

**NSW Legislative Council General Purpose
Standing Committee No. 5
Inquiry into the Augmentation of Water Supply for
Rural and Regional New South Wales**

**Answers to Questions on Notice from Public
Hearing of 7 November 2016**

December 2016

Questions on notice and answers

Please find below LGNSW's answers to the questions on notice.

...would you be able to take on notice to provide the committee with the make-up of your directorate [Water Directorate NSW], please?

The Water Directorate is a representative body of councils in NSW that provide water supply and/or sewerage service. Councils with a local water utility are eligible for membership and almost all such councils are members.

The Water Directorate was established in 1999 with support of LGNSW. The Water Directorate's main purpose is to provide technical and operational guidance and advice to its member councils.

The Water Directorate is governed by an executive committee consisting of 20 members. According to its constitution, 18 members of the executive committee are regionally elected representatives from councils and two are appointed members representing LGNSW - one from the LGNSW Board of Directors and the other one being LGNSW's policy officer responsible for the relevant portfolio. Committee members are predominately directors of technical services or managers of a council's local water utility.

The current chair of the executive committee is Jeffrey Sharp, Director Infrastructure Services, Port Macquarie-Hastings Council. The current Executive Officer supporting the committee is Gary Mitchell. The Water Directorate can be contacted via Gary Mitchell, Executive Officer on 02 9188 4390 or gmitchell@waterdirectorate.asn.au.

Is it possible for you to canvass your constituency and find out their views on the effectiveness of water sharing plans, and the issues that people may have?

LGNSW thanks the Committee for the opportunity to provide further feedback on the issue of water sharing planning. LGNSW has made further inquiries with its members as far as possible in the short timeframe.

Concerns over new water resource plans

LGNSW believes that the principal area of concern for local government relates to the current process of DPI Water and Water NSW developing water resource plans in order to implement the Murray-Darling Basin Plan.

Councils, particularly councils in Central-West NSW, have expressed concern over the lack of information on how they would be involved in the consultation process and that they had not been invited to be members of stakeholder advisory panels that are established for individual water resource plan regions. Councils believe they should be members of the stakeholder advisory panels. They are critical stakeholders that represent their local water utilities as water users as well as the social, economic and environmental values and priorities of their communities.

Water resource plans are a key requirement of the *Murray-Darling Basin Plan 2012*. Between 2016 and 2019, 22 water resource plans are to be developed for surface and groundwater regions in the NSW Murray-Darling basin. Individual water resource plans are to ensure compliance with basin plan targets and define economic, social and environmental objectives that are relevant to that region.

Water resource plans will include, as a key component, the water sharing plans made under the *Water Management Act (NSW) 2000* that already exist across the NSW basin area. Water sharing will remain the mechanism for articulating water sharing in NSW.

LGNSW understands that targeted consultation on individual water resource plans was to take place during 2017 including DPI Water working directly with licence holders, user and industry groups, local government, environment groups, Aboriginal communities and other stakeholders and establishing stakeholder advisory panels for each surface water resource plan comprising of local licence holder representatives, environment representatives and various NSW government agency representatives. Stakeholders would also be able to make written submissions on status and issues papers for their regions (a compilation of existing issues for consideration) and the draft water resource plans. If a draft plan required adjustments to water sharing rules, DPI Water planners would run targeted consultation sessions with affected stakeholders. Further information on the consultation is available at www.water.nsw.gov.au/water-management/water-resource-plans.

The status and issues paper for the Gwydir region is currently open for comment with submission closing on 9 December 2016. Papers for the Macquarie Castlereagh, Lachlan, and Border Alluviums regions were released on 23 November 2016. Stakeholder advisory panels have been formed for the Gwydir, Macquarie Castlereagh and Lachlan regions.

DPI Water advised that councils within each region had received/would receive targeted letters inviting comments on the relevant status and issues papers. However, local government is not represented on the stakeholder advisory panels that have been formed (i.e. Gwydir, Macquarie Castlereagh and Lachlan regions).

