remote areas, particularly our small towns that have two or three villages—telemetry contractors, electrical contractors, some pump specialists. You can have a couple of engineers in a place, but you just cannot have every specialty in-house; it's unaffordable. So yes, you need to have access to private contractors, but I think there's a vast difference between private contracting and privatisation. There needs to be a clear distinction.

The CHAIR: We're out of time. I thank all four witnesses for appearing before the Committee today. You'll be provided with a copy of the transcript of today's proceedings for corrections if you need to make them. You'll also be emailed any questions taken on notice. I think there were one or two. We ask that you answer those and any other supplementary questions from the Committee by 22 February.

(The witnesses withdrew.)

Councillor CRAIG DAVIES, Chair, Alliance of Western Councils, affirmed and examined

Mr RAY DAVY, Former Acting Director, Engineering Services, Bogan Shire Council, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Committee to give evidence. Firstly, could you confirm that you've been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

RAY DAVY: Yes.

CRAIG DAVIES: Yes.

The CHAIR: Any questions about those matters? No? Very good. Would either of you like to make an opening statement?

RAY DAVY: By way of introduction as to who I am and what I'm doing here, I'm a professional engineer. I'm actually a consultant. I have worked in a variety of roles in Western Australia, South Australia, New South Wales and New Zealand, but my particular interest is not purely technical. I've worked for many years in what you might call the field of commercialisation, corporatisation and privatisation of community assets and local government infrastructure. I was the principal adviser to the Western Australian Local Government Association on their policy on local government corporatisations. I've worked in the field in New Zealand. It happened that Bogan Shire Council is a client of mine. I happened to be sitting in the role of director of engineering on a backfill when the call for submissions came through, so the general manager, by a happy coincidence, said, "You know all of this stuff. Would you care to write our submission?" So I've done that.

Whilst Bogan is a member of the Orana alliance—and I certainly don't disagree with any of the points that were made by the previous submitters—we certainly do have perhaps a slightly different take on some of the issues as an individual council. Also, from my own personal experience around this, we certainly have a view that privatisation is a blunt instrument. We should be talking broadly about models for community infrastructure, rather than necessarily seeing them as council or private. We've mentioned in our submission various models around that. I also came back to New South Wales, which is where I'm from originally, at the height of the last drought to take a role at Balranald Shire Council, which is where I got a very, very rapid—member Dalton, nice to see you again.

Mrs HELEN DALTON: And you.

RAY DAVY: The issues of being a river-dependent council at the bottom—and the last weir pool of the system—at that time were horrendous, and that certainly gave me a rapid education in some of the issues Mr Moorby was talking about, including the lack of fit for purpose of what comes out of east of the sandstone curtain when it comes down to the western division. Anyway, that is enough from me.

CRAIG DAVIES: My role, as is clear, is as Chair of the Alliance of Western Councils and Mayor of Narromine shire. I have also recently been appointed to the president's role of the Murray Darling Association, so my focus clearly is on local government and trying to achieve the best outcomes we can for local government in the water space. Water is the most critical aspect of council activities. Without water, we don't function. In the last drought at the end of 2019, we had 31 communities in western New South Wales that were on the verge of running out of water. By that I mean that we were literally days away from having water being trucked in. In the case of Cobar, I believe they may have even started to make arrangements to have a train. Our communities simply can't function without good-quality water and, more importantly, the certainty of water. That is one of the critical issues that we, as councils, particularly in western New South Wales, face today.

We have councils in the alliance starting at Mudgee in the east, right out to Central Darling. We cover 32 per cent of New South Wales. It is a huge area. It is also the driest part of the State. It is also the part of the State with the highest Indigenous populations. There are many reasons why we need to have better functioning water facilities and utilities. That would all come about via the local knowledge that exists within our communities and adequate funding, which is the key to maintaining and operating functional and efficient local utilities. I'm in a very fortunate situation where I have complete faith and confidence in the staff at Narromine. We do have adequate water there. We have underground water, which is not necessarily 100 per cent reliable. But we do have a small allocation from the Macquarie River.

If you were to privatise this function of council, one of my real concerns would come in the form of the fact that, where you have shires that have the opportunity to expand and take on development, such as Narromine, through particular developments such as Inland Rail, if you are leaving that forward planning to an external source, then I would be very concerned about that. By integrating your planning and water functions within your own council, you have a far better understanding of what's going on within your own region. Our alliance, as Doug

Moorby has pointed out, has served us extremely well. I know that water operators from our shire, for example, have gone to Walgett, and I know they've gone to Cobar when those councils have been struggling. So there is that collaboration that exists within this model, and I don't believe that you would get that same collaboration through a government-owned utility.

I think that the contention of all mayors and councils, largely, in this part of the world would be that the less government involvement in water, the better we all are. It doesn't matter what political party. That has nothing to do with it. Bureaucracy is not interested in understanding what happens beyond the Blue Mountains, largely. We have that knowledge and can act in the best interests of our shires and communities by utilising the talent that we have out there. From my perspective, it is critical that LGAs maintain ownership of our own utilities.

The CHAIR: Thank you, Mayor. We will now move to questions from the Committee. It'll be a free flow of questions. If you need to take a question on notice because you don't have information immediately to hand, we'd ask that you provide the Committee with answers in writing by 22 February. I might kick off with a question for you, Mr Davy. You said in your opening statement that you've got a slightly different perspective on it and that you don't see it as a dichotomy between privatisation and local council utilities running water. Rather, you see it as a question of the development of community infrastructure. I hope that I have correctly paraphrased what you said. I was wondering if you could further elaborate on how you have a slightly different perspective to those that have been put to us earlier this morning.

RAY DAVY: Sure. First of all, I'd like to say that, as a general rule, I certainly support what Mayor Davies had to say. I'm very much opposed to anything that makes it a one-size-fits-all model. I spent a number of years in New Zealand, and I had a lot of experience of the New Zealand model over there. Over there they used to talk about the Gore effect. Gore is a town in the far south of the South Island. There was this approach by government which said if it can't be done in Gore then you can't do it in Auckland, you can't do it in Wellington, or whatever—which is insane. Similarly here, we see it from the other perspective that, as has been said by Mr Moorby, as has been touched upon by Mayor Davies, just because something is the right model for one community in a town of a particular scale or with a particular density of population doesn't necessarily mean that that is the way it should go the other way.

We're certainly very strongly supportive of community ownership of essential infrastructure. Whether that means they should be owned by councils, we're fairly agnostic on that one. As I indicated, I've had a lot of experience. I've had the experience of sitting on the boards in New Zealand of a number of council-owned corporate entities that managed infrastructure. That works in larger areas, where there is a certain scale to it. I've served on the board of a community-owned cooperative in the South Island, which owned power distribution, water, power generation, irrigation and so on. We've seen the benefits of cross-subsidisation between different revenue streams and different capital models. I've sat on the board of some council-owned companies and entities in Western Australia. All of these have different benefits according to the particular circumstances about how well capitalised they are, what sort of assets they have and what the reach is.

Certainly, one of the comments that Mr Moorby made about the difference between what happens in Victoria, where you have a relatively high density of rural populations versus western New South Wales, is valid. Bogan's position is that we think that communities should have options around these and certainly blunt instruments which—and I go back to my point about what do we mean by privatisation. Does anything that divests ownership of the assets away from the local council mean privatisation or does it mean going to a for-profit entity? And, certainly, my experience sitting on the board of that Ashburton based community cooperative, where we were able to rechannel millions of dollars in revenue back into the community through a community cooperative ownership model of infrastructure, is something that was taken up with some enthusiasm by a number of my clients in Western Australia. I don't know whether that answers your question, Mr Chairman?

The CHAIR: No, it does. Thank you. Mr Mayor, a final question to you from me: Could you elaborate on why the alliance is advocating for the development of a water utility operated training facility in Trangie and what issues impacting utilities could be addressed by such a facility?

CRAIG DAVIES: Yes. Look, the logic behind the Trangie base, despite the fact that it is directly across the road from my house, is simply the fact that it sits on council land, it's next to our water tower, it's next to our filtration facilities in Trangie. It's also almost in the centre of the Alliance of Western Councils in terms of travel times and that, and there is a caravan park next door. So apart from the massive tourism that it would create through having these people coming and getting their training in Trangie, it is just a very logical place. But apart from that, it does mean that we can have more operators trained locally and we are on country.

As has been pointed out earlier, many of the water operators, right across the State and particularly in the north-west, are Indigenous people. That's all there is to it. They are most welcome to come to Trangie. They know that they're on country. They feel comfortable there. It's a good place for them to come. It's not a big drive. It just

makes sense. We've actually put a submission to the Minister and asked her for her consideration in regard to this matter, because we believe that not only can we train water operators from our own local region; we can train people from right across New South Wales. Once that facility is built, it's not only water operators who can be trained there. We can find multiple disciplines, within local government, where training could be undertaken at that site.

The CHAIR: Thanks, Mr Mayor. We'll turn to questions from other members.

The Hon. MARK BANASIAK: Mr Davy, just picking up on your comments around community ownership structures and you not wanting it to be caught up in any legislation around privatisation, am I paraphrasing what you're saying in saying that any definition of what privatisation is needs to be very explicit and very tight so such mechanisms and such flexibility are not taken away from local water utilities or councils to be able to manage what they do best?

RAY DAVY: Yes. That's a pretty fair paraphrase. I think what goes with that, which was also commented on in the submission put in from Bogan, is that you need robust consultation processes. One of the problems of local government anywhere but particularly in the bush is low turnout in voting and the potential for councils to get hijacked by sectional interests. I'm sure Mayor Davies would agree with me. So I guess the council's view and my view is that, yes, we should be flexible.

