

Joint Select Committee on
Protecting Local Water Utilities from Privatisation



PARLIAMENT OF
NEW SOUTH WALES

Protecting local water utilities from
privatisation



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The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

Cover photo: John Gilbert Water Treatment Plant, Dubbo

Contents

Membership	ii
Chair's foreword	iii
Findings and recommendations	v
Chapter One – Local water utilities and privatisation	1
Local water utilities in NSW	1
Background	1
The legislative, regulatory and governance framework	2
Protecting local water utilities from privatisation	5
Constitutional Amendment (Sydney Water and Hunter Water) Bill 2023	5
The case for protecting local water utilities from privatisation	7
Legislating to protect local water utilities and preventing unintended consequences	12
Chapter Two – Opportunities to strengthen local water utilities and build resilience	17
Environmental risks to drinking water quality and supply	17
Town Water Risk Reduction Program and recent initiatives to address risk	20
Regulatory and Assurance Framework for Local Water Utilities	23
Funding models for local water utilities	27
Skills, training and recruitment of water utility operators	33
Advantages of regional collaboration	38
Appendix One – Terms of reference	41
Appendix Two – Conduct of inquiry	42
Appendix Three – Submissions	43
Appendix Four – Witnesses	45
Appendix Five – Site Visits	48
Appendix Six – Extracts from minutes	49
Appendix Seven – Glossary	68

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Chair's foreword

Safe, efficient and sustainable water and sewerage services are integral to the health and development of our regions. In New South Wales, local councils are responsible for providing water and sewerage services to around 1.9 million people who live outside the Sydney Water and Hunter Water service areas.

Every citizen in our State, regardless of where they live, deserves certainty in terms of the future of their water supply.

In 2023 the NSW Parliament passed the Constitution Amendment (Sydney Water and Hunter Water) Bill 2023, to ensure the continued public ownership of Sydney Water and Hunter Water and their main undertakings. The Joint Select Committee on Protecting Local Water Utilities from Privatisation was subsequently established to explore the question of how best to safeguard public ownership of the 92 local water utilities (LWUs) responsible for servicing the State's regional population.

The Committee received 34 submissions from local councils, county councils, joint organisations, member associations, government agencies and members of the public. We also heard from 45 individual witnesses during public hearings held in Sydney, Wagga Wagga and Dubbo.

Overwhelmingly, inquiry participants opposed privatisation of LWUs and their assets. They presented compelling arguments in support of continued local government ownership and control.

We heard that local governments have a deep understanding of local demographics and can integrate water services and infrastructure planning within a broader urban planning context, and that the outcome of this is optimal service outcomes for regional communities. Where scale economies are lacking, councils are able to work collaboratively and form regional alliances to achieve efficiencies and address strategic challenges. This is enabled by a non-competitive view about service delivery that facilitates the sharing of resources and best practice. A profit-driven ownership model, on the other hand, would likely lead to poorer infrastructure investment, inferior service levels and price hikes for customers. Higher water costs in the regions would have a ripple effect on the State's economy, including driving up the price of food.

The Committee recommends that the NSW Government develop new legislation to protect local water utilities from privatisation, forced amalgamations and sell-offs. We heard different views about how a legislative ban on privatisation could work in practice. Many, though not all, stakeholders recommended a constitutional amendment similar to that which was enacted for Sydney and Hunter Water. However, additional protections may be required for county councils. This is because, unlike a LWU operated by a general purpose council, county councils are standalone entities and could be privatised more easily.

Almost all stakeholders agreed that any new legislation to protect LWUs must not impact their capacity to engage private sector services when needed. Having the flexibility to contract in certain services (for example, construction of capital infrastructure) is essential for LWUs to be able to operate effectively and efficiently. The LWU sector should be consulted on any new

legislation to ensure that it is fit-for-purpose and does not result in unintended, adverse consequences.

Although this inquiry was primarily focused on protections against privatisation, we also heard considerable evidence concerning the financial and strategic support provided to LWUs and how this impacts their capacity to manage risks sustainably. This discussion forms Chapter Two of the Committee's report.

Regional communities in NSW face serious risks associated with water scarcity and poor water quality. These risks are worsening as climate change intensifies. Currently, in NSW there are about 107 drinking water systems servicing one million people that face a very high water security risk. Water quality risks affect 179 regional town systems, which service about 500 000 people. Although the State Government has invested substantially in regional town drinking water quality and sewerage schemes since the Second World War, these investments only address a portion of the highest risks.

We have made a number of recommendations that aim to address some of the key challenges and opportunities currently facing LWUs in NSW.

We also note that in June 2024 the NSW Productivity Commission will hand down its final report following a review into funding models for LWUs. That review has been underway concurrently with the Select Committee's inquiry. It is hoped that the Productivity Commission's recommendations, together with evidence considered by this Committee, will inform and assist the NSW Government in developing a more flexible and sustainable funding model for regional utilities. This will be fundamentally important to ensuring that LWUs are properly equipped to supply high-quality drinking water, to manage risks appropriately, and to cater for future growth in our regions.

On behalf of the Committee, I thank everyone who made a submission or appeared as a witness at one of our public hearings. The inquiry evidence, along with the site inspections at the Riverina Water treatment plant in Wagga Wagga and the John Gilbert water treatment plant in Dubbo, has given members a much deeper understanding of the issues and challenges that impact LWUs and the communities they serve. We hope this report and its recommendations will translate into improved outcomes and greater certainty for LWUs across NSW.

Finally, I would like to thank my Committee colleagues for their dedication and insights throughout the inquiry process. I also acknowledge the DPS Research Service for preparing research for the Committee on the privatisation of water utilities in other jurisdictions, as well as the Committee secretariat for their professionalism and support.

The Hon Stephen Lawrence MLC
Chair

Findings and recommendations

Finding 1

Local governments are best placed to own and operate their water and sewerage services in regional New South Wales.

Finding 2

The local water utility sector strongly opposes privatisation of essential water services and infrastructure and supports legislative protections that guarantee ongoing public ownership.

Finding 3

Having flexibility to contract in services where necessary is essential to the delivery of safe and efficient water and sewerage services.

Finding 4

County councils may be more vulnerable to privatisation than a water utility operated by a general purpose council.

Recommendation 1

That the NSW Government develop new legislation to protect local water utilities from privatisation, forced amalgamations and sell-offs.

Recommendation 2

That the NSW Government ensure that any new legislation to protect local water utilities from privatisation and forced amalgamations preserve a public utility's ability to procure private sector services when needed and give regard to the varied governance models under which local water utilities operate.

Recommendation 3

That the NSW Government consult extensively with local governments on any new legislation to protect local water utilities from privatisation and forced amalgamations, to ensure that the legislation is fit-for-purpose and does not result in unintended, adverse consequences.

Finding 5

Water security is threatened by climate change, poor catchment management and natural disasters. The ability of local water utilities to respond effectively to these challenges is critical to ensuring regional communities have sustainable access to safe drinking water.

Finding 6

The Town Water Risk Reduction Program has fostered a more collaborative approach between State and local governments and made progress toward addressing fundamental strategic challenges faced by local water utilities. The Program has been well-received by the sector and there is desire to see it expanded.

Recommendation 4

That the NSW Government fund the Town Water Risk Reduction Program beyond Phase 2, with the Department of Climate Change, Energy, the Environment and Water to determine the next phase of workstreams in consultation with the local water utilities sector.

Finding 7

Many local water utilities believe that current reporting requirements imposed by State agencies are onerous and duplicative, and should be streamlined where possible.

Recommendation 5

That the Department of Climate Change, Energy, the Environment and Water continue to work closely with councils in implementing the new Regulatory and Assurance Framework for Local Water Utilities and streamlining overly cumbersome reporting and compliance obligations.

Recommendation 6

That, as part of its periodic performance review of the implementation of the Regulatory and Assurance Framework for Local Water Utilities, the Department of Climate Change, Energy, the Environment and Water develop and report against key metrics, both to maintain transparency and to help to ensure ongoing improvement.

Finding 8

Local water utilities in NSW face growing challenges with ageing infrastructure, population growth and climate change, yet remain chronically underfunded.

Finding 9

While strong capital investment remains critical to ensuring secure and efficient delivery of water services, there is also the need for capacity building to innovate and optimise infrastructure performance and whole-of-life costs.

Recommendation 7

That the NSW Government publish its response to the recommendations made in the NSW Productivity Commission's report into the financial sustainability of local water utilities (due June 2024).

Recommendation 8

That the NSW Government consult extensively with the local water utility sector about any proposed changes to funding models or pathways arising from the NSW Productivity Commission's recommendations.

Recommendation 9

That the NSW Government consider developing a community service obligation (CSO) funding model for certain local water utilities with low economies of scale.

Finding 10

Many local water utilities in NSW experience significant challenges attracting and retaining skilled water utility operators to service their communities.

Recommendation 10

That, in consultation with the local water utility and vocational education and training (VET) sectors, the NSW Government develop and introduce minimum training requirements and/or competency standards for water operators, in recognition of the critical role they play in safeguarding human health.

Recommendation 11

That the Department of Climate Change, Energy, the Environment and Water consult with First Nations communities in relation to its *Water operations skills and training action plan* and find ways to promote uptake of training and create further employment opportunities for Aboriginal people in the water utility sector.

Recommendation 12

That the NSW Government consider establishing regional water industry training facilities at suitable locations across the State to boost supply of trained operators to service regional and remote utilities.

Recommendation 13

That the NSW Government consider how it can better target funding and simplify bureaucracy in order to strengthen existing alliances and encourage the formation of new alliances.