LGNSW requests that the committee recommend that affected councils, and/or regional council representatives such as the Central NSW Regional Organisation of Councils (Centroc), be invited to be a member of stakeholder advisory panels of their individual water resource planning regions.

Councils in the Macquarie Castlereagh and Lachlan regions also expressed concern over the duration and timing of the consultation period on the status and issues papers for their regions which opened at the end of November 2016 and finishes on 11 January 2017. For councils who will have to get approval of submissions at a council meeting, this consultation period, half of which falls into the Christmas and New Year holiday period, is inappropriately scheduled and far too short.

General concerns over water sharing plans

Some councils have raised more fundamental concerns over water sharing planning processes and outcomes. In their view, water sharing plans (WSPs), while legislated in the *Water Management Act (NSW) 2000* as an instrument to balance social, economic and environmental interests, often present an impediment to finding and implementing solutions that provide balanced outcomes from an environmental, social and economic perspective for the local community.

The following issues were considered as hindering WSPs from achieving their potential for delivering sound outcomes:

- The development of WSPs appears to be based on a limited understanding of the social, economic or environmental context of the area for which the plans are being developed.
- Configuration and operational constraints of water supplies are often not adequately addressed resulting in rules that are difficult to implement by water supply operators, and that can unnecessarily impact on the yield of the system.
- While environmental issues appear to be given pre-eminence in decision making, there appears to be reliance on limited environmental data in the development of the plans.
- In the absence of scientific data for the preparation of WSPs, the local water utilities are often required to undertake considerable scientific work at their cost to provide a better basis for water planning.
- The recent approach of “minimal change” when remaking plans appears to be driven by administrative expedience rather than to optimise outcomes.

- Consultation processes with stakeholders need to be improved in order to produce a robust plan. Those regulated by the plan need to be involved in the development of the plan in a constructive environment in order to develop balanced and practical solutions.
- The plans are convoluted regulatory instruments often with limited supporting documentation to assist those who implement the plans. This can lead to the plan being implemented contrary to its intended outcomes at the time of preparation.
- Some plans include triggers for review and amendment based on various scenarios. Once gazetted there appears to be little interest to amend the plans as intended, particularly if the amendment is required to improve the outcome for a water user; e.g. a local water utility.

The following suggestions were made to improve water sharing planning processes and outcomes:

- WSPs should be developed and reviewed by a professional team with experience in environmental, social and economic issues, a culture of collaboration with relevant stakeholders, and a focus on developing and achieving balanced practical solutions.
- Engagement with stakeholders should commence at an early stage in the planning and review process and appropriate time should be allocated to enable proper investigation and consultation processes.
- Comprehensive background and supporting documentation for the plans should be provided to enable and promote appropriate levels of investigation, data analysis and balanced solution development.

For clarification, would you be able to supply the committee with a list of those water alliances?

Councils have successfully implemented regional alliances of local water utilities, including alliances established according to the model developed by LGNSW and the Water Directorate in 2009 for the Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW. These alliances capture the benefits associated with resource sharing and regional (catchment) planning. The following alliances have been put into practice by local water utilities:

- *Centroc Water Utilities Alliance*
In the Central-West of NSW under the auspices of Centroc, 16 local water utilities have formed the Centroc Water Utilities Alliance. This alliance's purpose is based on a water security study finalised in 2010 that provides a strategy for sustainable water security across the region of 16 member councils over the next 50 years. The alliance also undertakes joint infrastructure prioritisation and workforce planning.
- *Lower Macquarie Water Utilities Alliance*
The Lower Macquarie Water Utilities Alliance includes 11 local water utilities based in and around the lower Macquarie River catchment. The alliance is implementing a regional business plan (incorporating existing members' strategic business plans), a regional water quality management plan, and regional water cycle management. The alliance is also looking into developing a joint management of members' water licences and allocation.
- *Coffs Harbour City Council and Clarence Valley Council Regional Water Strategy*
To improve supply security to meet the future needs of the area and to achieve improvements in water quality and environmental flow protection, Coffs Harbour City Council and Clarence Valley Council adopted a joint Regional Water Supply Strategy in July 1997 which includes joint management of water supply dams and networks and joint water efficiency and demand management strategies.
- Various county councils that provide water supply and/or sewerage service have been established under the *Local Government Act (NSW) 1993* representing a regional approach to

planning and service delivery. Many coastal local water utilities already operate on a catchment scale.