But, at the same time, there needs to be quite rigorous requirements around how the community is consulted with about that, that they can see the benefits and drawbacks of any particular model that was being put forward, supported by a good business case and things like that. We're just saying we'd like to see flexibility and not a prohibition on models that might work for a particular community. But, at the same time, we need to make sure that those things don't just get railroaded in and that there's good consultation to ensure that everybody understands what it is that they're voting for when the community votes on this.

The Hon. MARK BANASIAK: Just perhaps on notice, are you able to dig back to your past experience in New Zealand on some of these community-orientated models and provide the Committee with any information on how best that consultation and voting was done well?

RAY DAVY: Yes. I could talk for about two hours on it.

The Hon. MARK BANASIAK: Even just on notice, if you've got some material.

RAY DAVY: Yes. New Zealand, of course, doesn't have a State level of government, and so local governments have, generally speaking, a much more significant role than the smaller councils we get here, but it is the norm rather than the exception in New Zealand for things like infrastructure management and so on to be operated through entities known as council-controlled organisations, which are owned by council. Council appoints the board of directors. And I have served on three of these boards. Those boards are accountable to the council, but they are required to act in the best interests of the company, like any company director is, and so on. So it's an interesting kind of mid-level thing. An incoming Labor government, a number of years ago, wanted to put a bit more teeth around the special consultation processes, which are no problem, so there is a requirement that, before a council in New Zealand can establish a CCO, they have to go through a special consultation process.

There are rules in the Local Government Act about how that happens, or it can be done in conjunction with the consultation on the annual plan. In certain instances, it will require a threshold level of voting from within the community—a certain percentage of the voters voting and a certain percentage of those voting in favour—in order to do it. So there are safeguards around it, but it still allows a community—if the case is made persuasively—to do it. But the other model which is outside of that was a wonderful company that I spent nine years as a director of in the town of Ashburton, a rural town about 80 kilometres south-west of Christchurch.

Back in the late 80s, with the electricity reforms, a lot of low-voltage distribution assets were diversified out and basically given back to councils to run, and it's interesting to look at the models of what happened. Some councils simply flogged them off, got the sugar hit of the money and that was it. Others went in other directions. The people of Ashburton opted to hold it in a cooperative. I have to say that that entity—one of the joys of my life was the nine years that I spent. After three years of still living there, when I came back to Australia I flew over there once a month for the board meetings, because it was one of the best things that—what we were able to do in terms of looking at how those assets, those revenues could be put to other ways to assist the community.

We were able to assist a farming group—at the height of the global financial crisis—who couldn't raise funding to get an irrigation scheme up, so we took a cornerstone shareholding in that to get them up and running and then sold out of it. Ahead of the Government's own version of the NBN, we rolled fibre optic out to all of the little schools in the district. We were able to operate as a key sponsor of scholarships for high-school kids—all sorts of stuff like that. By having a model that was community-owned, that had huge local support—but, of course,

it was originally based on the fact that it was given some assets to work with, which becomes one of the key factors when you're setting any entity up. Does that answer your question?

The Hon. MARK BANASIAK: It does. Thank you.

The CHAIR: Do other members have questions?

Ms STEPH COOKE: Mayor Davies, you mentioned in your opening remarks a small number of the impacts of the last drought we had, particularly as they relate to water, and communities running out. We spoke at the hearings in Wagga Wagga yesterday about the impact of natural disasters—whether they be droughts, fires or floods—on water infrastructure. What more do we need to do to make sure that our communities are best prepared to face these natural disasters into the future?

CRAIG DAVIES: As someone said earlier, it is complex. Burrendong Dam supplies most of the water into this western part of New South Wales via the Macquarie River. Burrendong got down to about 2 per cent or something—no, it was less than that. It had 34,000 megalitres left in it during the last drought. That water is not drinking water. It's terrible. I believe consultation needs to take place to ensure that the dam simply doesn't get to that point. Once the drought finished, we had a situation whereby, with three wet years, there were five million megalitres of water flowed through the Macquarie Marshes. That is absolutely superfluous to requirements of the Macquarie Marshes. The Macquarie Marshes had never seen that much water—not since 1955. So I just don't understand the logic of basically wasting that water, and that's what it is. A lot of that water simply flows through, ends up in the Darling—which is a fantastic thing—but then goes down and floods South Australia.

There needs to be more thought going into how we control and look after the water and the water assets that we have right across the country. I have no doubt that the farmers, for example, in the Macquarie Valley—they are the recipients of 17 per cent of the water flows from the Macquarie. The environment receives about 80 per cent, urban water is 3 per cent. When we are seeing environmental water, it is not being accounted for. In the minds of many people, it is simply being wasted. If a flood is not wasting water, then I don't know what is. Whether it is another dam or whether it is simply saying, as we have been now for many, many years to the Government, Burrendong Dam has what's called—when it is 100 per cent full, it is actually about 60 per cent full, and then they have their flood mitigation zone above that, which is another 61 per cent. It is around another 700,000 megalitres of storage. Logic tells us if you were to allow the dam to sit at 115 per cent or 120 per cent, then keep some of that water for critical human needs. It doesn't have to come back to agriculture or the environment but have it there for critical human needs. It's just logic.

The Hon. WES FANG: Sounds like raising Warragamba Dam.

Ms STEPH COOKE: I have a follow-up question. To enact that, is that a regulatory change? It is not necessarily an infrastructure change. We don't have to change the infrastructure of the dam; it's about changing the rules in terms of the way that that dam is managed and operated. Is that correct?

CRAIG DAVIES: Yes, absolutely. I believe a study is being carried out as we speak. But given that the dam has been up around 140 per cent and 150 per cent in the last three years, they're now trying to work out whether the dam is safe or not to sit at 120 per cent. For goodness sake, if you can take it to 150 per cent and hold it there for months at a time, surely it's going to be sustainable at 120 per cent or 115 per cent, or the figure that they decide on. But we do need to consider critical human needs in a far greater light than we currently do.

The Hon. WES FANG: Could provide some insights around the grant funding that was available under the previous Government during its multiple terms? For example, there were programs such as the Stronger Country Communities Fund and the Safe and Secure Water Program that provided funding for multiple council programs—some infrastructure-based, some community-based. Now that they have effectively disappeared under this Labor Government, what will that do in relation to infrastructure programs that you might have in the pipeline?

CRAIG DAVIES: At this point in time the biggest infrastructure program that we have is a new filtration plant for Narromine itself. We are going through that process, which is a six-year process. I think we are into about year 4½. I'm not sure that we have actually applied—we have been getting funding to continue with the program to date. When we get to the point where we need to find an odd \$30 million or \$25 million, I guess that will be the point at which we know whether the funding is available or not. From my perspective, the only fund that has been changed in a significant manner has been Resources for Regions, as a mining council. All mining shires are probably regretting that because it has been very good. But I believe it is being remodelled. I hope that's the case and that we will see funds come from some other source to cover that situation.

The Hon. WES FANG: Has there been any foreshadowing from the water Minister, Rose Jackson, about supporting you in that new filtration plant? Has there been any conversations from the local government Minister, Ron Hoenig, about providing you the additional resources that you might need to have that project supported?

CRAIG DAVIES: I don't believe that we have approached either of the Ministers at this stage.

The Hon. WES FANG: Have either of them been out to visit you?

CRAIG DAVIES: Certainly Ron Hoenig was in my office only five months ago. We have seen the Minister for Water out here on numerous occasions. I caught up with her again on numerous occasions in Sydney and at other functions at which we are both party to.

Mrs HELEN DALTON: Thank you, Ray and Craig, for attending. It's really good to catch up with you again. Can you just outline your greatest risks right now?

RAY DAVY: You want to go first?

CRAIG DAVIES: No, after you. I'll have time to think, then.

RAY DAVY: Manpower is certainly one of them. I recall, early on in my time at Balranald, having a shirtfronting exercise with a bureaucrat from Sydney. I pointed out to him that, in order to keep Balranald's water safe for consumption even though it smelt and tasted horrible, I had crews working literally around the clock. I had my plant manager do 26 hours straight shovelling activated carbon into—

Mrs HELEN DALTON: I remember that.

RAY DAVY: —the not fit-for-purpose thing, which might have been fabulous when the Murrumbidgee flowed clear back in the 1970s, but it was certainly no good for handling that grey sludge that we had at the time. I was asked in a forum in Griffith what was the greatest risk. And I said that the greatest risk is that my key operator is going to fall down dead because of, simply, the demands on them.

Mrs HELEN DALTON: So workforce?

RAY DAVY: The ability to have a sustainable and humane level of staffing and work, however that's funded. There are various ways to deal with that, but the biggest risk is the pressure on the individual employees that have got to put the stuff through. I think there's another area. I don't know whether you'd call it a risk, but I think that one of the things that seriously needs to be looked at in some of the financial accountabilities is—and I'll give an example from Bogan. The Government very kindly gave Bogan a whole lot of money to build off-river water storages in Nyngan, which are great, and they sit there. But how does the council fund the depreciation on that?

I think the issue of depreciation needs to be looked at. If a significant piece of infrastructure is grant funded, it's always going to be grant funded. The owner of it, the council, is never going to replace it out of their own funds, so why should they be carrying a depreciation charge on their books for something that—because the point of depreciation is to be able to fund something into the future. I think there are a number of issues there around the way money is required to be held that could otherwise be spent to do some of the things that perhaps need to be done around staffing, around training or retention. Would you agree with that, Mayor?

CRAIG DAVIES: Absolutely.

Mrs HELEN DALTON: We can also have the Gore effect, only it could be the Balranald effect. We could have that model that you were talking about in New Zealand, where, if it doesn't fit Balranald, it doesn't fit anywhere.