Chapter One – Local water utilities and privatisation

Local water utilities in NSW

Background

- 1.1 Local water utilities (LWUs) are responsible for providing water and sewerage services to around 1.9 million people living outside the areas serviced by Sydney Water Corporation and Hunter Water Corporation. There are 92 LWUs in regional NSW, the majority of which are owned and operated by local governments under the *Local Government Act 1993* (NSW). Other LWUs exercise their functions under the *Water Management Act 2000* (NSW).
- 1.2 LWUs collectively manage almost \$30 billion in assets,¹ including 347 water supply systems and 465 sewerage systems.²
- 1.3 The Department of Climate Change, Energy, the Environment and Water (DCCEEW)³ is responsible for leading water resource policy, regulation and planning in NSW, as well as assessing and co-funding LWUs' town water infrastructure projects. NSW Health, the NSW Environment Protection Authority (EPA) and the Natural Access Resource Regulator (NRAR) also regulate aspects of LWUs' operations.
- 1.4 While the performance of LWUs in regional NSW compares favourably with utilities in other Australian jurisdictions (in terms of water pricing, water quality and sewage effluent treatment)⁴ they also face considerable risks to water security and quality. Those risks are exacerbated by climate change and increased frequency of extreme weather events and natural disasters.⁵
- 1.5 Regional utilities service some of the most vulnerable communities in the State. Some LWUs are service providers under the Aboriginal Communities Water and Sewerage Program and provide drinking water and/or sewerage services to discrete Aboriginal communities. This program is a joint initiative between the NSW Government and NSW Aboriginal Land Councils, which will invest more than \$200 million over 25 years.⁶ Since the Program's launch in 2009, more than 6000

¹ Mr David Reynolds, Chief Executive, Local Government NSW, [Transcript of evidence](#), 8 December 2023, p 44.

² Ms Amanda Jones, Deputy Secretary, Water, NSW Department of Planning and Environment, [Transcript of evidence](#), 8 December 2023, p 52.

³ The Water Group of the former Department of Planning and Environment (DPE) was transferred to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on 1 January 2024.

⁴ [Submission 20](#), Local Government NSW, p 5.

⁵ For example, [Answers to supplementary questions](#), Northern Rivers Joint Organisation, p 1.

⁶ Dr Jeremy McAnulty PSM, Executive Director, Health Protection NSW, NSW Health, [Transcript of evidence](#), 8 December 2023, p 50.

Indigenous people across 63 communities have received improved water and sewerage services.⁷

- 1.6 Although the State Government has invested substantially in regional town drinking water quality and sewerage schemes since the Second World War, these investments only address a portion of the highest risks.⁸ The backlog of capital investment is estimated to exceed \$4 - \$5 billion.⁹
- 1.7 Following a period of intense drought in 2019, the Auditor General undertook a review of support for regional town water infrastructure in NSW. The Auditor General found that the Department of Planning, Industry and Environment had not effectively supported town water infrastructure planning in regional NSW since 2014 and emphasised, among other things, the lack of a strategic approach to targeting investments.¹⁰
- 1.8 The Select Committee's inquiry was principally concerned with understanding the sector's views on possible legislative protections against privatisation of LWUs. Stakeholders' evidence on this subject informs Chapter 1 of the Committee's report. There was also, however, considerable discussion of other matters related to LWUs and their operations. These broader issues are considered in Chapter 2.

The legislative, regulatory and governance framework

- 1.9 This section discusses the regulatory framework for local water utilities and their various governance models.
- 1.10 Generally speaking, LWUs are not-for profit service organisations providing agreed levels of service at the lowest cost to the community.¹¹
- 1.11 Some LWUs only provide drinking water, others only provide sewerage services and some do both. In NSW, the vast majority of LWUs are public organisations administered by government, meaning they are not owned by a private corporation. They are created by legislation and operate under legislation.
- 1.12 Most LWUs in NSW are owned and operated by general purpose councils. General purpose councils are democratically elected to provide various services to the community. Councillors must engage with their communities to maximise public value outcomes in the delivery of essential services, including water. If services do not meet the community's expectations, councillors are accountable to their constituents to address deficiencies.¹²
- 1.13 Most of the councils that operate LWUs are general purpose councils, but some LWUs are what are known as county councils. The sole function of county council

⁷ [Answers to supplementary questions](#), NSW Health, 12 December 2023, p 2.

⁸ Ms Jones, [Transcript of evidence](#), 8 December 2023, p 52.

⁹ Mr Brendan Guiney, Executive Officer, Water Directorate, [Transcript of evidence](#), 8 December 2023, p 9.

¹⁰ NSW Auditor-General, [Performance Audit: Support for regional town water infrastructure](#), 24 September 2020, p 2.

¹¹ Mr Luke Ryan, Director Infrastructure, Dubbo Regional Council, [Transcript of evidence](#), 13 February 2024, p 3.

¹² Mr Brett Whitworth, Deputy Secretary, Office of Local Government, Department of Planning and Environment, [Transcript of evidence](#), 8 December 2023, p 54.

water utilities, unlike general purpose councils, is to provide drinking water. Some general purpose councils only operate a sewerage service, as they have an arrangement with a county council to provide drinking water.

- 1.14 County councils can service multiple local government areas, whereas general purpose councils cover one local government area. There are four county council water utilities in NSW serving more than 238 000 people on behalf of 18 local councils.¹³ They are Central Tablelands Water County Council, Goldenfields Water County Council, Riverina Water County Council and Rous County Council.
- 1.15 Mr Aaron Drenovski, General Manager, Goldenfields Water County Council told the Committee that 'all of our assets already sit in one pool under the Goldenfields banner', whereas a general purpose council's water utility function is intertwined with the other functions it performs.¹⁴ This has implications when considering the question of privatisation and is discussed later in this chapter.
- 1.16 County councils have a board that administers the organisation and is responsible for making decisions in the best interests of the communities it serves. The board's membership is comprised of councillors from the 'constituent councils' – that is, the local general purpose councils that sit within the county council's service area. Each county council is also required to employ a General Manager.¹⁵
- 1.17 General purpose councils and county councils are public bodies created under the *Local Government Act* (LG Act). Under the LG Act, both general purpose councils and county councils own their water supply and sewerage infrastructure. Their land and water utility infrastructure is vested in the councils under the LG Act.¹⁶
- 1.18 General purpose councils operate their water utilities as stand-alone or separate business units.¹⁷ The LG Act requires councils to 'ring fence' their finances, which means they cannot use revenue from water services to fund other council services.¹⁸ They also require ministerial approval under section 60 of the LG Act for new water supply and sewerage works.¹⁹ The section 60 process is further discussed in the *Regulatory and Assurance Framework for Local Water Utilities* section in Chapter 2 of this report.
- 1.19 While most LWUs operate under the LG Act, some utilities have a different model and are established under different legislation. The *Water Management Act 2000* (WM Act) creates 'water supply authorities' which are also public organisations that provide water utility services.²⁰ The water supply authorities operating under the WM Act are Central Coast Council, Cobar Water Board, Essential Energy and

¹³ [Tendered document](#), Riverina Water, Size and scale: County Councils in NSW, 12 February 2024, p 1.

¹⁴ Mr Aaron Drenovski, General Manager, Goldenfields Water County Council, [Transcript of evidence](#), 12 February 2024, p 16.

¹⁵ [Tendered document](#), Riverina Water, Size and scale: County Councils in NSW, 12 February 2024, p 1.

¹⁶ [Local Government Act 1993 \(NSW\)](#) ss 59, 59A.

¹⁷ Department of Planning and Environment, [Water industry induction handbook for decision makers](#), January 2023, p 20, viewed 8 March 2024.

¹⁸ [Local Government Act 1993 \(NSW\)](#) s 409(3)(a).

¹⁹ [Local Government Act 1993 \(NSW\)](#) s 60.

²⁰ [Water Management Act 2000 \(NSW\)](#) sch 3.

WaterNSW for the Fish River water supply.²¹ The Minister for Water must approve the functions of these water supply authorities.²²

- 1.20 Sydney Water Corporation (Sydney Water) and Hunter Water Corporation (Hunter Water) operate under the *Sydney Water Act 1994* and the *Hunter Water Act 1991* respectively.²³ Both are State owned corporations (SOC) supplying water and sewerage services. Their assets are owned by the State of NSW through the shareholding Ministers under the *State Owned Corporations Act 1989* (SOC Act).²⁴
- 1.21 Local Government NSW (LGNSW) told the Committee that some LWUs have complex arrangements for water supply functions, including through partnerships and joint ventures with non-government organisations. Those organisations can include mining companies, private power stations and Aboriginal Land Councils.²⁵
- 1.22 Council owned and operated LWUs are mostly regulated by the LG Act. However, LWUs have obligations under various other Acts, which are summarised below.

Legislation that applies to local water utilities in NSW

LWUs in NSW have responsibilities under the following legislative instruments:

Local Government Act 1993

- All general purpose councils and county council LWUs are regulated and created by this Act
- Requires LWUs to complete reports on their operations²⁶

Public Health Act 2010 and Public Health Regulation 2022

- Requires LWUs to have a quality assurance program to ensure drinking water meets public health standards²⁷

Water Management Act 2000

- Regulates water supply authorities and their functions
- Requires LWUs to hold an operating licence and get approval for works²⁸

Protection of the Environment Operations Act 1997

²¹ NSW Government - Water, [Utilities that carry out water supply and sewerage services](#), viewed 7 March 2024.

²² [Water Management Act 2001 \(NSW\)](#) s 292.

²³ NSW Treasury, [State Owned Corporations](#), viewed 8 March 2024.

²⁴ [State Owned Corporations Act 1989 \(NSW\)](#) s 20C and sch 5.

²⁵ [Answers to supplementary questions](#), LGNSW, p 3.

²⁶ [Local Government Act 1993 \(NSW\)](#) s 406.

²⁷ [Public Health Act 2010 \(NSW\)](#) s 25, [Public Health Regulation 2022 \(NSW\)](#) pt 5.

²⁸ [Water Management Act 2000 \(NSW\)](#) ch 6 pt 2.

- Requires LWUs that operate sewerage treatment plants to hold an Environmental Protection Licence²⁹

Environmental Planning and Assessment Act 1979

- Requires LWUs to obtain approval for water and sewerage infrastructure³⁰

Dams Safety Act 2015 and Dams Safety Regulation 2019

- Requires LWUs to establish and implement a dam safety management system for the dams they own³¹

Work Health and Safety Act 2011

- Protects the health, safety and welfare of all workers in NSW

Fluoridation of Public Water Supplies Act 1957

- Requires certification for operators dosing water with fluoride³²

Water Act 2007 (Cth)

- Requires urban water utilities to report on performance under the National Water Initiative³³

- 1.23 Throughout the inquiry, the Committee heard that the complex regulatory framework adds to burdensome reporting requirements for LWUs. This evidence is discussed in the *Regulatory and Assurance Framework for Local Water Utilities* section in Chapter 2.