Can you provide to the Committee some of the specific examples of demand-side management [...and supply-side initiatives] that have been undertaken by local government utilities, what you consider to be working well and what might be applicable elsewhere?

LGNSW thanks the Committee for the opportunity to provide the following exemplary supply and demand management programs and projects undertaken by councils' local water utilities. Lessons from these projects and programs can be and have been applied by local water utilities in regional NSW. It should be noted that most local water utilities have comprehensive demand and drought management strategies in place. This is a requirement of the DPI Water's Best Practice Management of Water Supply and Sewerage Framework.

Ballina Shire Council's Recycled Water Supply (2016)

Ballina Shire Council's Recycled Water Supply program is NSW's first operational residential recycled water supply in regional NSW providing recycled water for use in toilets, in cold water laundry, and for outdoor irrigation via dual reticulation as well as for urban open spaces. The recycled water service will initially be delivered to approximately 160 new houses at Lennox Head and Angels Beach. From there, council will roll-out the program to supply approximately 7,200 homes across the council area. Council invested \$85 million in the Ballina-Lennox Head Recycled Water Master Plan to deliver a recycled water service that is safe, available all year round and in times drought, lowers water charges, and reduces the impact of wastewater discharge on the region's waterways.

Orange City Council – Blackmans Swamp Stormwater Harvesting Scheme

Orange City Council's Blackmans Swamp Stormwater Harvesting Scheme represents the first large scale, indirect-to-potable stormwater harvesting project in NSW, if not Australia. The scheme is capable of providing between 1,300-2,100ML of additional water into the Orange's raw water supply each year from the city's stormwater system, meeting up to 40 per cent of the city's total water needs. The scheme is also a remarkably successful exercise in public communication and education, with the community willingly accepting reused stormwater for their drinking supply.

Riverina Water County Council - Urban Nature Strip Lawn Replacement Rebate Scheme (2013)

Riverina Water's Urban Nature Strip Rebate Scheme offers financial incentives for customers to replace lawn on their nature strips with an approved water efficient design to save potable water used for outdoor irrigation. Prior to the scheme's introduction, summer demands for water could increase substantially as a result of outdoor irrigation of landscapes, reaching in excess of four times the base winter demand. On a peak summer day it was estimated that 70% of water demand was just to keep lawns alive. The scheme was developed as a pioneering outdoor demand management measure with the overall aim to change the way people use water. The ongoing cultural change will in time extend beyond the rebated nature strips to front and back lawns, neighbours and new developments. This will in turn promote a new understanding about the value of water within the community.

Eurobodalla Shire Council WaterSmart Business Program

The WaterSmart Business Program supports non-residential large water users in saving water. Initially, council identified the 30 highest non-residential water users and provided support to take positive steps towards reducing their water consumption. Participating businesses were provided detailed technical assistance in identifying water saving opportunities, ongoing advice for the period of the project (two years from October 2010) and financial support of up to \$15,000 for the implementation of recommended solutions. Water saving activities implemented under the program include: rainwater tanks, dual flush toilets, automatic sensed hand-wash basins, water efficient urinals, air-cooled woks, flow regulators, staff and patron education programs, leak detection and repairs, and low flow fittings and appliances. Take up from eligible businesses has

been very high, and significant water savings have been achieved. Water savings as a result of the program are projected at 133,543 kL/year; a 45% reduction in water use.

Waterwise Bathurst, Bathurst Regional Council

Waterwise Bathurst represents a suite of projects with the objectives of promoting demand management and undertaking effective asset management to ensure long term water security. By way of using improved technology, managing water assets well and engaging with the community about water use, Bathurst Regional Council has succeeded in conserving water in many areas, including:

- Educating and encouraging council staff to be waterwise at work and at home;
- Closely monitoring water consumption and working with the community to reduce water wastage;
- Maintaining council's water assets to a high standard and taking a proactive approach to upgrades;
- Identifying and repairing water leaks quickly and safely;
- Using recycled water as much as possible at the wastewater treatment works (up to 2 million litres per day); and
- Installing water efficient fittings and appliances such as taps and toilets at many council facilities.