RAY DAVY: I think the community there is probably too small, but that doesn't mean that there is not otherwise—the point that Mr Moorby made around the fact that if you divert staff—generally speaking, in a small council, the staff who are looking after water are also looking after other things. That's a fair issue, certainly at Balranald and in Bogan, particularly coming up in conversation today. The water and sewer guys are totally dedicated to that so I don't see that as an issue. But I know in some councils it would be. But, again, you don't have to have a rigid Chinese wall between the way staffing happens across these things.

The key to the CCO model is what's known as the statement of corporate intent, where the board, on the advice of its management, has to sit down with the council. The council are its shareholders. If the council doesn't like the way the board is doing it, they can't tell the board what to do but they can sack the directors if they don't like the way it's happening. There are very stringent rules around what has to be reported back to the council so that the councillors don't lose control. There is still an ability to put things like resource sharing and things like that in there while perhaps diverting it away.

You will be aware, Mrs Dalton, that Balranald went through some pretty difficult issues around sewerage charges. I'd like to contrast, for the benefit of the Committee, perhaps where we had not a disagreement with what the alliance was saying but the thing is a number of years ago Bogan—the elected councillors there—took the hard calls and put the charges up to a level that made their services sustainable. That was, as I understand it—

I wasn't there—a tough time for the councillors because they were under a lot of pressure over that. In Balranald, on the other hand, as you will well know, their services were underfunded because it was always too tempting for elected officials to say, "Oh, it's not a good time to put the charges up." It's never a good time to put charges up!

Again, finding that balance between accountability—I know that in South Australia, for instance, if I can bring that in, the role of independent audit committees of councils is very important in terms of ensuring that elected councils actually stick to the financial stability criteria and take away some of it. It does arguably take away some of the flexibility of elected members, but it doesn't totally take it away. It simply puts some guardrails, if you like, around things. I might be speaking at odds to you, Mr Mayor, around the ability of people around the council table to make those calls.

Mrs HELEN DALTON: Your greatest risks, Councillor Davies?

CRAIG DAVIES: My four priorities would be, firstly, staff and the financial recognition of their roles and skills. They are not treated as tradespeople, which is just not right. These people deserve to be probably on another 30 or 40 per cent more than they're currently getting, hence the difficulty in attracting and retaining those people. Water security is obviously of vital importance. Funding, particularly through safe and secure water programs and similar programs that have existed prior to that—if you go back some 20-odd years, my understanding is that, in total, those funds, and I do stand to be corrected, have generally been in the vicinity of about \$125 million per annum, which is totally inadequate. Lastly, one of the real concerns we have, to which I alluded previously, is bureaucratic interference. I will refer to a situation that did occur in Bogan shire whereby—it's going back almost a decade now—the shire was forced to use Public Works to build a reservoir out there, which I believe was 700 megs. It cost \$10 mill.

Mrs HELEN DALTON: God!

CRAIG DAVIES: Now, we know and everybody knows that there are people both within the Bogan shire and certainly within the Narromine shire, where there's extensive irrigation, who would have built that for less than 10 per cent of that capital cost. Apart from that, the thing has leaked like a sieve ever since it was bought simply because Public Works didn't have a clue what they were doing.

RAY DAVY: Totally agree with you.

The CHAIR: Mrs Dalton, if you don't have anything else, we will go to Ms Butler for one final question.

Ms LIZA BUTLER: Thank you for your time today. I'm just conscious that we're all about what we need to do to protect regional water utilities from privatisation. You've given us that you need the flexibility to outsource and for councils, if they so choose, to amalgamate. Today you have given us one more idea around a community co-op model for water. I'm happy for you to take this on notice but we really need to know if there is anything else that, if there was legislation, would need to be put in here with a regional focus, because you are different than the coast.

RAY DAVY: I'm happy to respond to that as a question on notice. Through the general manager of Bogan shire, we will respond with a slightly expanded view about what you might need to put in the legislation.

Ms LIZA BUTLER: Thank you.

CRAIG DAVIES: From my perspective and that of the Narromine shire, we believe the current model is working. It's not as good as it could be. But if there's more consultation that can take place and the Government is prepared to listen and fund water utilities in regional New South Wales, I think we can get very good outcomes, retain the staff that we've got and simply make it a much more safe and secure location for people to live.

Ms LIZA BUTLER: Thank you.

The CHAIR: Thank you both for appearing before the Committee today. You'll be provided with a copy of the transcript of today's proceedings for corrections, if necessary. The Committee staff will email you the questions that were taken on notice—I think there was one, or two—and any supplementary questions from the Committee. We kindly ask that you return those answers by 22 February. I thank you again for your evidence.

(The witnesses withdrew.)

(Short adjournment)

Ms MEGAN DIXON, General Manager, Walgett Shire Council, sworn and examined

Mr KAZI MAHMUD, Director of Engineering, Walgett Shire Council, affirmed and examined

Mr RUSSELL HOLZ, Utilities Manager, Brewarrina Shire Council, affirmed and examined

The CHAIR: I thank our next witnesses for appearing before the Committee today to give evidence. Can I firstly confirm that you have been issued with the Committee's terms of reference and information about the standing orders?

RUSSELL HOLZ: Yes.

The CHAIR: Very good. Do you have any questions about that?

RUSSELL HOLZ: No.

The CHAIR: Very good. Thanks, Mr Holz. We will move shortly to questions. I will just let you know now that you may wish to take questions on notice, if you don't have information immediately to hand. For questions taken on notice, we'll ask that you provide the Committee with answers in writing by 22 February. Would anyone like to make a statement? Ms Dixon, would you like to?

MEGAN DIXON: Sure. Thank you very much. I am the General Manager of Walgett Shire Council. I'm assuming that most of you know where it is, but it's seven hours from Sydney. It is one of the larger rural councils in terms of area, so it's 22,000 square kilometres. We have seven villages, of which five receive water services. Two don't have any reticulated water service, so water is a particular challenge for us. We regularly make the media in terms of water quality and water security. Operating a sound business around water is not without its challenges in such a remote location. I'm really pleased to be able to provide some—and contribute to this discussion because I think it's really important in terms of some of the outcomes that that business can also provide to our community, both from a financial perspective and that contribution to employment and opportunity within the shire, given that we are so remote.

The CHAIR: Thanks, Ms Dixon. Are there any other opening statements?

RUSSELL HOLZ: Yes. Brewarrina Shire Council is one of the smaller councils in north-west New South Wales. It's small in population, rather large in size. The shire of Brewarrina is similar to Walgett—fairly large in size. We have five communities in that area, three of which their water is artesian water for their drinking water. The township of Brewarrina itself is the Barwon River, and we have Gongolgon, which is out of the Bogan. So they don't get their water treated at Gongolgon. Basically they rely on rainwater and their own tanks.

The issue we have, like everyone else, is staffing. We're pretty good at the moment. We've got a full staff over those areas between Goodooga and Brewarrina. What we've done to attract more workers is—I'm a licensed electrician and licensed plumber. I worked for 11 years in the shire. Over those 11 years we've done partnerships to get electricians and plumbers doing their certificate III and certificate IV in water, as an extra incentive, because there is no licensed plumber and no licensed electrician apart from myself in the shire of Brewarrina. I retired and went full time over to the shire, still continuing our training. That's what we've tried to do.

We are a 70 per cent Indigenous population. The majority, if not all, of our apprentices at the moment are Indigenous. That's another challenge: getting them their training. They've got to go away. It's five hours to go away. That comes back to local training and a regional training centre. That's what we're putting in place at the moment to basically safeguard ourselves in having an electrician on staff in the shire, because it's so hard. It is an hour or an hour and a half for another electrician to come over if we've got an issue. That's the way we are heading, trying to keep ourselves self-sufficient.

The CHAIR: Thank you, Mr Holz. We'll now move to questions. It will be a free flow of questions, so expect them from any corner of the room. I might start with some questions of Ms Dixon. Does your council have documented links between poor water quality and rates of disease in the Walgett community and, if so, what strategies are being put in place to address this?

MEGAN DIXON: What I'd like to do is introduce Kazi Mahmud, who is my director of engineering. He has taken on the responsibility for water management within the shire. He can answer some of the technical questions that I won't be able to answer. In terms of that documentation around health and the quality of water, I don't believe that we've done that level of study. We have groups within our community that are very loud and have advocated and done partnerships with different universities around that. They may have done those studies. We don't have them. We certainly didn't commission them to happen. Our focus has been on the asset management in terms of the water security, the condition of the asset and then the quality of what's produced and provided to the community.

The CHAIR: What are the main issues or factors contributing to poor water quality coming out of the Namoi?

KAZI MAHMUD: I'll answer that question. The factors are essentially that it's a dispersed community and very localised. The sources of water vary from river water sources to bore water, which is essentially artesian bores, so they have high mineral content, sodium content et cetera. That's one of the issues. In some places the treatment system doesn't exist. For example, you would typically need a reverse osmosis process or high energy-consuming membrane process to remove the sodium content et cetera. That's one of the issues, and that leads to the acidic aspect sometimes not conforming with the Australian Drinking Water Guidelines. The other aspect is the treatability of water when it is extracted from rivers during high flood situation or high river flow situation. When it is receiving high flow coming from upstream catchments, then that compromises the treatability. Typically a treatment plant is designed within a range that it would be able to operate. Say, for example, turbidity—the content of mud or how cloudy it is—if it goes too high, then that compromises the treatability of the treatment plant. So, yes, it has different factors that contribute to the quality of water.

The CHAIR: My final question is for both councils. What support does your council need to sustainably provide high-quality water?