Protecting local water utilities from privatisation

Constitutional Amendment (Sydney Water and Hunter Water) Bill 2023

- 1.24 In the lead up to the 2023 New South Wales State Election, the Labor Party proposed to introduce legislation that would prevent the privatisation of Sydney Water and Hunter Water.³⁴
- 1.25 In May 2023, NSW Premier, the Hon Chris Minns MP, introduced the Constitution Amendment (Sydney Water and Hunter) Water Bill 2023 (the Bill) in the

²⁹ [Protection of the Environment Operations Act 1997 \(NSW\)](#) ch 3, and sch 1 s 36.

³⁰ [Environmental Planning and Assessment Act 1979 \(NSW\)](#) pt 4.

³¹ [Dams Safety Management Regulation 2009 \(NSW\)](#) pt 5.

³² [Fluoridation of Public Water Supplies Act 1957 \(NSW\)](#) s 7.

³³ The [Water Act 2007 \(Cth\)](#) and [Water Regulations 2008 \(Cth\)](#) support the Intergovernmental Agreement on the National Water Initiative (NWI) agreed to by the Council of Australian Governments in 2004. The NWI requires benchmarking and performance monitoring of LWUs.

³⁴ I Roe and A Raper, [Dominic Perrottet and Chris Minns address rallies ahead of NSW election](#), *ABC News*, 19 March 2023, viewed 26 February 2024.

Legislative Assembly. The Bill passed both Houses on 1 June 2023 and was assented on 8 June 2023.³⁵

- 1.26 The Bill amended the *Constitution Act 1902* (NSW) to insert a new part 10 into the NSW Constitution, which ensures the continued public ownership of Sydney Water and Hunter Water.³⁶
- 1.27 The Premier said in his second reading speech that the Bill would prevent the sale or disposal of Sydney Water or Hunter Water and their main undertakings unless authorised by an Act of Parliament.³⁷
- 1.28 The Bill defined a main undertaking to include a business activity necessary to enable the corporation to:
 - store or supply water
 - provide sewerage services
 - provide stormwater drainage
 - dispose of waste water.³⁸
- 1.29 The Minister for Local Government, the Hon Ron Hoenig MP, emphasised that the Bill would *not* prevent Sydney Water and Hunter Water from engaging contractors in the provision of water or sewerage services.³⁹ The Bill was not intended to limit the way Hunter Water and Sydney Water operate and would continue to enable them to enter commercial arrangements, provided those arrangements do not involve the sale or disposal of the main undertakings of either corporation.⁴⁰
- 1.30 During debate on the Bill, Ms Steph Cooke MP proposed a series of amendments on behalf of the Opposition. Those amendments sought to extend protections against privatisation to all water utilities, not just Sydney Water and Hunter Water.⁴¹ Ms Cooke's proposed amendments were unsuccessful.
- 1.31 Minister Hoenig told the House that the NSW Government wanted to 'further explore the issue of regional water utilities' and would introduce a motion to establish a select committee to look at protecting regional water assets from privatisation.⁴² Minister Hoenig said that protecting regional water utilities from

³⁵ Parliament of NSW, [Constitution Amendment \(Sydney Water and Hunter Water\) Bill 2023](#), viewed 7 March 2024.

³⁶ [Constitution Act 1902](#) pt 10.

³⁷ New South Wales, Legislative Assembly, [Parliamentary Debates](#), 10 May 2023, (Premier, the Hon Chris Minns, Member for Kogarah), p 9158.

³⁸ [Constitution Act 1902](#) s 57(6).

³⁹ New South Wales, Legislative Assembly, [Parliamentary Debates](#), 30 May 2023 (Minister for Local Government, the Hon Ron Hoenig, Member for Heffron), p 9196.

⁴⁰ New South Wales, Legislative Assembly, [Parliamentary Debates](#), 10 May 2023 (Premier, the Hon Chris Minns, Member for Kogarah), p 9158.

⁴¹ New South Wales, Legislative Assembly, [Parliamentary Debates](#), 30 May 2023, (Ms Steph Cooke MP, Member for Cootamundra), pp 9197-9199.

⁴² New South Wales, Legislative Assembly, [Parliamentary Debates](#), 30 May 2023 (Minister for Local Government, the Hon Ron Hoenig, Member for Heffron), p 9196.

privatisation is complex and that 'any changes must be made in consultation with local councils and community members.'⁴³

- 1.32 On 21 June 2023, Ms Cooke gave notice of motion to introduce a private Member's bill to amend the *Constitution Act 1902* (NSW) to ensure the continued public ownership of WaterNSW and certain local water utilities and their main undertakings.⁴⁴
- 1.33 On 3 August 2023, the Legislative Assembly passed a motion establishing the Joint Select Committee on Protecting Local Water Utilities from Privatisation.⁴⁵ The resolution was agreed to by the Legislative Council on 24 August 2023.⁴⁶
- 1.34 The terms of reference for the Select Committee's inquiry did not extend to examination of Ms Cooke's private Member's bill, which was not debated and lapsed in accordance with Standing Orders on 22 December 2023.

The case for protecting local water utilities from privatisation

Finding 1

Local governments are best placed to own and operate their water and sewerage services in regional New South Wales.

Finding 2

The local water utility sector strongly opposes privatisation of essential water services and infrastructure and supports legislative protections that guarantee ongoing public ownership.

- 1.35 Participants in this inquiry overwhelmingly advocated for continued local government ownership and control of local water utilities. Various arguments in support of this position were presented to the Committee during its inquiry, including that:
- privatisation would drive up costs for consumers
 - councils understand local demographics and can integrate water services and infrastructure planning within a broader urban planning context
 - privatisation would affect the financial sustainability of councils
 - local governments can collaborate to achieve economies of scale and operate more efficiently

⁴³ New South Wales, Legislative Assembly, [Parliamentary Debates](#), 30 May 2023 (Minister for Local Government, the Hon Ron Hoenig, Member for Heffron), p 9196.

⁴⁴ Parliament of NSW, [Constitution Amendment \(Water NSW and Local Water Utilities\) Bill 2023](#), viewed 7 March 2024.

⁴⁵ New South Wales, Legislative Assembly, [Parliamentary Debates](#), 3 August 2023 (Minister for Local Government, the Hon Ron Hoenig, Member for Heffron), p 9164.

⁴⁶ New South Wales, Legislative Council, [Minutes](#), 24 August 2023, Item 21, p 419.

- protecting LWUs from privatisation is fair and will give regional communities certainty.

- 1.36 Firstly, there was a widespread view among stakeholders that private ownership models favour pursuit of profits over meeting community needs. In the case of water utilities, this would translate to higher water costs to customers.
- 1.37 Goulburn Mulwaree Council, for example, suggested that while it can cover the costs to operate and replace its water and sewerage infrastructure, the income the Council generates would not satisfy a private entity. Suitable profits would therefore need to be achieved through increased costs to the community.⁴⁷ Higher water costs in the regions would have knock-on effects for the State's economy, including driving up the price of food.⁴⁸
- 1.38 The Riverina Eastern Regional Organisation of Councils (REROC) submitted that in the case of water privatisation, there is strong evidence that private water leads to more debt, poorer investment in infrastructure, decreased reliability and quality and higher costs.⁴⁹ This view was shared by, among others, Councillor Sharon Cadwallader, Chair, Northern River Joint Organisation, who told the Committee that pursuit of profits creates incentive to cut corners and reduce investment.⁵⁰
- 1.39 The Committee heard evidence from both the Canberra Region Joint Organisation (CRJO) and Councillor Russell Fitzpatrick, Board member, Country Mayors Association about Bega Valley Shire Council's outsourcing of the management and maintenance of its sewage treatment plants to a private contractor from 2003 to 2017.⁵¹ This resulted in a 'culture of corner cutting and under investment' and sub-optimal outcomes for the community.⁵² The example is detailed in the case study below.

Case study: Operation of Bega Valley Shire's sewage treatment plants (STPs)⁵³

In 2003, Bega Valley Shire Council entered a contract with Tenix Alliance to operate its ten sewage treatment plants (STPs) and to upgrade the plants at Bega, Bermagui, Tathra, Merimbula and Tura Beach. The contract was unique in that it included not only day-to-day operating of the STPs, but also all asset management processes and renewal capital works.

Although these contract arrangements were considered innovative at the time, they ultimately failed to serve Bega Valley Shire Council's financial and strategic interests. Over the duration of the contract, Bega Valley Shire Council

⁴⁷ [Submission 14](#), Goulburn Mulwaree Council, p 1.

⁴⁸ Mrs Karina Ewer, Chief Executive Officer, Berrigan Shire Council, [Transcript of evidence](#), 12 February 2024, p 26.

⁴⁹ [Submission 27](#), Riverina Eastern Regional Organisation of Councils (REROC), p 3.

⁵⁰ Councillor Sharon Cadwallader, Chair, Northern Rivers Joint Organisation, [Transcript of evidence](#), 8 December 2023, p 22.

⁵¹ Councillor Russell Fitzpatrick, Board member, Country Mayors Association of NSW, [Transcript of evidence](#), 8 December 2023, p 10.

⁵² [Submission 4](#), Canberra Region Joint Organisation, p 5.

⁵³ Bega Valley Shire Council, [Declassification of Confidential Report, 23 November 2016 – Sewerage Treatment Plant Operational Options](#), 5 October 2017, accessed 19 February 2024.

expressed concerns that the level of capital renewal expenditure was inadequate. It noted in retrospect that this issue should have been identified at the tender evaluation stage or addressed in the drafting of the contract scope.

Consequently, at the end of the contract, the community had inherited assets requiring costly capital upgrades. The Council ultimately resolved not to extend the contract and concluded that its long-term interests would be best served by Council taking back direct control of STP operations and asset management.

- 1.40 Local government is driven by community needs, wants and capacity. Mr Ray Graham, Director Technical Services, Bland Shire Council highlighted that council prepares budgets and determines its fees and charges based on what the community is able to afford. Price rises are thereby 'driven very much at a community level'.⁵⁴ Publicly owned utilities are not focused on profits, but, rather, on securing the best outcomes for their communities.⁵⁵ Moreover, public ownership of water and sewerage assets allows for greater community involvement in planning and decision making. There is a risk that that community connection would be lost if the water utility function was removed from local government control.⁵⁶
- 1.41 Tyranny of distance is a challenge for many councils. In order to provide fair and equitable service charges across a local government area, remote and sparsely populated communities will be cross-subsidised. Mr Ross Earl, Executive Officer, Far North West Joint Organisation speculated that if financially viable water supplies in heavily populated regional areas were to be privatised, then smaller, more remote communities would become disintegrated.⁵⁷ Such an outcome would exacerbate these communities' vulnerability.
- 1.42 Secondly, several stakeholders argued that local governments have a deep understanding of local demographics and can provide services and respond to challenges in a way that meets their communities' unique needs.⁵⁸ Councillor Cadwallader told the Committee that publicly owned water utilities can be 'responsive to the great diversity of geographical and socio-economic conditions across regional and rural New South Wales'.⁵⁹
- 1.43 Councils undertake planning and operation of water infrastructure within a broader context of integrated urban planning and regional development. Councillor Cadwallader said that this integrated planning helps to ensure that water supply and sewerage services are locally appropriate and deliver optimal,

⁵⁴ Mr Ray Graham, Director Technical Services, Bland Shire Council, [Transcript of evidence](#), 12 February 2024, p 12.