One priority project of the Waterwise Program was the supernatant recycling project. This project maximised water recycling by upgrading infrastructure at the Bathurst Water Filtration Plant. Modification of the sludge lagoon outlets has enabled supernatant (treated water) to be piped back to the inlet mixing tank rather than being discharged to the Macquarie River.

In your submission, you talk about the median water use charge of 226 cents per kilolitre. Can you give us an indication of what the range is?

Detailed information on water usage charges, including residential usage charges for each local water utility, is available in DPI Water's annual publication entitled *NSW Water Supply and Sewerage Performance Monitoring Report*.

According to this publication, in 2014/15, usage charges ranged from 350 c/kl for Central Darling Shire Council, 340 c/kl for Eurobodalla Shire Council, and 299c/kl for Lismore Shire Council to 36 c/kl (step 1 below 500kl) and 50 c/kl (step 2 from 500kl) for Walgett Shire Council and 36 c/kl (step 1 below 500kl) and 42 c/kl (step 2 from 500kl) for Murrumbidgee Shire Council (groundwater).

Your submission states: LGNSW is also concerned about how environmental water management affects urban water supplies and local water utilities' ability to plan and provide for the potable water needs of their communities. Can you provide some examples of the challenges?

LGNSW has been concerned about how the Murray-Darling Basin Plan and the implementation of its sustainable diversion limits by way of water resource plans (see above) will affect town water supplies and, in particular, local water utilities' ability to plan and provide for the water needs of growing populations and economies in the Murray-Darling Basin.

LGNSW recognises that under the *Water Act (Cwth) 2007*, the basin plan and its sustainable diversion limits need to ensure that critical human water needs can be met and be given highest priority in state water resource plans. However, critical human water needs only capture a level of water use in events of very low water availability; not water use under normal conditions. To ensure communities, particularly communities in regional and rural areas, can maintain adequate living standards, social well-being and economic development opportunities, it is crucial that water

supplies for urban use are guaranteed taking into account actual and anticipated growth patterns (population and industrial development) experienced and planned for in communities.

Considering that town water use, including water use by manufacturing and other industries that is supplied by local water utilities, makes up only a small proportion (about 4%) of total water use in the basin, priority to town water supplies can be given in the basin plan without affecting essential environmental flows.

Furthermore, to enable local water utilities to undertake long term, sustainable water demand and supply planning for their communities, it is essential that water sharing planning instruments ensure a long term view is taken when planning for town water supply. State water resource plans need to provide a basis for planning by utilities by ensuring long term certainty of supply levels for all water availability scenarios. This is particularly relevant for utilities which do not have their own major storage facilities and are dependent on water allocation from regulated or unregulated rivers in the basin.

...would you be able to provide us with a list of contacts that you have or know of for the directorate in New South Wales and the directorates and/or similar organisations in other States?

The Water Directorate NSW can be contacted via Gary Mitchell, Executive Officer on 02 9188 4390 or gmitchell@waterdirectorate.asn.au. Further information is available on the Water Directorate NSW's website at www.waterdirectorate.asn.au.

The Queensland Water Directorate (qldwater) is the central advisory and advocacy body within Queensland's urban water industry and represents members from local government and other water service providers across Queensland. The Queensland Water Directorate can be contacted on 07 3632 6850 or enquiry@qldwater.com.au. Further information is available on the Queensland Water Directorate's website at www.qldwater.com.au.

Conclusion

LGNSW hopes that the answers provided to the questions on notice are of assistance and looks forward to working with the Committee on achieving secure, reliable and safe water services in regional NSW.

For further information, please contact, Sascha Moege, Senior Policy Officer on 9242 4045 or sascha.moege@lgnsw.org.au.