MEGAN DIXON: One of the key issues for us is, without a doubt, the funding arrangements for water and water infrastructure. As a rural council, we don't have the same capacity to bill, in terms of who we're billing and who's paying for water. If you look at who's in our community, their capacity to pay is also much lower because we've got that higher level of aboriginality within our community. We've got a very low SEIFA index—one of the lowest in the State—in terms of the ability to pay for the infrastructure, so water pricing is a key issue for us in terms of managing that asset and that asset renewal.

We have received and we value the support that we receive from Public Works in terms of the delivery of some of the projects that we're delivering. One of the issues, without a doubt, is the issue of funding the renewal of assets. An example is that we have a water security issue in Lightning Ridge at the moment that we have been talking to Minister Jackson and our local member about. We're looking for \$2.6 million to fund the development and renew a pipeline. We don't have that money in our water account, and if we did, we'd deplete and we would not have any redundancy in the account. So \$2.6 million is a lot to Walgett—it's not a lot to government—to provide that water security. Money to fund and maintain those assets is one of our key issues.

In terms of the issue of employment, I acknowledge that there are issues in the industry around water and getting those technical officers. But I think that actually in a rural community we do address that better than maybe we do in a larger community because we do have access to support in terms of putting people in place. We can engage and provide that employment opportunity because we're not competing. We've got less competition for employment in a rural community; we are the main employer. We could do it better. I think what Bre are doing in terms of the trainees and apprenticeships, we could be doing that a lot better.

Funding to support that would be tremendous for us in terms of providing those employment outcomes. We have 9 per cent unemployment in the shire, so that would be part of it in terms of actually providing those employment opportunities and skilling staff to do the role. They're probably our two key issues—is that issue of money for infrastructure renewal. One of the things that I observe, from a government perspective, is that money is more freely available for new infrastructure and we don't do renewal infrastructure. They want to cut ribbons on new infrastructure but government very rarely wants to support that renewal. But that's where our main need is.

The CHAIR: Mr Holz, do you have any thoughts on that question of what support your council needs?

RUSSELL HOLZ: No. I agree 100 per cent with what has just been said. Definitely with us and our infrastructure, our water treatment plant is 50 years old. To keep it running, the ongoing cost is quite high. I think we do give very good water quality at the end of it, for our drinking water for our residents. That goes to all our infrastructure. When it comes to the sewer as well, it's over 50 years old as well. That's where we are at at the moment. For the next 10 years we are going to have to be looking at upgrading both of those pieces of infrastructure. Other issues we get is the water quality coming down and the water that we get. The catchment that we deal with with our water is—we've got the Barwon, the Namoi, the Macquarie and Castlereagh. It all comes in.

We don't know what sort of quality water we are getting, and we are reactive to that. It's not until we get it that we know what's coming down. So whether it be high in salinity or something we can't really deal with without putting an RO unit in, which then also affects the hospital and dialysis—the RO units—and all that sort of stuff. So it has a flow-on effect that's not discussed broadly with other departments, whether it be the water department or whatever. Yes, we get what we get and we have to deal with it when we get it.

The CHAIR: Lastly, Ms Dixon, it is a bit of a segue, but how did things go with the Walgett pool over the summer?

MEGAN DIXON: Beautifully. It's still going. As most people would know, we received \$375,000 from the Premier to support the repair of the pool, which we executed quite quickly. The pool opened on 27 December. It has been a free service to the community until yesterday. We have been averaging 100 people a day into the pool, which I think demonstrates how important it is to the community in terms of that community coming in and using the facilities. One of the things that I'm most proud of is that the council is operating the pool and we have provided some employment opportunities. We have given I think four or five kids their very first job and their first super accounts.

For me, one of the great things about that is that it also gives us eyes over these kids for them to have pathways into council and into other opportunities. One of the lifeguards is chasing—it is very clear that he wants to be a diesel mechanic. I said to him, "If you show up and show me that you are serious and can be reliable, I can't promise you a job but I will certainly become your referee for that role that we may have in our depot." That's one of the things that I am most proud of in terms of that employment outcome as well.

The CHAIR: I have actually heard that some pretty special efforts were made by the staff to keep it open, so I just wanted to acknowledge that.

MEGAN DIXON: Thank you.

Mr JUSTIN CLANCY: Just to follow up around the reverse osmosis facility—perhaps, Mr Kazi Mahmud, you can answer—we were told here that the facility was installed in 2020 but was then later closed. Can you elaborate as to why it was closed, please?

KAZI MAHMUD: That facility had some mechanical issues. There was a pump that was required to remove the grit and that was compromising the membranes and the serviceability of the membranes. There were also the salinity issues. The plant has reliability issues. We are trying to manage that, so we have now installed the grit removal equipment so that it can be more reliable. We are looking at options to dispose of the brine and the high salt content in the water that is coming out of the treatment facility. Basically we are trying to come up with options, but it is operational now and it is contributing to the overall delivery of water supply and to reducing the salt content.

Mr JUSTIN CLANCY: So the intention is for it to be maintained and to keep running?

KAZI MAHMUD: Yes.

Mr JUSTIN CLANCY: And when it is running, the water quality is obviously improved.

KAZI MAHMUD: It improves because it reduces the salinity. We shandy it. Sometimes we shandy it with bore water; sometimes we shandy it with treated river water. But it improves the water quality.

Mr JUSTIN CLANCY: Mr Holz, in the introduction there for Brewarrina, it talks about the Aboriginal communities in the region are partly funded by the Aboriginal Communities Water and Sewerage Program. For the benefit of the Committee, can you elaborate a bit more on that and how that plays a role in terms of the services that you provide?

RUSSELL HOLZ: The shire gets funding from them to look after all of the water and the sewer on the reserves. There are four reserves in and around the shire itself. With that, it gives us some funding to create some more employment for some locals. That's basically what we get out of that. We provide that service.

Mr JUSTIN CLANCY: Is there funding assistance for strategic development and for capital assets or is it more around that operational support and employment support?

RUSSELL HOLZ: On top of that, there is also funding for capital upgrades on those reserves.

Mr JUSTIN CLANCY: Is there a contestability to it? How is that pathway—

RUSSELL HOLZ: We source local quotes from sources. We try to keep them as local as possible. We obviously can't do that all the time. But we get our two or three quotes and send them off to Aboriginal communities, and then they say "yay" or "nay" to those quotes and we go from there.

Ms STEPH COOKE: Ms Dixon, I might start with you. The State and both of your shires have been through some very difficult times in the past six to seven years, whether it be drought or, in other parts of the State, bushfires and flooding, of course. What further support do your councils need with respect to natural disaster resilience so that we are better prepared for these events in the future? And if I can just pick up on a comment you made earlier about governments being more keen, if you like, to invest in new infrastructure as opposed to the

renewal of infrastructure, do you see an opportunity for this idea of betterment that would see ageing infrastructure upgraded but potentially to a better standard that might help us with respect to natural disaster going forward? Feel free to disagree with me, please. I'm pulling together a few different themes.

MEGAN DIXON: To give you a bit of context, Kazi and I both just joined Walgett Shire Council in the last six months. Both of us have come into the council with a level of professionalism that I think possibly hasn't existed within the organisation in terms of the way that we're looking at the assets and asset management. The state of the assets within the shire and the level of asset management within the shire hasn't been done to the standard that I certainly expected it to, coming in as GM. What we've done is we have started to do a bit of an audit in terms of asset management. What has been really interesting is what you have said. Since I've been in the shire, in the six months that I've been there, we have had a bushfire, and we are in flood recovery from the floods of 2020. We're very much in catch-up mode around the impact that that flooding had, and we've got significant money to spend in terms of that flood recovery on some asset management. We've had a bushfire. We're dealing with that. We've had a couple of other things happen as well that have been quite significant to the organisation.

In terms of resilience, what I see is that there is a tremendous community resilience. But from a council perspective, natural disaster triggers money. That's a good thing. The trigger for disaster—as an example, the Hudson fire, it took us quite a while to get that declared. One of the issues for us is that that occurred in a sparsely populated area, so the opportunity for using disaster recovery to improve assets is less enabled. One of the issues for us is we were invited—as an example, water infrastructure was an issue for that fire. We were trucking water in for fire recovery. We were offered to apply for funding to put a water point into that community, but we don't have a strategy for that. So I declined to do that because we have other priorities around our water fund and what I saw was that if we proceeded to put a new standpipe into an area without a management strategy, we'd be creating more issues, and we have higher priorities for funding than a standpipe for a very sparsely populated area that we also wouldn't be able to cost recover from because we don't have that infrastructure. So that's one of the issues for us from a council perspective.

In our water infrastructure area, there is \$7.9 million to spend on water infrastructure renewal, which includes \$2.6 million to provide Lightning Ridge with a secure water supply. At the moment—and, again, if I use this as an example—Lightning Ridge is a community of 1,900 people, according to the ABS in 2021. We probably have about 2,700 water assessments happening up there because we also have mining activities. How miners pay for water is a complicated issue. That community also receives 50,000 tourism visitors a year, which is an outstanding amount of visitors for a small outback location. So the business model for water and water management is quite difficult. It's complex, it's remote, it's bore water. At the moment there is only one bore line. If that bore line fails, that community will be without water. That's why this \$2.6 million is really critical and we're pushing for some support for us to deliver that.

We recognise that the business strategy for water will need to change and we're working on taking councillors on a journey with that. That's why we've done a documentation for them that says there is \$7.9 million to spend across the shire. One of the other issues is that some of those small communities will never be able to pay. Their water infrastructure will always be in deficit if we look at it as an isolated business. So that's one of the other issues. If you bring in a human right condition that everybody has the right to drinking water, we're not fulfilling that in two of our villages. They don't have reticulated water. I don't know what the history to that is. We don't have that documented history in terms of why we decided to reticulate water in five of the seven villages, but two don't, and yet one of the villages has 114 households that we rate and they don't receive a water service from us.