⁵⁵ Mr Warren Sharpe, Consultant, Canberra Region Joint Organisation, [Transcript of evidence](#), 8 December 2023, p 39.

⁵⁶ [Submission 21](#), Port Macquarie-Hastings Council, p 1.

⁵⁷ Mr Ross Earl, Executive Officer, Far North West Joint Organisation, [Transcript of evidence](#), 8 December 2023, p 28.

⁵⁸ [Submission 3](#), Shoalhaven Water, p 4; [Submission 8](#), Berrigan Shire Council, p 3.

⁵⁹ Councillor Cadwallader, [Transcript of evidence](#), 8 December 2023, p 21.

whole-of-community outcomes. Privatisation would ultimately frustrate such integrated planning.⁶⁰

- 1.44 The CRJO submitted that the integration of water and sewerage services with other Council operations provides greater efficiency and minimises adverse impacts on the community. For example, upgrading or renewing sewer assets before upgrading a road allows for seamless integration, resulting in lower overall costs, a safer environment for construction workers and less disruption for residents.⁶¹
- 1.45 Thirdly, the Committee heard evidence that privatisation of local water utilities would adversely impact the financial sustainability of councils and opportunities for regional employment. Water supply and sewerage services represent a significant proportion of councils' annual budgets. Transferring these functions from council ownership would have a net negative impact on a council's finances, which could, in turn, result in increases in rates or cuts to services.⁶²
- 1.46 For many councils, the integration of water and sewer services helps to achieve economies of scope and scale across operations.⁶³ Mr John Truman, Director of Civil Services, Ballina Shire Council pointed out that corporate costs – such as human resources, finance, information technology and fleet management – are in part supported by the activities of the LWU. Removing that revenue stream could significantly compromise a council's sustainability.⁶⁴
- 1.47 Local government ownership and operation of water and sewerage services also enables councils to employ and train local staff, who develop specialised skills and knowledge, and are likely to remain in long-term employment.⁶⁵ In the case of many smaller rural councils, the workforce is flexible and efficient, with employees often performing multifaceted roles and responsibilities. Riverina Water contends that privatisation 'could disrupt these synergies' and result in loss of critical mass and staff.⁶⁶
- 1.48 Fourthly, local governments can collaborate through joint organisations and regional alliances in order to address strategic challenges more effectively.⁶⁷ Councils have a non-competitive view about service delivery that facilitates free exchanges of knowledge and resources.⁶⁸
- 1.49 Councillor Craig Davies, Chair, Alliance of Western Councils told the Committee that water operators from Narromine Shire Council have travelled to Walgett and Cobar to provide support to their utilities. Councillor Davies argued that this level of collaboration and resource sharing could not be achieved by a privately-owned

⁶⁰ Councillor Cadwallader, [Transcript of evidence](#), 8 December 2023, p 21.

⁶¹ [Submission 4](#), p 3.

⁶² [Submission 10](#), Bogan Shire Council, p 1.

⁶³ [Submission 4](#), p 3.

⁶⁴ Mr John Truman, Director of Civil Services, Ballina Shire Council, [Transcript of evidence](#), 8 December 2023, p 23.

⁶⁵ [Submission 10](#), p 1

⁶⁶ [Submission 23](#), Riverina Water County Council, p 5.

⁶⁷ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 6.

⁶⁸ Mr Sharpe, [Transcript of evidence](#), 8 December 2023, p 34.

utility.⁶⁹ The issue of regional collaboration and how it can be better supported by the NSW Government is discussed in Chapter 2 of this report.

- 1.50 Finally, legislating to protect local water utilities from privatisation would give regional communities certainty. According to Mr David Reynolds, Chief Executive, LGNSW, 'certainty of future endeavour allows for good planning, both in an asset management and a financial sense.'⁷⁰
- 1.51 Berrigan Shire Council, too, noted that legislative protections for water utility assets would 'bring greater stability and reliability to water services, providing reassurance to communities about the long-term security of those assets and the sustainability of water supply.'⁷¹
- 1.52 This view was underscored by Ms Jenny Bennett, Executive Officer, Central NSW Joint Organisation (CNSWJO), who referred to a 'thundercloud' of potential privatisations and amalgamations hanging over regional water utilities. Legislative protections against privatisation would serve to recognise the critical importance of safe, efficient and affordable water services to regional communities.⁷²
- 1.53 Councillor Bill West, Former Mayor, Cowra Council attributed the 'uncertainty and nervousness' within the local government sector to a lack of engagement from State agencies with local governments and LWUs. Councillor West referred to past inquiries into regional water and sewerage services, including the 2008 Armstrong-Gellatly report (*Report of the Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW*), work undertaken by the Productivity Commission, and the Auditor General's 2020 report (*Support for regional town water infrastructure*), which, cumulatively, have contributed to speculation and uncertainty among local governments concerning the future of their utilities.⁷³
- 1.54 In addition, some inquiry participants argued that extending the same protections as those afforded to Sydney Water and Hunter Water to LWUs was fundamentally a question of fairness and equity.⁷⁴
- 1.55 The Committee concludes that there are compelling arguments in favour of local government ownership and control of water and sewerage assets, and supports legislative protections to ensure ongoing public ownership of all LWUs.

⁶⁹ Councillor Craig Davies, Chair, Alliance of Western Councils, Transcript of evidence, 13 February 2024, p 13.

⁷⁰ Mr Reynolds, [Transcript of evidence](#), 8 December 2024, p 43.

⁷¹ [Submission 8](#), p 2.

⁷² Ms Jenny Bennett, Executive Officer, Central NSW Joint Organisation (CNSWJO), [Transcript of evidence](#), 8 December 2023, p 16.

⁷³ Councillor Bill West, Former Mayor, Cowra Council, [Transcript of evidence](#), 13 February 2024, p 30.

⁷⁴ Ms Bennett, [Transcript of evidence](#), 8 December 2023, p 19; Mr Tim Koschel, Chairperson, Riverina Water County Council, [Transcript of evidence](#), 12 February 2024, p 9; Dr Julia Cornwell McKean, Mayor, Berrigan Shire Council, [Transcript of evidence](#), 12 February 2024, p 19; Ms Yvonne Lingua, Executive Officer, Riverina and Murray Joint Organisation (RAMJO), [Transcript of evidence](#), 12 February 2024, p 26.

Legislating to protect local water utilities and preventing unintended consequences

Finding 3

Having flexibility to contract in services where necessary is essential to the delivery of safe and efficient water and sewerage services.

Finding 4

County councils may be more vulnerable to privatisation than a water utility operated by a general purpose council.

Recommendation 1

That the NSW Government develop new legislation to protect local water utilities from privatisation, forced amalgamations and sell-offs.

Recommendation 2

That the NSW Government ensure that any new legislation to protect local water utilities from privatisation and forced amalgamations preserve a public utility's ability to procure private sector services when needed and give regard to the varied governance models under which local water utilities operate.

Recommendation 3

That the NSW Government consult extensively with local governments on any new legislation to protect local water utilities from privatisation and forced amalgamations, to ensure that the legislation is fit-for-purpose and does not result in unintended, adverse consequences.

Stakeholders emphasised the importance of consultation

- 1.56 On 1 June 2023, during debate on the Constitutional Amendment (Sydney Water and Hunter Water) Bill 2023, Minister for Water, the Hon Rose Jackson MLC, told the Legislative Council:
- The Government is very interested in an ongoing conversation with local governments about the governance arrangements that they would like, having made clear that we have no interest in taking over local water utilities—in fact, we just want to support them to do their job. If, as a result of that, they feel they need additional protections, the Government is extremely open to that, but that is a conversation we need to have openly, honestly and clearly with them.⁷⁵
- 1.57 Mr David Reynolds, Chief Executive, Local Government NSW told the Committee that as a member association, LGNSW considered it important to consult its membership with respect to any new legislative protections against privatisation. Mr Reynolds noted that 'when things seem simple...often there's complexity there that we just need to explore.'⁷⁶

⁷⁵ New South Wales, Legislative Council, [Parliamentary Debates](#), 1 June 2023 (Minister for Water, the Hon Rose Jackson MLC), p 7786.

⁷⁶ Mr Reynolds, [Transcript of evidence](#), 8 December 2023, p 43.

- 1.58 LGNSW informed the Committee that, on 24 May 2023, it contacted the office of the Shadow Minister for Water, Ms Steph Cooke MP, regarding Opposition amendments to the Constitutional Amendment (Sydney Water and Hunter Water) Bill 2023 and expressed concern regarding potential 'unintended consequences' that could arise from those amendments (in particular, with regard to utilities' ability to outsource certain activities to the private sector). LGNSW indicated that while it supported the intent of the amendments, the speed with which they were brought forward for debate left insufficient time for consultation with councils to ensure unintended consequences were avoided.⁷⁷
- 1.59 Councillor Rick Firman OAM, Chairman, REROc told the Committee that the REROc board 'deeply appreciate(d)' the opportunity to participate in the inquiry and have genuine input about how to retain local government ownership of LWUs.⁷⁸ Both the CNSWJO and Councillor Cadwallader emphasised that legislative change must be done in a 'co-designed manner' with LWUs to guarantee it is fit-for-purpose.⁷⁹

Legislation to protect LWUs from privatisation must not impede their ability to outsource certain activities to the private sector

- 1.60 Although there was considerable support for protections against privatisation for LWUs, a common theme in the inquiry evidence was the critical need for any future legislative changes to preserve councils' ability to enter into commercial or other arrangements with the private sector if those arrangements suit the community.⁸⁰ In other words, there must be a clear distinction between privatisation and the use of specialist private contractors.⁸¹
- 1.61 The effective operation of LWUs depends on having flexibility to engage private contractors for certain services. This allows councils to supplement in-house expertise, reduces pressure on LWUs during short periods of high capital delivery and helps achieve best value for money for the community.⁸²
- 1.62 Mr Brendan Guiney, Executive Officer, Water Directorate told the Committee that ensuring utilities could continue to outsource to the private sector where necessary was the 'one single concern' held by the Water Directorate regarding legislative protections against privatisation for LWUs.⁸³ Mr Luke Ryan, Director

⁷⁷ [Answers to supplementary questions](#), LGNSW, p 2.