The CHAIR: Which are the two that don't have reticulated water services?

MEGAN DIXON: Burren Junction and Cumborah.

The Hon. MARK BANASIAK: Just one question to you, Mr Holz, just picking up on what you said about the unpredictability of the water quality you get that's coming downstream. Obviously this inquiry's mostly to deal with the privatisation, but I don't think we can let comments like that sort go unchecked. What are some things that the State Government could do to assist in minimising that unpredictability? Is there more investment in upstream monitoring of water quality that can then feed to you? I'm no expert, so I'm just—what can the State Government do to help?

RUSSELL HOLZ: Cross-agencies—basically, having one central organisation that could take all the information from all those areas and make it available for everybody downstream, just get an idea of what's coming and where it's coming from. Because we can get a flow in from the Castlereagh, Macquarie—we don't know—or Walgett. It's normally just the high salinities that are probably the main issue. Every river town has that issue. It's not always. Even when there is a good flow, after a week or two of good flow you might just get one little burst. You get a week of high salinity, which then we've got to deal with. We normally get told by the hospital when it

happens, because their dialysis machines aren't capable of taking—their RO units just aren't capable of dealing with the—

The Hon. WES FANG: With the high-salinity water.

RUSSELL HOLZ: Yes.

Mrs HELEN DALTON: Thanks for attending—very interesting. I'm interested in water quality. I know during the last drought that people from my area were trucking bottled water to remote locations every weekend. But I think almost the elephant in the room—or, rather, the fish in the room—is carp. What are the impacts on water quality, in the Darling and the other rivers, of carp? Your water treatment plants must be working overtime.

RUSSELL HOLZ: Yes, they do.

KAZI MAHMUD: I think the obvious—what are the impacts of water quality by the carps is outside of my expertise, but what I would suggest is that in the Darling River we have seen significant fish death. That is partly because of the eutrophication, and it's because of algal bloom. That depletes the water quality in terms of how much oxygen is present in the water, and that, obviously, causes the fish death et cetera. But what sort of impact the carp has on river water quality is outside of my expertise, really.

RUSSELL HOLZ: Just our pumps—the majority of fish that we do suck up are carp. They muddy the water up. We have to deal with that. It's just the amount of carp: We're probably every other day cleaning our filters out of fish, and the majority are carp.

Mrs HELEN DALTON: It was mentioned by previous witnesses that the water in the Murrumbidgee used to be clear down at Balranald, and it's certainly not clear anymore. That's changed because of carp and other water management.

RUSSELL HOLZ: Even when our weir stops flowing, it does take a long time for the sediment to drop, just because there is a lot of carp in the river.

Mrs HELEN DALTON: You mentioned blue-green algal blooms. Can your water treatment facilities screen out—

KAZI MAHMUD: It becomes complex if there is blue-green algae present, because you then need some form of activated carbon treatment. Typically the activated carbon powders will attract the blue-green algae and attach it, and it will remove most of the—but it becomes complex as a treatment process, because you're introducing new treatment methods that require some specialised skills and dosing knowledge et cetera.

RUSSELL HOLZ: We always do that, have a carbon filter. We're always trying to keep on top of that.

Mrs HELEN DALTON: I suppose you haven't had the years of experience where the water used to be a lot better quality—60 or 70 years ago, anecdotally. That would be what the older people in the community would say?

RUSSELL HOLZ: Yes, even 20 years ago—25 years ago. My town supervisor for the water, he's been doing it for 30-odd years, and, yes, he's seen that change over that amount of time and the extra infrastructure we've had to add to our water treatment plant to deal with these things. The magnesium—

Mrs HELEN DALTON: Are you bearing the costs of that, when government probably should take control and work out how to eliminate or reduce carp numbers?

RUSSELL HOLZ: Yes—not just carp. I'm not saying what's in the water, but the water quality has changed over the last 30 years or 40 years.

Mrs HELEN DALTON: It must be a real concern to council to say, "Into the future, what needs to be done?" It's a huge problem, isn't it—

RUSSELL HOLZ: It's an ongoing thing, yes. Definitely.

Mrs HELEN DALTON: —if your communities are to grow and to be healthy?

RUSSELL HOLZ: And it's something that I know my department's pretty much fully subsidised in regards to funding from—there's no way that council rates or our council rates, just because we've got such a low population, would cover the costs of our water, sewer and stormwater. So we keep our rates as low as we possibly can, and I think, if it was to go privatised, you'd see the same thing as happened with the electricity grid when government sold that back in 2010, when they got rid of the retail and started the sell-off of all of those assets. And now we are paying 40¢ per kilowatt as opposed to 19¢. That's only 14 years, so that's the way you'll go if we do sell them off.

The CHAIR: We are losing a bit more time, Ms Dalton. Do you have any more urgent questions?

Mrs HELEN DALTON: No.

Ms LIZA BUTLER: In regards to your water quality and the issue of the carp and sediment, do you use alum as a flocculant, or do you just oxygenate it?

RUSSELL HOLZ: No, we do. Sorry. We do use alum as our floc.

Ms LIZA BUTLER: How reliant are you on that, and how many weeks worth do you hold at any one time?

RUSSELL HOLZ: I will have to take that on notice, and I can give you the exact time on that.

Ms LIZA BUTLER: If there was a shortage of alum like there was a couple of years ago, do you have a contingency?

RUSSELL HOLZ: No. We have a 20,000-litre tank, so we are not going to run out in a hurry. We try and keep that as full as we possibly can.

The Hon. WES FANG: I am allowed one question; I will ask it in about four different parts. In relation to some of the evidence we have heard today—and I will link it back to some of the evidence we heard yesterday—I think in your opening statement you indicated that there is a desire for governments to open big, shiny things, but there is the infrastructure that goes on the back end of that which sometimes needs renewal as well. In relation to something like the Safe and Secure Water Program that the Liberal-Nationals Government rolled out previously, would you encourage the Labor Government to perhaps look at a second round of that, given that it has cut the funding to things like the Stronger Country Communities Fund, which is obviously going to take infrastructure money away from services that the council provides? Can you also provide some insight into the aspects you discussed around smaller villages and their water supplies and reticulated water? If there was to be a privatisation of the water assets in your area, could you provide some insights as to how that would affect your communities? How might that impact those two villages that do not have reticulated water, and are they more or less likely to get a water service?

The CHAIR: That's three questions.

The Hon. WES FANG: Yes.

The CHAIR: Why don't we leave it at that?

The Hon. WES FANG: And were you consulted by the Labor Government before it decided to reject all the amendments that we brought forward to protect communities like yours from privatisation? How's that, Chair?

The CHAIR: Typical, I'd say.

The Hon. WES FANG: Typical? Concise is the word I would have used.

KAZI MAHMUD: I will answer your question. The first part, if I have understood it right, is around the Safe and Secure Water Program.

The Hon. WES FANG: Yes. Would you encourage another round?

KAZI MAHMUD: Before I start saying that, we need to understand the assessment process and how it is done. Typically there is a bureaucratic process where there is a model that exists so the fund will be available for new infrastructure—for upgrade of new infrastructure. It is not accounted for, so there is no funding for existing assets renewal. It is expected that councils will recover funds through fees and charges. The fees and charges, the way it works is the 75/25 model. That is what we call best practice management.

The Hon. WES FANG: But what we can do in this is we can pretend that the round can be anything that you want it to be, because the determination of how it is assessed will be up to the government of the day, which would be the Labor Party.

The CHAIR: I will stop you there, Mr Fang, because we are losing time.

The Hon. WES FANG: I just want to make that point.

The CHAIR: I will go back to the question that you asked, which was actually three, and ask Mr Mahmud to continue.

KAZI MAHMUD: So 75/25 is 75 usage, which is the water that is consumed, and 25 is the access charge which the councils can charge for making it available to the properties. It doesn't fit for rural councils like I am representing because of the low number of population and the high cost for delivery. This "one model fits all"

doesn't really work. There is flexibility within that model, but clearly it doesn't work. Then we are expected that we need to provide the equivalent level of service compared to any other bigger councils or Sydney Water, so to speak, because we need to maintain and follow Australian drinking water guidelines for water quality. That leaves us in a position where we are not able to fund because of the low number of population and increased delivery cost et cetera.

What happens is, any form of round that is coming for infrastructure is welcomed by the council, but the bureaucratic process is overly red-taped. That is my opinion. It is "one model fits all" and there is the bureaucratic process that exists that they can't bypass sometimes or they maintain—the assessors. That makes it very difficult for rural councils to access the fund and make it a business case then to be able to deliver infrastructure. Safe and Secure Water or the Stronger Country Communities Fund—whichever form or shape it is, it is always welcomed by councils, especially the rural councils, and dispersed communities.

The Hon. WES FANG: Were you consulted around the reluctance—I think yesterday I said the refusal, but I will say reluctance; I will be kind to you, Chair—to support our amendments and protect rural and regional assets from privatisation? Were you consulted at all by the Labor Party?

KAZI MAHMUD: I think the impact of privatisation is obviously going to take away local jobs in communities. The privatisation is heavily driven by profit and, once that happens, then obviously it may work in high densely populated areas where there is low delivery cost et cetera. For rural and dispersed communities it is unlikely to work because it can't be profit driven.

The Hon. WES FANG: Did it make you feel like a second-class citizen, to be rejected?

The CHAIR: I might stop you there, Mr Fang, because you already asked four questions instead of one. I will have to conclude, because people are waiting and we don't want to lose more time. I thank all three of you for appearing before the Committee. You will be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will email you any questions taken on notice and any supplementary questions. In relation to those, could you please try to return those by 22 February. Thank you again for appearing.