⁷⁸ Councillor Rick Firman OAM, Chairman, REROc, [Transcript of evidence](#), 8 December 2023, p 35.

⁷⁹ [Submission 11](#), Central NSW Joint Organisation (CNSWJO), p 8; Councillor Cadwallader, [Transcript of evidence](#), 8 December 2023, p 22.

⁸⁰ See, for example, [Submission 3](#), p 2; [Submission 4](#), p 7; [Submission 5](#), Singleton Council, p 2; [Submission 6](#), Orange City Council, p 1; [Submission 11](#), p 8; [Submission 16](#), Leeton Shire Council, p 2; [Submission 18](#), Goldenfields Water County Council, p 2; [Submission 20](#), p 5; [Submission 23](#), p 2; [Submission 26](#), Orana Water Utilities Alliance, p 1; [Submission 29](#), Water Directorate, p 2; [Answers to supplementary questions](#), Coolamon Shire Council, p 2.

⁸¹ Mr Doug Moorby, Chairperson, Technical Chairman, Orana Water Utilities Alliance, [Transcript of Evidence](#), 13 February 2024, p 11.

⁸² [Answers to supplementary questions](#), Canberra Region Joint Organisation (CRJO), pp 6-7; [Answers to supplementary questions](#), REROc, p 3; [Answers to supplementary questions](#), Northern Rivers Joint Organisation (NRJO), p 3.

⁸³ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 3.

Infrastructure, Dubbo Regional Council said that preventing the use of private contractors had the potential to harm Dubbo Regional Council and other LWUs.⁸⁴

- 1.63 There are a wide range of services undertaken by the private sector on behalf of LWUs. Many will outsource construction of their capital infrastructure, such as mains replacement and treatment plant upgrades, whereas day-to-day operations would typically be carried out by internal staff.⁸⁵
- 1.64 In addition to major capital works, stakeholders identified other critical services that may be outsourced to private contractors, including, but not limited to:
- regional water security studies
 - infrastructure maintenance, such as pipe relining
 - CCTV for asset assessment⁸⁶
 - cleaning of pump stations and sewerage mains⁸⁷
 - specialist response to extreme incidents⁸⁸
 - electrical works
 - telemetry⁸⁹
 - engineering design
 - hydraulic studies
 - water and effluent testing requiring laboratory analysis.⁹⁰
- 1.65 For many LWUs, it is simply not cost effective to retain expertise in-house for such services.⁹¹ The kinds of services requiring private sector delivery will vary from one LWU to the next. It is vitally important that any future legislative safeguards against privatisation ensure councils retain the ability to operate as they need, including outsourcing to private providers where necessary.

Options for legislative protections against privatisation for LWUs

- 1.66 In light of evidence gathered during this inquiry, the Committee recommends that the NSW Government develop new legislation to protect LWUs from privatisation, forced amalgamations and sell-offs. That legislation should be developed in consultation with the sector to ensure it is fit-for-purpose and avoids unintended consequences. It must preserve a public utility's ability to procure private sector

⁸⁴ Mr Ryan, [Transcript of evidence](#), 13 February 2024, p 11.

⁸⁵ Mr Truman, [Transcript of evidence](#), 8 December 2023, p 24.

⁸⁶ [Answers to supplementary questions](#), CNSWJO, p 3.

⁸⁷ [Answers to supplementary questions](#), Far North West Joint Organisation, p 5.

⁸⁸ [Answers to supplementary questions](#), NRJO, p 3.

⁸⁹ Mr Moorby, [Transcript of Evidence](#), 13 February 2024, p 11.

⁹⁰ [Answers to supplementary questions](#), LGNSW, p 7.

⁹¹ [Answers to supplementary questions](#), CNSWJO, p 4.

services when needed and give regard to the varied governance models under which LWUs operate.

- 1.67 LGNSW said that while the LG Act and the WM Act do not specifically enable LWUs to be privatised, there is nothing in those Acts to prevent the privatisation of a utility.⁹² It was broadly acknowledged, therefore, that there is a need to introduce legislation to protect LWUs from the risks of privatisation and forced amalgamations.
- 1.68 The evidence to this inquiry presented different ideas about how legislative protections should be enacted.
- 1.69 The Committee heard from several stakeholders that they support, or support in principle, amendments to the NSW Constitution to protect LWUs from privatisation, forced amalgamations and sell offs.⁹³
- 1.70 Constitutional protections allow for a high degree of parliamentary oversight, as is now the case for Sydney and Hunter Water. There was also a strong view that regional populations' water supply deserves an identical level of protection to that afforded to metropolitan water supplies. As one witness put it, 'what's good for one should be good for all'.⁹⁴
- 1.71 Mr Tim Koschel, Chairperson, Riverina Water County Council argued that the best way to protect LWUs from privatisation would be with a bill very similar to the Constitution Amendment (Sydney Water and Hunter) Water Bill 2023. While the structures of the organisations are different, services are provided in the same way.⁹⁵
- 1.72 Other approaches were proposed, including amendments to the LG Act⁹⁶ and WM Act.⁹⁷
- 1.73 Bogan Shire Council submitted that outright prohibition on divestment of water and sewer assets may not be in the best interests of all regional communities. It proposed that an appropriate level of protection could be to amend the LG Act to set threshold requirements for councils contemplating the sale, lease or other means of disposing of water and sewer assets. The Council suggested that such a decision could only be made following a mandated consultation process and with a very high level of community support achieved through a plebiscite. For example, a threshold of 75 per cent approval from at least a 25 per cent voter turnout.⁹⁸

⁹² [Submission 20](#), p 7.

⁹³ See, for example, [Submission 4](#), p 7; [Submission 7](#), Clarence Valley Council, p 1; [Submission 8](#), p 2; [Submission 20](#), p 8; [Submission 23](#), pp 2-3; [Submission 26](#), pp 1-2; [Submission 27](#), p 2; Ms Bennett, [Transcript of evidence](#), 8 December 2023, p 19; Councillor Cadwallader, [Transcript of evidence](#), 8 December 2023, p 21; Dr McKean, [Transcript of evidence](#), 12 February 2024, p 20.

⁹⁴ Mr Koschel, [Transcript of evidence](#), 12 February 2023, p 9.

⁹⁵ Mr Koschel, [Transcript of evidence](#), 12 February 2023, p 4.

⁹⁶ [Submission 1](#), Narrabri Shire Council, p 1; [Submission 21](#), p 1.

⁹⁷ [Submission 1](#), p 1.

⁹⁸ [Submission 10](#), p 2.

- 1.74 The Committee also heard that county councils may be more vulnerable to privatisation than LWUs operated by general purpose councils.⁹⁹
- 1.75 Under section 383 of the LG Act, the Minister for Local Government may dissolve a county council or amend the constitution of a county council.¹⁰⁰ Mr Andrew Crakanthorp, CEO, Riverina Water County Council said that this means, under current legislation, a county council could cease to exist 'at the drop of a pen'.¹⁰¹
- 1.76 The process of privatising a county council or transferring it to a SOC is a simpler process than privatising the water and sewerage functions of a general purpose council, as the services and functions of water and sewerage are already separate and not intertwined with general purpose functions. For this reason, county councils could be at greater risk due to the ease with which they can be privatised, coupled with the fact that they are financially viable and likely an attractive acquisition to a private investor.¹⁰²
- 1.77 Goldenfields Water stated that an amendment to section 57 of the NSW Constitution to extend its application to county councils and their undertakings (or an additional provision having similar effect) is 'the only effective means of protecting county councils from privatisation'. It also suggested amending Part 5 of Chapter 12 of the LG Act to prevent the dissolution of a county council for the purpose of facilitating the transfer of its assets and liabilities to the State, and further sale to any third party.¹⁰³
- 1.78 Similarly, REROC said that because county councils are standalone utilities, it would be simple for the State to take possession through the SOC Act.¹⁰⁴ From there, it would be 'a very small step to privatisation'.¹⁰⁵ Ms Julie Briggs, CEO, REROC therefore suggested that county councils could be specifically excluded from the SOC Act to ensure they cannot be converted into a SOC and subsequently privatised.¹⁰⁶

⁹⁹ Mr Andrew Crakanthorp, CEO, Riverina Water County Council, [Transcript of evidence](#), 12 February 2024, pp 5-6; Mr Drenovski, [Transcript of evidence](#), 12 February 2024, p 16.

¹⁰⁰ [Local Government Act 1993 \(NSW\)](#), s 383.

¹⁰¹ Mr Crakanthorp, [Transcript of evidence](#), 12 February 2024, p 6.

¹⁰² [Answers to supplementary questions](#), Goldenfields Water County Council, p 1.

¹⁰³ [Answers to supplementary questions](#), Goldenfields Water County Council, p 2.

¹⁰⁴ [Submission 27](#), p 3.

¹⁰⁵ Mrs Julie Briggs, CEO, REROC, [Transcript of evidence](#), 8 December 2023, p 40.

¹⁰⁶ Mrs Briggs, [Transcript of evidence](#), 8 December 2023, p 37.

Chapter Two – Opportunities to strengthen local water utilities and build resilience

Environmental risks to drinking water quality and supply

Finding 5

Water security is threatened by climate change, poor catchment management and natural disasters. The ability of local water utilities to respond effectively to these challenges is critical to ensuring regional communities have sustainable access to safe drinking water.