(The witnesses withdrew.)

Councillor DAVID SOMERVILLE, Chairperson, Central Tablelands Water, sworn and examined

Mr GAVIN RHODES, General Manager, Central Tablelands Water, affirmed and examined

Councillor BILL WEST, Former Mayor, Cowra Council, affirmed and examined

Mr DIRK WYMER, Director Infrastructure and Operations, Cowra Council, affirmed and examined

The CHAIR: I welcome you all and thank you for appearing before the Committee to give evidence. Have you been issued with the Committee's terms of reference and information about standing orders that relate to the examination of witnesses?

BILL WEST: We have.

The CHAIR: Do you have any questions about those matters?

BILL WEST: No issues, Chair.

The CHAIR: Very good.

BILL WEST: I make the Committee aware that I also was representing Local Government NSW as part of their stakeholder advisory panel on the Town Water Risk Reduction Program. So I was a SAP on the TWRRP.

The CHAIR: I now invite opening statements. Does anyone wish to make one?

BILL WEST: I'm quite happy to, Mr Chairman. Just very quickly, Cowra Shire council to start with—we have five sources of water, the main one, of course, being the Lachlan River, which provides us with the majority of our water. We also have water treatment plants at a small village of 30 people, which obviously gives us a deep knowledge of communities with a small number of population running a water utility. We also have a long-distance pipeline which runs down almost to Young in terms of servicing villages and communities outside of our shire. The five sources of water—the Lachlan, as I indicated. We also have Wyangala Dam, which we're about to have commissioned a new water treatment plant, which will service both Wyangala village and the Reflections holiday park.

We have a wonderful relationship with our friends at Central Tablelands and we share a bidirectional pipeline with them. We're also about to commission a pipeline from the beautiful Billimari aquifer—the Lachlan aquifer in the Billimari region to get water back into Cowra for strict emergency issues under a really tight NRAR licence. We also have two sewer treatment plants, which we manage and operate. So we have an understanding of the world of water and sewer. If I may just touch very quickly on privatisation, which of course is part of this Committee's remit, privatisation is, I think, the last card in the pack that you want to even consider going down that path in terms of public utilities and water.

I would also suggest respectfully that there are a number of issues that need to be addressed before too many recommendations are made in regard to changing the way the entities may look like and how you might resolve some of the issues, which have been well identified, but the answers are not quite as simple as one might think by just changing some of the regulations or some of the way we do business, because local water utilities such as Cowra play an incredibly important role above and beyond the vital role of providing water and sewer services to our communities. The role they play within the community and supporting our community, helping it to grow and helping the councils to contribute and contribute to their community and make the community grow are also issues that need to be fully understood before any decisions could be made.

The CHAIR: Would Central Tablelands Water like to make an opening statement?

DAVID SOMERVILLE: Yes, thank you, Mr Chair. Just to outline Central Tablelands Water for you, it's one of the four water county councils in the State. It's by some margin the smallest of those in terms of revenue and assets. It was formed probably longer ago than the others were, 1944. It now encompasses three constituent councils—Blayney shire, Cabonne shire and Weddin shire—and also delivers water not only to the communities in those shires but also to Bland shire. We have a recently completed bi-directional potable water supply between our network and Orange, and between our network and our friends from Cowra.

Central Tablelands Water, in fact, has most of the main arteries that go through the Central Tablelands linking Millthorpe at one end and, at the other end, down to Grenfell, out to Eugowra, Manildra, Blayney—Canowindra is another big centre supplied by Central Tablelands Water. It's a small but important water utility in the Central West. We've got 300 kilometres of trunk main running through the middle of the network. We've got 240-odd kilometres of reticulation mains around the villages we serve; I think we serve about 14 towns and villages. We have one main supply of water, which is Lake Rowlands, which is near Carcoar in the Central West. It's a 4.5-gigalitre storage dam. We are in the process of working with the State for the funding to increase the

capacity of Lake Rowlands by almost twice. That process is going on at the moment and we are strongly advocating that project be completed and funded so that we can provide more water security to all the villages we serve and some of the villages we're connected with.

In addition to Lake Rowlands, we have bore water supply at Gooloogong, which is handy in a drought for supplying what we call the bottom end of our system, down towards Gooloogong-Grenfell. We've got 46 reservoirs in all the towns and 26 pump stations along the network. It's a water utility with a lot of infrastructure but only some 7,000-odd connections. It's typical of the problem facing regional water utilities. There are a lot of assets to be maintained and renewed and a small customer base, in a lot of ways—and you've heard this, I'm sure, from a lot of other small water utilities—with, really, an inability of the customers to totally fund the funding necessary to renew, replace and maintain the infrastructure to deliver the potable water that our communities expect.

The CHAIR: Mr Somervaille, does your organisation have a position on whether a legislative ban on privatisation should be specifically designed to suit the governance model of a county council-type arrangement as compared to a general purpose council utility?

DAVID SOMERVAILE: Yes, I think—of course, the difference between the water county councils and the water utilities that are embedded in a general purpose council is that the county councils are already self-contained, independent entities owning, in their own name, all the assets necessary to deliver their business. From the county council's point of view, we are more susceptible, I think, to privatisation—a bit like the electricity county councils were a couple of decades ago—because there's an entity there that could easily be privatised without much legislative fuss. Yes, we do have a view that we are exposed. But by the same token, it's a bit of a double-edged sword. The county council, it seems to me, is a lot easier to protect through legislation like the legislation that protected Sydney Water and Hunter Water because they can be added to the legislation as existing self-contained entities and provide the protection from privatisation. It's a two-edged sword. We're more vulnerable to privatisation but we're easier to protect from privatisation.

The CHAIR: Councillor West, are you able to tell us how your joint organisation has supported your council to more effectively provide water utility services to members?

BILL WEST: I think part of the water utilities alliance within the Central West JO arose out of the much talked about Armstrong-Gellatly report, which nobody has probably seen, but there was discussions and considerations given, we understand, in that report as to how you might be able to change water entities and water management. One of the ways that we as a region saw to go forward was to actually work collaboratively and work together. So we share ideas, we share thoughts and we share experiences. We also have a JO which is prepared to, on occasions, lobby/advocate on behalf of all the water utilities or on behalf of individual water utilities. So it's that collaborative approach which really lends so much strength to our councils. It works very well for our group of councils. Bear in mind there are some councils that don't think JOs are a great idea. How you get that across the landscape, I don't know. But this collaborative approach is certainly one that I think is really worth looking at and supporting.

The CHAIR: Thanks, Councillor.

DIRK WYMER: If I can add to that, under Councillor Bill's layer at the JO is the technical advisory group for the water utilities alliance, which is a group of engineers who provide water treatment and sewage treatment. That's an invaluable resource for sharing knowledge and skills across the organisations, and experiences as well, with various treatment issues. So that's a great group of professionals that we can draw on.

The CHAIR: Thanks, Mr Wymer. Just finally from me, back to Councillor West, over your lengthy time in local government, are you able to give us some insight into the trends in terms of the capacity of the council to recruit water utility operators and retain them?

The Hon. WES FANG: I don't think you have to word it like that. I mean, you could have said "your vast experience" instead of "lengthy".

The CHAIR: Well, it certainly has been lengthy—and meritorious, I take the opportunity to say.

BILL WEST: You're right on the "lengthy" and you're complimentary, I think. Given the "meritorious", I'm not quite so sure. Sorry, can I have the question again? I got sidetracked a bit.

The CHAIR: That certainly happens. Over the length and breadth of your experience in local government, can you give us some insights into what you've observed in terms of trends in terms of the ability to recruit and retain water utility operators—so your labour force issues, if you like?

BILL WEST: There is no doubt that there is a skills shortage across rural and regional areas in every field. Water utilities are no different and water specialists are certainly no different. I think we're fairly fortunate in Cowra that we have a good team. But the issue around training, pay and sustainability of staff is one that really does need to be considered very seriously, because the responsibilities that are being put on staff are growing daily, almost—regularly—in terms of the accountability, in terms of recording what they're doing, and in terms of demands on their expertise. I'm not sure that either the Government or local government has actually caught up with some of those demands on people's expertise requirements.

There is a real need to do that and bring people up to speed as quickly as possible and to recognise the value of our operators, both water and sewer. The demands on their capacity have really, I think, stretched some of the issues that we face. But, again, I stress that it's not that there is nobody out there willing to work. There is a skills shortage across the landscape in a whole range of fields. I think in most rural communities, if you went there, you would find that there is a skills shortage in almost every aspect of our communities. So it's not just water utilities that do struggle, but, yes, there is an issue with the demands being placed upon them now that needs to be addressed and looked at.

The CHAIR: Are you supportive of the idea of a formalisation of the training in terms of a qualification that would attach to water utility operators and also perhaps a training centre in regional New South Wales?

BILL WEST: I think a training centre in regional New South Wales of any sort is great news to me, personally. I think, yes, there should be better formal training for operators. Something that came out of the Town Water Risk Reduction Program was that there needed to be an improvement in training. There was a lack of it—a distinct lack of training. I think also that there's a need for some education or training of councillors. I'd like elected representatives to understand exactly the roles they have in terms of supplying water and sewer to their communities. But the training—very much in favour.

DIRK WYMER: Can I add to that? To the first point of your question, one of the things that might keep us up at night is that if we don't have our senior operators, then we don't have the ability to provide internal training to bring some of the less experienced staff from the Cowra community into these critical positions. On the second point, in terms of the formal training, there have been some issues over the last two or three years that have made it very difficult for councils to deliver the water operations certificate III. If our operators can get that qualification, then they will be able to progress up the bands and levels in the salary system and will be able to increase their pay rates. I think both those things are critical.