- 2.1 Water security is a serious concern for LWUs in NSW.¹⁰⁷ Currently, in NSW, there are about 107 drinking water systems servicing one million people that face a very high water security risk. Water quality risks affect 179 regional town systems, which service about 500 000 people.¹⁰⁸ The risks associated with water scarcity and poor water quality are being exacerbated by climate change.
- 2.2 Climate change contributes to increasing temperatures, which, in turn, affect rainfall, evaporation and climate systems. These changes will affect the quality and availability of water resources in the following ways:
- rising sea levels contaminate freshwater systems
 - more severe rainfall events, which wash soil into waterways and compromise water quality
 - warmer water temperatures create favourable conditions for algal blooms
 - more severe and longer lasting droughts.¹⁰⁹
- 2.3 In the drought of 2019 there were 31 communities in western NSW that were close to running out of water. Some were within days of requiring delivery of water in trucks to sustain them.¹¹⁰ Councillor Barry Hollman, Chair, Far North West Joint Organisation told the Committee that his region is not prepared for the next drought.¹¹¹
- 2.4 Floods, droughts and ageing or inadequate infrastructure impact drinking water quality and pose serious risks to human health.¹¹²

¹⁰⁷ See, for example, Councillor Cadwallader, [Transcript of evidence](#), 8 December 2023, p 27; Councillor Davies, [Transcript of evidence](#), 13 February 2024, p 17; Mr Ryan, [Transcript of evidence](#), 13 February 2024, p 10.

¹⁰⁸ Ms Jones, [Transcript of evidence](#), 8 December 2023, p 52.

¹⁰⁹ AdaptNSW, [Climate change impacts on our water resource](#), viewed 1 March 2024.

¹¹⁰ Councillor Davies, [Transcript of evidence](#), 13 February 2024, p 12.

¹¹¹ Councillor Barry Hollman, Chair, Far North West Joint Organisation, [Transcript of evidence](#), 8 December 2023, p 31.

¹¹² Dr McNulty, [Transcript of evidence](#), 8 December 2023, p 50.

- 2.5 Poor quality source water can be difficult to treat to a high standard. Bore water, for example, can have a very high mineral content. In order to conform with Australian Drinking Water Guidelines, this needs to be removed through reverse osmosis or an energy-intensive membrane filtration process. Not every plant is equipped to undertake these processes.¹¹³
- 2.6 Similar issues exist when treating water extracted from rivers. If turbidity (a measurement of how cloudy water is) is too high, a plant may not have the necessary technology to treat that water to an acceptable standard.¹¹⁴ Poor river water quality has complex flow-on effects for the community. For example, it can impact the operation of hospitals' dialysis machines, which need ultra-pure water to prevent infections.¹¹⁵
- 2.7 Most of the reticulation systems in regional NSW were constructed between 1948 and the late 1960s using either cast iron or asbestos cement pipes. These are now approaching end of life. Repeated pipe breaks and mains failures provide potential points for contamination of drinking water supplies.¹¹⁶
- 2.8 Nutrient pollution in waterways is resulting in more frequent algal blooms that affect the safety, treatability and palatability of drinking water. Blue-green algae presents serious threats to human health and is being researched as a potential environmental risk factor for motor neurone disease.¹¹⁷ The presence of blue-green algae in source water can be removed with activated carbon powder. However, the introduction of new treatment methods requiring specialised skills and dosing knowledge complicates the overall treatment process.¹¹⁸
- 2.9 Even if water is safe to drink, if it is not palatable, people will turn to alternatives like bottled water (and not get the benefits of fluoridation) or soft drink.¹¹⁹ There are various factors that affect the taste and odour of drinking water, including changes in source (from river to bore), drought and blue-green algae.¹²⁰
- 2.10 The Committee heard examples of various management strategies that can help improve water security drinking water quality.
- 2.11 For example, LWUs can diversify their water sources to improve resilience in the face of climate change and natural disasters.¹²¹ They can achieve this through desalination, water recycling¹²² and blending groundwater and surface water.¹²³

¹¹³ Mr Kazi Mahmud, Director of Engineering, Walgett Shire Council, [Transcript of evidence](#), 13 February 2024, p 19

¹¹⁴ Mr Mahmud, [Transcript of evidence](#), 13 February 2024, p 19.

¹¹⁵ Mr Russell Holz, Utilities Manager, Brewarrina Shire Council, [Transcript of evidence](#), 13 February 2024, p 19.

¹¹⁶ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 4.

¹¹⁷ C Burke, [Motor neurone disease rates are rising nationwide, Griffith residents want to know if they are a cluster](#), ABC News, 24 August 2023, viewed 1 March 2024.

¹¹⁸ Mr Mahmud, [Transcript of evidence](#), 13 February 2024, p 22.

¹¹⁹ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 7.

¹²⁰ Dr McAnulty, [Transcript of evidence](#), 8 December 2023, p 50.

¹²¹ Mr Moorby, [Transcript of evidence](#), 13 February 2024, p 10.

¹²² Mr Chris Godfrey, Manager Strategy Water Supply and Sewerage, Dubbo Regional Council, [Transcript of evidence](#), 13 February 2024, p 9.

¹²³ Mr Ryan, [Transcript of evidence](#), 13 February 2024, p 4.

Water security can also be enhanced by expanding storages,¹²⁴ creating off-river water storages as a buffer against poor quality or reduced flow,¹²⁵ and reducing water use through demand management programs.¹²⁶

- 2.12 LWUs will need robust funding support to deliver infrastructure renewal and upgrades if they are to continue to deliver reliable, high-quality water. There are significant infrastructure maintenance challenges for regional utilities. CNSWJO submitted that the trend toward increased asset development to address water security and safety, combined with the cost of borrowings and increasing operational costs, will create issues with financial sustainability.¹²⁷
- 2.13 CRJO told the Committee that funding to expand the capacity of storages (including through smarter designs), relocate major infrastructure away from the direct impacts of natural disasters, and upgrade transfer pipelines and pump stations would help better secure water supply and improve the resilience of major water and sewerage infrastructure.¹²⁸
- 2.14 The Orana Water Utilities Alliance proposed a 'once in a century investment in a transmission system of raw water pipelines delivering water from dams and aquifers to townships for treatment across western NSW', arguing that this would mitigate risks due to drought and poor river water quality.¹²⁹
- 2.15 Technology, too, has an important role to play in ensuring future water security. The Water Directorate suggested that there is not enough visibility of poor water quality in our water sources. Online monitoring of water sources would provide better warning to LWUs before poor quality water is pumped into treatment plants that are not designed to cope.¹³⁰ Mr Andrew Crakanthorp, CEO, Riverina Water County Council also noted the importance of 'real-time data' in relation to water source quality.¹³¹
- 2.16 Ensuring that regional utilities are equipped to supply safe and sustainable drinking water into the future requires LWUs and government to navigate complex challenges. There are devastating social and economic consequences if water services fail.¹³² Ultimately, secure, high-quality water is not only integral to the economic productivity and development of the State's regions, it is also a fundamental human right.

¹²⁴ Councillor David Somerville, Chairperson of Central Tablelands Water County Council, [Transcript of evidence](#), 13 February 2024, p 28.

¹²⁵ [Answers to supplementary questions](#), Water Directorate, p 2.

¹²⁶ Councillor Somerville, [Transcript of evidence](#), 13 February 2024, p 28.

¹²⁷ [Submission 11](#), p 4.

¹²⁸ [Answers to supplementary questions](#), CRJO, p 5.

¹²⁹ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 5.

¹³⁰ [Answers to supplementary questions](#), Water Directorate, p 2.

¹³¹ Mr Crakanthorp, [Transcript of evidence](#), 12 February 2024, p 7.

¹³² Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 2.

Town Water Risk Reduction Program and recent initiatives to address risk

Finding 6

The Town Water Risk Reduction Program has fostered a more collaborative approach between State and local governments and made progress toward addressing fundamental strategic challenges faced by local water utilities. The Program has been well-received by the sector and there is desire to see it expanded.

Recommendation 4

That the NSW Government fund the Town Water Risk Reduction Program beyond Phase 2, with the Department of Climate Change, Energy, the Environment and Water to determine the next phase of workstreams in consultation with the local water utilities sector.

- 2.17 The NSW Government announced the Town Water Risk Reduction Program (TWRRP) in December 2020 in response to recommendations made by the NSW Auditor-General following a performance audit of regional town water infrastructure. The Auditor-General's report concluded that:

The Department of Planning, Industry and Environment has not effectively supported or overseen town water infrastructure planning in regional NSW since at least 2014. It has also lacked a strategic, evidence-based approach to target investments in town water infrastructure. A continued focus on coordinating town water planning, investments and sector engagement is needed for the department to more effectively support, plan for and fund town water infrastructure, and work with Local Water Utilities to help avoid future shortages of safe water in regional towns and cities.¹³³

- 2.18 While the NSW Government's Safe and Secure Water Program (SSWP) provides capital grants for projects to LWUs, the TWRRP was designed to address key strategic challenges, minimise risk and optimise whole-of-life costs of owning water and sewerage infrastructure.¹³⁴ The total funding for Phases 1 and 2 of the TWRRP was \$37.7 million.¹³⁵

- 2.19 Since its inception, the TWRRP has progressed work across five separate workstreams, which address the main barriers and risks to town water and sewerage services. Those workstreams are:

- 1 Improving the regulatory and support framework
- 2 Encouraging greater collaboration among LWUs

¹³³ NSW Auditor-General, [Performance Audit: Support for regional town water infrastructure](#), 24 September 2020, p 2.

¹³⁴ [Answers to supplementary questions](#), Water Directorate, p 1.

¹³⁵ [Answers to supplementary questions](#), Department of Climate Change, Energy, the Environment and Water (DCCEEW), p 2.

- 3 Facilitating greater State Government support for LWUs
- 4 Improving access to skills and training
- 5 Investigating alternative funding models.¹³⁶

- 2.20 One of the most significant pieces of work to come out of Phase 1 of the TWRRP was the new, co-designed Regulatory and Assurance Framework for Local Water Utilities, which came into effect in July 2022. The Framework aims to enable LWUs 'to address risks and strategic challenges effectively and efficiently, based on locally developed plans and management systems.'¹³⁷ Inquiry evidence related to the effectiveness and implementation of the Framework is discussed later in this chapter.
- 2.21 The TWRRP also led to the development of a *Water operations skills and training action plan*, published in December 2022. Throughout this inquiry, the Committee heard that challenges in attracting and retaining skilled water utility operators to service regional and remote communities are significant and widespread. This issue and the Committee's associated recommendations are also discussed at length later in this chapter.
- 2.22 Regarding the fifth workstream, investigating alternative funding models, the Committee notes that the NSW Productivity Commission has been engaged to undertake a review. Its final report is due to be provided to the NSW Government by June 2024. This is discussed further in the *Funding models for local water utilities* section.
- 2.23 Stakeholders expressed generally positive views of the TWRRP. Mr Brendan Guiney, Executive Officer, Water Directorate described the TWRRP as 'the most welcome program in the last few years'.¹³⁸ Others described the Program variously as 'a breath of fresh air',¹³⁹ 'very successful'¹⁴⁰ and 'a great program'.¹⁴¹
- 2.24 Among other things, the Program has sought to achieve a less paternalistic approach toward supporting LWUs to manage their operations and to meet the State's regulatory requirements in a way that avoids duplication and burdensome reporting.¹⁴² REROc told the Committee that the collaboration between State and local governments created by the TWRRP has been 'very beneficial' and that it supports the continuation of the Program.¹⁴³

¹³⁶ AITHER, [Town Water Risk Reduction Program – Phase 1 Evaluation: A report prepared for the NSW Department of Planning and Environment](#), 2 September 2022, p 6.