Mr JUSTIN CLANCY: I welcome the opportunity to have both a county council and a member council here. One of the disadvantages spoken of with the county council model was that it takes away—when a GPC divests or splits its water and its sewerage, it loses the professional body to the county council. Has it ever been a consideration around resource pooling not just for water but for other utilities such as sewerage?

GAVIN RHODES: Thank you for the question. It has been considered within our organisation. We're purely water supply but as an opportunity to grow and to also support our GP councils, we have, at a high level, investigated that opportunity. But taking into consideration the importance for the GP councils to remain sustainable as well, that would have to be worked through.

Mr JUSTIN CLANCY: When you say sustainability of councils, as in from sewerage and water funds and the contribution that that might take to the overhead costs of council?

GAVIN RHODES: That's correct.

BILL WEST: From our perspective we have great relationship with Central Tablelands Water. We have indicated we have a bidirectional pipeline, and we have a great relationship. From our perspective, we are quite happy to stay alone. To the second part of your question, we see a really deep-seated importance in terms of the role that water and sewerage play within our corporate entity. You alluded to a financial perspective but also we're able to attract staff because of the diversity of work, the extra work that's created and the greater budget we have. It also allows us to make sure we look after our community the best way we can and the way they want to be looked after, and also to do so in a way where we are able to support and attract industry and business to our community. So it's not a standalone issue. It's a complex issue which is entwined.

DAVID SOMERVILLE: Could I add to that? I'm not just the chair of Central Tablelands. I'm Deputy Mayor of Blayney Shire Council. Blayney doesn't have a water business because Central Tablelands Water provides water. But we have a sewer business. So I'm well aware of the importance of economies of scope when it comes to general purpose councils having a water business. One slight angle on that that I would mention, though, is that one disadvantage of water county councils just being responsible for water supply is the volatility in the income, because our income depends on the seasons. It's almost impossible to budget for what your tariffs should be based on your projections of how much water you'll sell, because you'll sell twice as much water in a

drought than you sell in a wet year. When you set your budget at the beginning of the year, you don't quite know what it's going to be like. There is a benefit of vertical integration, if you like, of the whole water cycle because it spreads volatility. But apart from that, there are really strong advantages in the GP councils maintaining within their organisation, because of economies of scope, their water and sewer businesses.

The Hon. WES FANG: Councillor Somervaille, you spoke in your opening statement about the plans for potentially expanding Lake Rowlands. You said those discussions are ongoing with the current Government. Can you provide some insight as to where that planning is? Is that the only plan that you've got for water security for the Central Tablelands or have there been other dam proposals that might have been proposed in order to ensure that you've got the water supply needed for a growing community?

DAVID SOMERVAILLE: Water security is the number one priority for our organisation and most of the people you've been speaking to. The increase in the capacity of Lake Rowlands is the cornerstone water security project we've got going. That is absolutely critical not just for us but for neighbouring councils as well. That project has been bubbling along now for quite a few years. In fact, it's been part of our advocacy for 20 years. There are various aspects to that. One is a pipeline linking our dam with the State-owned dam not far away, Carcoar Dam, which is under-utilised; it's got spare capacity. The catchment above our dam is very productive. Since it started raining a couple of years ago, I think we have spilt over our dam wall something like enough water to fill our dam 20 times.

GAVIN RHODES: Two hundred gigs.

DAVID SOMERVAILLE: Two hundred gigalitres and a 4.5-gigalitre dam. Some of that could have been stored elsewhere. That's the main one, but we're also participating in education and demand management. We're participating in the water-loss reduction program that the joint organisation is running at the moment because we recognise that the future for water security is not just having more available water but it's making the most use of the water you do have. I think a lot of the communities in the Central West are leading the way when it comes to demand management, in terms of consumption per capita in dry times. So I think both ends of it are important.

The Hon. WES FANG: Is there broad support, though, for a new dam around the Ullamalla region?

DAVID SOMERVAILLE: Which region, sorry?

The Hon. WES FANG: Near Dixons Long Point.

DAVID SOMERVAILLE: That's not in our area. What I know about that is what I've read in the press.

The Hon. WES FANG: But there would be broad support for another dam just to ensure that you've got further water supplies for the region?

GAVIN RHODES: I can answer that. Good question. That was raised through the Macquarie-Castlereagh Regional Water Strategy as an option. I know that Orange City Council has been looking at that as an alternate supply. As I understand, the issue with that option is the length of time it's going to take to build that dam, to go through all the approvals to get that happening. Whereas if we look at Lake Rowlands, it's a project we can do now in a staged approach with the linking with Carcoar Dam as well as a larger dam downstream, and we've got the bi-directional pipeline already in with Orange as well.

The Hon. WES FANG: This is where I'm heading with these questions: You would be aware, obviously, that the current Government has cancelled a number of dam projects that were announced previously, including the expansion of capacity for a number of dams in the region. Does it concern you at all that Lake Rowlands is the primary dam and you're talking about increasing the capacity there, but this Government has a history of finding ways to not proceed with existing dam projects that are already proposed and on the table, and that you might find it difficult to have a project that isn't on the table approved? What does that mean for the water security of the Central Tablelands?

DAVID SOMERVAILLE: I think the answer is our main focus—our only focus—is on the expansion of Lake Rowlands. We're responsible to our ratepayers, our water customers, for doing everything we possibly can to improve water security for them, and that's what our focus is.

The Hon. WES FANG: My last question is, and I've asked this of most of the other witnesses, were you consulted at all around the question of privatisation when my good friend and colleague Steph Cooke put forward amendments around the protection from privatisation of rural and regional water assets? Did the Labor Government speak to you and seek your opinion on it before they rejected the amendments outright?

DAVID SOMERVILLE: I think the answer to that is that we were out of the blocks first. The precedent was being set for Sydney Water and Hunter Water being rolled out to water utilities, so I think we went on the front foot before there was any opportunity of being consulted. We wanted—

The Hon. WES FANG: In that case, the Labor Party basically ignored what you requested.

DAVID SOMERVILLE: I wouldn't say that, no.

The Hon. WES FANG: They did reject the amendments.

Mrs HELEN DALTON: Thank you for attending. You mentioned in your submission that council amalgamations have had a big impact. Can you elaborate on that? If you could affordably reverse that, would you do it?

BILL WEST: I think there are some councils that would like to de-amalgamate, but, from our perspective, we were fortunate that we were fit for the future, so we stand alone. We have absolutely no desire to amalgamate. They were, at the time, a bad idea and, looking back, I think that has been proven to be the case. I don't think any government at the moment has any appetite to continue with amalgamations of local government, and nor should they have.

Mrs HELEN DALTON: So there were no amalgamations around your area?

BILL WEST: There was one at Hilltops, which I think is still being bedded down. There is one at Gundagai-Cootamundra, where they are trying to demerge at the moment. I think they are the only two that are in our immediate region.

Mrs HELEN DALTON: What impact did that have on water security, reliability and cost? Do you know?

BILL WEST: From their perspective, I'm not really sure, but they are both serviced I think, from recollection, by Goldenfields county council. But they are certainly not in our patch and our remit. The only development we have with water is that we do provide water back into the top end of Hilltops local government area for some of their villages and their rural communities.

Mrs HELEN DALTON: My next question is on water quality. Is carp a problem for you in your areas?

BILL WEST: Carp is a problem for everybody, but I don't think carp is having an impact on our water quality.

DIRK WYMER: At the Cowra water treatment plant, the fish can't really get into the intake structures because of the design of the dam, so we don't really have an issue with fish. We have little molluscs on our screen that come up occasionally.

Mrs HELEN DALTON: But the water quality would not be as great.

DIRK WYMER: We are downstream. The Cowra water treatment plant—actually, all of our treatment plants are the first ones downstream of Wyangala Dam, so the water quality in the dam probably has more of an impact, I think, than the fish in the reach between the dam and the town.

DAVID SOMERVILLE: Perhaps I could add from the Central Tablelands point of view in terms of water quality—I would defer to Gavin on the technical side of things—we certainly had no issues with compliance with the drinking water quality standards. The only boil water alert that we've experienced was in November 2022. We supply water to Eugowra and, as you all know, Eugowra was pretty well washed off the map, including our pump station on our water infrastructure. We worked with Health to put out a boil water alert until we could reconnect all the potable water into the town supply. That was the only occasion—well beyond our control. We assisted the residents of Eugowra with special dispensations on their water bills and so on at the time, just to help them get through that devastation that they suffered.

The Hon. MARK BANASIAK: I have one question for Central Tablelands, but, of course, if Cowra wants to chime in as well, I'm happy. In your submission you bring up the issue of forced amalgamations of utilities and you basically say—I'm just paraphrasing—"Don't do it." But you say that the focus needs to be on interconnecting grids that are owned, governed, operated and maintained collaboratively. Is there anything that the State Government can do to help facilitate that and make it easier, or is it a case of "get out of the way and let us just get on with it"? I'm happy if that's the answer, but if there is anything the State Government can do to help facilitate you creating those interconnecting grids, I'd be interested to hear.

GAVIN RHODES: Good question. I'll take that first. We are currently working with Cabonne Council and also Orange City Council. We are doing a subregional town water strategy. We are trying to build up resilience within our system, because we know we have limited availability to water at the moment until we get the

Lake Rowlands project progressing for the future. With that, we are looking at different interlinking pipeline strategies we can go through.