¹³⁷ Department of Planning and Environment, [Regulatory and assurance framework for local water utilities](#), July 2022, p 5.

¹³⁸ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 6.

¹³⁹ Mr Moorby, [Transcript of evidence](#), 13 February 2024, p 4.

¹⁴⁰ [Answers to supplementary questions](#), REROc, p 1.

¹⁴¹ Ms Leonie Brown, General Manager, Bourke Shire Council, [Transcript of evidence](#), 8 December 2023, p 33.

¹⁴² [Answers to supplementary questions](#), NRJO, p 2.

¹⁴³ [Answers to supplementary questions](#), REROc, p 1.

- 2.25 However, the Committee also heard evidence that the TWRRP was delivered at a 'frenetic'¹⁴⁴ pace over the first two years and that recent staffing changes have resulted in a loss of corporate knowledge.¹⁴⁵ Ms Jenny Bennett, Executive Officer, CNSWJO expressed concern that the TWRRP had been absorbed into the broader water division of the Department of Climate Change, Energy, the Environment and Water (DCCEEW) and is no longer 'separate and potentially looking in from the outside'.¹⁴⁶
- 2.26 DCCEEW informed the Committee that the policy work identified by the TWRRP can be carried out by its existing Water Utilities Branch Policy and Pricing Team.¹⁴⁷ The Department will undertake a review of the Program in the middle of 2024 and will seek feedback from stakeholders.¹⁴⁸ There has been no assessment at this stage of future activities in a third phase of the TWRRP.
- 2.27 The Water Directorate suggested that a sustained, longer-term commitment to the TWRRP would help to realise the benefits of the Program.¹⁴⁹ Although the objectives of the Program were commendable, some stakeholders suggested it has not had sufficient time to make meaningful progress on certain issues – in particular, in the area of delivering improved training and more skilled workers to operate LWUs.¹⁵⁰
- 2.28 In addition to progressing initiatives already underway, there is scope for the Program to identify and address other areas of risk and opportunity.
- 2.29 Inquiry participants told the Committee they would like to see, for example, more promotion of digital and infrastructure technologies in order to help overcome issues related to water quality and to optimise performance of existing assets.¹⁵¹
- 2.30 In his evidence to the Committee, Mr Crakanthorp highlighted the critical role technology will play in ensuring safe and sustainable drinking water supply into the future. At Riverina Water's new Wagga Wagga Water Treatment Plant, for example, advanced technology is enabling treatment of water from the Murrumbidgee at a level of 700 NTU (very high turbidity).¹⁵² This is particularly important during peak flow or flood events.¹⁵³
- 2.31 The Canberra Region Joint Organisation (CRJO) would like the TWRRP to address natural disaster resilience, with a focus on how to better secure power supply resilience to critical infrastructure such as major pump stations, water treatment

¹⁴⁴ Mr Moorby, [Transcript of evidence](#), 13 February 2024, p 7.

¹⁴⁵ Councillor West, [Transcript of evidence](#), 13 February 2024, p 32.

¹⁴⁶ Ms Bennett, [Transcript of evidence](#), 8 December 2023, p 17.

¹⁴⁷ [Answers to supplementary questions](#), DCCEEW, p 3.

¹⁴⁸ Mr Ashraf El-Sherbini, Acting Chief Operating Officer, Water, NSW Department of Planning and Environment, [Transcript of evidence](#), 8 December 2023, pp 52-53.

¹⁴⁹ [Answers to supplementary questions](#), Water Directorate, pp 1-2.

¹⁵⁰ [Answers to supplementary questions](#), NRJO, p 2; [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 3.

¹⁵¹ [Submission 11](#), p 8; Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 6; [Answers to supplementary questions](#), NRJO, p 2.

¹⁵² Mr Crakanthorp, [Transcript of evidence](#), [12 February 2024](#), p 6.

¹⁵³ [Answers to supplementary questions](#), Riverina Water County Council, p 1.

plants and sewage treatment plants.¹⁵⁴ Electricity resilience, the organisation argued, directly impacts the resilience of other critical infrastructure, including water and sewerage.¹⁵⁵

- 2.32 In light of the very strong sector support for the TWRRP, and the potential for progress across new and existing program areas, the Committee recommends that the Program be funded to continue beyond its original timeframe. While the Committee has noted possible future areas of focus, including better adoption of technology and natural disaster resilience, it will ultimately be for DCCEEW, in consultation with the sector, to determine suitable Phase 3 objectives.

Regulatory and Assurance Framework for Local Water Utilities

Finding 7

Many local water utilities believe that current reporting requirements imposed by State agencies are onerous and duplicative, and should be streamlined where possible.

Recommendation 5

That the Department of Climate Change, Energy, the Environment and Water continue to work closely with councils in implementing the new Regulatory and Assurance Framework for Local Water Utilities and streamlining overly cumbersome reporting and compliance obligations.

Recommendation 6

That, as part of its periodic performance review of the implementation of the Regulatory and Assurance Framework for Local Water Utilities, the Department of Climate Change, Energy, the Environment and Water develop and report against key metrics, both to maintain transparency and to help to ensure ongoing improvement.

- 2.33 Evidence to this inquiry consistently emphasised that local water utilities operate in a complex and inefficient regulatory environment and face onerous reporting requirements. Stakeholders called for a more streamlined, strategic and coordinated regulatory approach between the three levels of government.
- 2.34 Leeton Shire Council noted that it is required to report against at least eight pieces of legislation – many of which have supporting regulations – and reports on its services separately to DCCEEW, NSW Health and the NSW Environment Protection Authority (EPA).¹⁵⁶ The Central NSW Joint Organisation (CNSWJO) said that the various reporting obligations are inter-woven and, in many cases, not conducive to supporting LWUs to manage operational risks.¹⁵⁷ Bathurst Regional

¹⁵⁴ [Answers to supplementary questions](#), CRJO, p 2.

¹⁵⁵ Mr Sharpe, [Transcript of evidence](#), 8 December 2023, p 38.

¹⁵⁶ [Submission 16](#), p 2.

¹⁵⁷ [Submission 11](#), p 6.

Council described the regulatory environment as 'not fit for purpose in relation to critical human need'.¹⁵⁸

- 2.35 Mr Luke Tedesco, Manager of Environmental Sustainability and Acting Director of Operations, Leeton Shire Council gave an example of LWUs being required to complete an annual report for NSW Health, an annual report for DCCEEW, annual licencing reports for the NSW EPA and quarterly reporting under the Integrated Planning and Reporting (IP&R) framework.¹⁵⁹ Likewise, the CRJO said that inconsistent advice from agencies, and duplication of reporting to these agencies, is the most challenging area for councils to navigate.¹⁶⁰
- 2.36 Rous County Council told the inquiry that as a county council constituted under the *Local Government Act 1993*, it is subject to planning and regulatory requirements designed for the more complex and diverse functions carried out by general purpose councils. Consequently, it is 'overburdened' and expending disproportionately more funds on administrative costs than operational or capital costs, compared to a general purpose council.¹⁶¹
- 2.37 The cost impact of onerous reporting was noted by other inquiry participants, including Berrigan Shire Council. Dr Julia Cornwell McKean, Mayor, Berrigan Shire Council told the Committee that excessive paperwork costs ratepayers money that should be allocated to services the community needs and wants.¹⁶²
- 2.38 As noted earlier in this chapter, a key focus of Phase 1 of the TWRRP involved investigating opportunities to optimise regulatory mechanisms and strategic planning. The outcome of this work was a new Regulatory and Assurance Framework for Local Water Utilities (RAF) developed through a co-design process alongside LWUs, local governments, other regulators and the private sector.¹⁶³
- 2.39 A review of the TWRRP commissioned by DCCEEW and undertaken by AITHER in 2022, found that the Framework 'represents a positive outcomes-focused, practical and cost-effective approach to addressing barriers and reducing risks' and 'seeks to reduce red-tape associated with the approval of strategic plans'.¹⁶⁴
- 2.40 The Water Directorate told the Committee that the RAF is a credit to DCCEEW and that its principles and direction 'are sound and a vast improvement on the past guidance as they are intended to provide the flexibility to allow LWUs to choose how they will comply' depending on their circumstances.¹⁶⁵
- 2.41 In particular, the RAF aims to offer a less prescriptive approach to strategic planning by LWUs than has been the case until recently.

¹⁵⁸ [Submission 2](#), Bathurst Regional Council, p 3.

¹⁵⁹ Mr Luke Tedesco, Manager of Environmental Sustainability and Acting Director of Operations, Leeton Shire Council, [Transcript of evidence](#), 12 February 2024, p 24.

¹⁶⁰ [Answers to supplementary questions](#), CRJO, p 4.

¹⁶¹ [Submission 22](#), Rous County Council, p 2.

¹⁶² Dr McKean, [Transcript of evidence](#), 12 February 2024, p 24.

¹⁶³ AITHER, [Town Water Risk Reduction Program – Phase 1 Evaluation](#), 2 September 2022, p 19.

¹⁶⁴ AITHER, [Town Water Risk Reduction Program – Phase 1 Evaluation](#), 2 September 2022, pp 19-20.

¹⁶⁵ [Answers to supplementary questions](#), Water Directorate, p 2.