What the State Government can help us with—and they are helping us with the subregional towns strategy; they've part-funded that—is looking at providing funding for future infrastructure for those pipelines, which they did with our pipeline in Orange back in 2019. There's a bi-directional, 61-kilometre pipeline that the State Government funded at the time, which we gratefully accepted. And there's also our work that we've been doing with our neighbours here in Cowra to have that bi-directional pipeline from Woodstock into our system to feed into the lower end of our system.

We're also working with Forbes shire and Parkes shire councils to further build up that resilience. That's looking at a Central West water grid pipeline project. With that, the State Government has been involved, and we do appreciate that. But, as always, we're willing to welcome any funding opportunities there because, as we've stated, it is difficult, especially for us as a smaller water utility, to fund those infrastructure needs that we require, as well as having a smaller customer base. That will allow us to grow as well and to provide that quality water supply in the future.

The Hon. MARK BANASIAK: Councillor West or Mr Wymer?

BILL WEST: Just quickly, I think it depends on what sort of a community we expect to see on this side of the Blue Mountains in rural and regional areas. As Central Tablelands have indicated, there is a lot of collaboration and a lot of goodwill in water utilities. The two things that I think the State Government can do are, firstly, be quicker and more speedy with their responses and support to move things forward. There is a backlog of work to be done. I'll include our own IWCM, which is taking forever to get completed. It's beyond the point of being frustrating. Secondly, they could start to fund some of these projects. I think you would've heard evidence wherever you have gone that local government, local water utilities and county councils do not have the capacity to raise the funds that are required for major capital expenses. It's as simple and as clear cut as that. They're the two things that can clearly be done, before I start to talk about the Town Water Risk Reduction Program and where it got to.

Ms STEPH COOKE: I have three distinct questions for you today. The first one, Councillor West, if I could start with you, when we look at this issue of privatisation and what I would suggest is a fear amongst general purpose councils about the potential for privatisation in the future, would you be able to briefly, for the Committee, suggest where some of that fear has come from and the journey around the provision of water over the past few years? I note the number of agencies that have conducted investigations and inquiries previously that, perhaps, local government hasn't necessarily seen much benefit from or, in some cases, the outcomes or the supply of reports et cetera, which I'm suggesting may have fed into this fear of what might be happening in the future. It is integral to this inquiry, noting that we are looking at this issue of privatisation and how best to protect local government from it.

BILL WEST: Thank you for the question. Part of it probably rolls back into the previous question. The first component is that there is a lack of engagement from State agencies with local government and local water utilities. That's across the broader landscape with local government, not just water. It is almost at a point where many local government entities feel like they're not respected and not trusted. That's the first point. The second point is that you go back to the Armstrong-Gellatly report—which people may have heard of; I'm not sure if anybody has read it—that created speculation in the industry that local government hasn't seen. It was a report about local government, but we haven't seen the report. We haven't been paid the courtesy of understanding what was said. We probably reacted not as well as we could have because we tried to then resolve the issues and we didn't know what we were trying to resolve.

We've had Infrastructure Australia come out to Cowra on one occasion to talk about the number of water utilities and how water could be better managed. The Productivity Commission had a couple of reports. And then, of course, we had the Audit Office report in 2020 about the performance of DPIE water, which was scathing and led to the Town Water Risk Reduction Program. All of that, and including this inquiry to some extent, creates uncertainty and nervousness and fear within the local government sector and the industry in general. Again, I go back to the point that—apart from your Committee, Mr Chair, where we've had this opportunity to engage—a lot of decisions are being made about us, including that we had to fight, quite strongly, to get local government recognised in the Lachlan water strategy and the Macquarie water strategy to get local government to have a seat at the table about these important issues around water. So all that combines with a certain amount of looking over our shoulder constantly at what's coming next.

Ms STEPH COOKE: My second question is to Central Tablelands. The Safe and Secure Water Program, is it the case that county councils are ineligible to apply for funding under that program as its currently structured or is it that you are eligible but the projects you're putting forward, for whatever reason, are not eligible?

DAVID SOMERVILLE: I think Gavin can probably answer that in relation to the Safe and Secure program. The one thing that not only county councils but local government are not eligible for is emergency relief funding—the water businesses, that is, because the view is taken that they are commercial organisations and they should bear the risk that their infrastructure might be washed away in a flood. There is no emergency funding available for that. That's been the case forever, except with the Northern Rivers flooding I think the Government did step in and help fund local government to replace water and sewer assets. But, certainly, in the recent flooding—I speak from Central Tablelands Water's point of view—we lost a lot of infrastructure in Eugowra, we lost the trunk mains going across the Mandagery Creek at Manildra, and we were supposed to fund that ourselves. If there is a funding stream which is not available, that is an important one. But in terms of Safe and Secure—

GAVIN RHODES: Yes, under the Safe and Secure program, we are eligible, but our percentage is based on our revenue base. For example, we're a smaller county council compared to Riverina Water and Goldenfields and Rous. Our percentage is 50 per cent of funding, so the co-contribution, whereas I think with Riverina Water and Goldenfields it might be around 75/25 per cent. We have been eligible in the past. We've just been granted \$150,000 for some pre-tender work to replace our ageing trunk mains, to get that rolling, just with design and some plans drawn up for that. That was gratefully accepted. But under the Safe and Secure program we also secured money back, during the drought, for our new 12-meg reservoir that we've just completed and just built in conjunction with Orange City Council and Cowra, as well as the Woodstock pump station. We are eligible, but it's based on your revenue base.

Ms STEPH COOKE: Your contribution?

GAVIN RHODES: Yes.

Ms STEPH COOKE: My final question is to both of you. With respect to Wyangala Dam and the wall-raising project, Water NSW's own survey suggested that 80 per cent of respondents in the valley supported this project. The Government has decided to scrap that project. My question is in two simple parts. Is this a project that you believe should still remain under consideration? Two, in its absence—and noting the projects that Central Tablelands has put forward, so perhaps there are others that Cowra might suggest—what should be the priority with respect to securing water security for the Lachlan Valley?

BILL WEST: We're looking at everybody. Should Wyangala Dam remain on the table as something for future consideration? The answer is yes. We will have droughts and we will have floods again. I made the comment very early in the piece when they were starting to investigate Wyangala Dam that I don't want to be sitting down talking to my grandkids and saying, "Well, we had a chance to do something. We didn't take the chance." Now, whether the dam is the answer or not, I'm not 100 per cent sure, but I know that some of the proposals that are being put forward about recycling, about stormwater harvesting, are valuable and essential at the time, but they will not solve the problem, long term, about water security.

I'm not sure what the answer might be, but we need to pursue those opportunities and aspects far more thoroughly than I think we did. In reading some of the business case—I'm not sure the word I should use—I'm not sure that there was not a fair bit of pressure applied by various sources who were well meaning and using their professional background to try to stimulate or not stimulate the debate, which caused me some concern and distress, because we will have droughts, we will have floods, no matter where we live, and we need to be looking at ways of trying to resolve that issue.

If I can just go back to the first question that Ms Cooke asked. One of the things that came out of the Town Water Risk Reduction Program was we looked at all these things that we discussed: the length of pipes, the smaller communities, the age of infrastructure, community service obligations, staff training, councillor training. We looked at section 60s, IWCMS. There was a whole myriad of issues looked at. And a great deal of progress was made. After stage one, I'm not sure what happened, and all that information seems to have dropped into the ether, and I think that this Committee could probably do worse than to be looking at where that got to and some of the issues that were raised by local communities. Local water utilities, I think, were relieved that the Government actually took note of the Audit Office report and were coming out and talking to the communities that were involved with it. Where that's got to, I'm not quite sure.

DAVID SOMERVILLE: Can I add something to what Councillor West has said in relation to Wyangala and Lake Rowlands? I wouldn't want people to think that they're alternatives. Lake Rowlands is purely a dedicated town water supply. Wyangala Dam, of course, is a multipurpose dam for flood mitigation, drought relief, irrigation, all sorts of things that are really important to local government because our communities rely on it, but it's not—it does supply town water, but there's a lot more to it than Lake Rowlands, which is purely town water. So I wouldn't want to suggest that, if we sort Lake Rowlands out, we needn't worry about Wyangala, because it's a totally different thing.

BILL WEST: That's quite correct. Obviously, we share a lot in common. The Centroc water security study released in about 2010 highlighted some of the issues that we're now undertaking, including the need for good storage high in the catchment. We talked about piping and a whole lot of issues, and it's one that I would commend people to have a look at if you get a chance, because some of the issues we looked at collaboratively in 2010 are now issues we're talking about on the table. I hope we're not going to have to wait until the next drought, Mr Chairman, to resolve them.

Ms STEPH COOKE: Just one clarifying question, please, Councillor West. With the town risk reduction program, it's grinding to a halt—to use my words, perhaps not yours. Did your committee produce a report in November or so of 2022 that you're still waiting for feedback on? Is that what you're suggesting the Committee follow up with?

BILL WEST: No. I think the committee's terms of reference had two years. That was it. We said, day one, this was too short a time frame. At the end of two years, the Government pulled it back in house and started to manage it themselves. I would also note that probably four of the key people who were involved with that project are no longer involved with that department or that area. So where that corporate knowledge went to, again, is a question that begs to be asked.

The CHAIR: I think that brings us to the end, unless there are any questions that simply have to be asked. Very good. I thank all four witnesses for attending, and I note that you will be provided with a copy of the transcript to make any corrections that you might need to make, and the Committee staff will also email you any questions taken on notice and any supplementary questions which the Committee might ask and, if so, we'd ask you to return those answers by 22 February. That concludes our public hearing for today. I place on the record the Committee's thanks to all the witnesses who appeared today. In addition, I would like to thank all the Committee members, the Committee staff and, of course, Hansard for all their assistance in the conduct of the hearing.

(The witnesses withdrew.)

The Committee adjourned at 12:25.