- 2.42 Prior to 1 July 2022, LWUs were encouraged to prepare strategic plans in line with the Best Practice Management of Water Supply and Sewerage (BPMWSS) Framework, which required production of an Integrated Water Cycle Management (IWCM) plan. This process is separate from strategic planning undertaken by councils as part of the IP&R Framework, which is mandated under the *Local Government Act 1993*. IP&R does not encompass important aspects of water planning and management.
- 2.43 During consultations undertaken as part of the development of the RAF, many in the local water utility sector advocated using the IP&R Framework for strategic water planning. They suggested this would help promote uptake of strategic planning by LWUs by:
- providing a robust framework
 - reducing duplication
 - ensuring planning considers the whole context of each council's business, which can help improve decision making¹⁶⁶
 - achieving significant cost savings.¹⁶⁷
- 2.44 DCCEEW is continuing to work with councils and joint organisations of councils over the next cycle of IP&R (1 July 2022 – 30 June 2025) to support various pilot projects. This includes a current pilot program for IP&R integration across CNSWJO's 12 member councils. CNSWJO aims, through this initiative, to produce a toolkit for other councils to support integration of LWU activities with IP&R activities.¹⁶⁸
- 2.45 Mr Doug Moorby, Technical Chairman, Orana Water Utilities Alliance told the Committee that aspects of strategic planning – particularly in relation to things like climate and water modelling – could be done at the State level to lessen the burden on councils. Mr Moorby said that 'the aquifers belong to the State, not to the local government entities, and we are, in fact, forced to do the modelling work.'¹⁶⁹
- 2.46 Under section 60 of the *Local Government Act 1993* the Minister for Local Government is responsible for approving certain local water utility works.¹⁷⁰ AITHER, in its review of the TWRRP, identified the processes around section 60 approvals, and specifically the ability for councils to appeal regulatory decisions, as major improvements offered by the RAF.¹⁷¹

¹⁶⁶ [Answers to supplementary questions](#), DCCEEW, p 6.

¹⁶⁷ [Answers to supplementary questions](#), CNSWJO, p 1.

¹⁶⁸ [Answers to supplementary questions](#), DCCEEW, p 6; [Answers to supplementary questions](#), CNSWJO, p 1.

¹⁶⁹ Mr Moorby, Transcript of evidence, [13 February 2024](#), p 4.

¹⁷⁰ Department of Planning and Environment, [Regulatory and assurance framework for local water utilities](#), July 2022, p 36.

¹⁷¹ AITHER, [Town Water Risk Reduction Program – Phase 1 Evaluation](#), 2 September 2022, p 20.

- 2.47 The Committee notes, however, that the section 60 approvals process continues to be an area of concern for some stakeholders.¹⁷²
- 2.48 Goldenfields Water recently submitted a section 60 for a minor process change at one of its water treatment plants. It was declined on the basis that Goldenfields had not supplied full design and asset specifications for review. However, the county council had intended to issue a Design and Construct (D&C) contract to the market to achieve value for money and a degree of flexibility over the project outcomes. Goldenfields is unable to pursue the D&C process, as the section 60 approval requires that the design be completed before issuing a construction contract. REROc told the Committee that the failure of the section 60 process to accommodate flexible procurement can increase delivery time and costs and results in less effective outcomes.¹⁷³
- 2.49 Notwithstanding some positive feedback regarding the RAF and its development, the Committee acknowledges that some stakeholders have reservations about the Framework,¹⁷⁴ or consider it too early to make a full assessment of its effectiveness.
- 2.50 Local Government NSW said that there are still elements of the RAF in development, such as the introduction of strategic planning through the IP&R Framework and, as such, considers it premature to assess its performance.¹⁷⁵ The Water Directorate acknowledged that 'the new RAF is in its infancy' and LWUs will need to be supported to implement the Framework with less prescriptive guidance.¹⁷⁶ CRJO told the Committee there is currently an expectation of immediate implementation and that councils need more time to adapt to the RAF's new approach.¹⁷⁷
- 2.51 A commitment by DCCEEW to ongoing consultation and engagement with LWUs will be critical to the successful implementation of the RAF. That process of consultation should seek to identify and address further opportunities to streamline overly cumbersome reporting and compliance obligations.
- 2.52 In saying that, the Committee acknowledges the various education and engagement activities already undertaken by DCCEEW to support understanding of, and compliance with, the RAF. This includes development of an Education Strategy to target knowledge gaps and needs, a series of roadshows and targeted education activities for councils and joint organisations. The Committee notes that further education activities with respect to the new section 60 processes are planned for 2024.¹⁷⁸
- 2.53 DCCEEW has also established a Local Water Utility Regulators' Forum, to ensure that the State Government agencies responsible for regulating LWUs are

¹⁷² Councillor Darriea Turley, President, Local Government NSW, [Transcript of evidence](#), 8 December 2023, p 47.

¹⁷³ [Answers to supplementary questions](#), REROc, p 2.

¹⁷⁴ Ms Bennett, [Transcript of evidence](#), 8 December 2023, p 17; [Answers to supplementary questions](#), NRJO, p 3.

¹⁷⁵ [Answers to supplementary questions](#), LGNSW, p 6.

¹⁷⁶ [Answers to supplementary questions](#), Water Directorate, p 2.

¹⁷⁷ [Answers to supplementary questions](#), CRJO, p 4.

¹⁷⁸ [Answers to supplementary questions](#), DCCEEW, p 4.

providing a consistent and coordinated strategic view on the State Government's expectations and supporting LWUs more effectively to fulfil their regulatory obligations.¹⁷⁹ As part of this collaboration, regulators will consult with each other on issues that may have implications for other agencies' regulatory areas.¹⁸⁰

- 2.54 DCCEEW will undertake a formal review of the implementation of the RAF in July 2024. There will also be regular periodic reviews of the relevant regulatory documents, which will happen at least every five years, with the first comprehensive review expected to take place in July 2027. In addition, DCCEEW collects feedback regularly from LWUs through online surveys and post-engagement activities, to assess the uptake of the RAF.¹⁸¹
- 2.55 REROC suggested that the success of the RAF could be measured by the number of section 60 applications made, processing times for applications and total numbers of approvals and disputes.¹⁸² In its original submission on the draft RAF, CNSWJO suggested that the Department report on key metrics or KPIs specifically in relation to its support function, arguing that 'if it is not measured, it is not valued'.¹⁸³
- 2.56 The Committee agrees that reporting against a series of outcomes-focused metrics would help to maintain transparency and ensure ongoing improvement. The Committee therefore makes this recommendation for the Department's consideration. The Department developed the RAF through a thorough and consultative process with LWUs. It is important that trust, transparency and good will are maintained through ongoing collaboration.

Funding models for local water utilities

Finding 8

Local water utilities in NSW face growing challenges with ageing infrastructure, population growth and climate change, yet remain chronically underfunded.

Finding 9

While strong capital investment remains critical to ensuring secure and efficient delivery of water services, there is also the need for capacity building to innovate and optimise infrastructure performance and whole-of-life costs.

¹⁷⁹ Mr El-Sherbini, [Transcript of evidence](#), 8 December 2023, p 52.

¹⁸⁰ NSW Government, [Local water utility regulators collaboration framework](#), July 2022, p 3, viewed 23 February 2024.

¹⁸¹ [Answers to supplementary questions](#), DCCEEW, pp 3-4.

¹⁸² [Answers to supplementary questions](#), REROC, p 2.

¹⁸³ Central NSW Joint Organisation, [Town Water Risk Reduction Program: Draft quality assurance framework for the Department's regulation and assurance of local water utilities](#), August 2022, p 3, viewed 23 February 2024.

Recommendation 7

That the NSW Government publish its response to the recommendations made in the NSW Productivity Commission's report into the financial sustainability of local water utilities (due June 2024).

Recommendation 8

That the NSW Government consult extensively with the local water utility sector about any proposed changes to funding models or pathways arising from the NSW Productivity Commission's recommendations.

Recommendation 9

That the NSW Government consider developing a community service obligation (CSO) funding model for certain local water utilities with low economies of scale.

- 2.57 The Committee heard extensive evidence during this inquiry about the current funding arrangements for local water utilities. The various issues stakeholders identified are discussed in this section.

NSW Productivity Commission's review of funding models for local water utilities

- 2.58 In November 2023, the Minister for Water announced a review into the funding arrangements for LWUs across the State, to be undertaken by the NSW Productivity Commission. The review forms a significant part of Phase 2 of the Town Water Risk Reduction Program.¹⁸⁴
- 2.59 The review will focus on remote and socioeconomically disadvantaged communities that have some of the State's highest water security risks. The Productivity Commission will make its recommendations to the NSW Government by June 2024.¹⁸⁵
- 2.60 The terms of reference for the Productivity Commission's review encompass:
- minimum levels of service
 - the diversity of local water utilities
 - the extent to which funding models could improve LWUs' overall performance
 - transition pathways to a new funding approach
 - pensioner rebates.¹⁸⁶
- 2.61 The Committee recommends that, in due course, the NSW Government publish its response to recommendations made by the Productivity Commission and

¹⁸⁴ [Answers to supplementary questions](#), DCCEEW, p 3.

¹⁸⁵ NSW Government, [Review puts Local Water Utilities funding under the microscope](#), media release, 2 November 2023, viewed 23 February 2024.

¹⁸⁶ NSW Productivity Commission, [Review of funding models for local water utilities](#), viewed 23 February 2024.

consult extensively with LWUs in relation to any changes to funding pathways arising from those recommendations.

- 2.62 It is hoped that the Productivity Commission's report, together with evidence gathered by this Committee, will inform and assist the NSW Government to develop sustainable funding models for LWUs that ensure the safe, secure and efficient delivery of water and sewerage services for regional NSW.

Safe and Secure Water Program

- 2.63 The Safe and Secure Water Program (SSWP) is a risk-based program that provides funding for water security, water quality and environmental infrastructure solutions across regional NSW. Risks are based on a prioritisation assessment.¹⁸⁷ Currently, the SSWP also has a funding stream available for regionally based strategic planning.¹⁸⁸
- 2.64 The SSWP has helped fund about 273 projects. Of these:
- 63 projects worth around \$457 million and servicing 42 local water facilities have been completed
 - 131 projects worth around \$264 million across 72 local water facilities are currently in development
 - 79 projects worth around \$290 million across 50 local water facilities are currently under negotiation.¹⁸⁹
- 2.65 In 2022 the Program estimated that the asset replacement cost to address the 540 priority risks detailed in the SSWP would cost around \$4.83 billion.¹⁹⁰
- 2.66 The Town Water Risk Reduction Program resulted in changes to the strategic planning funding stream of the SSWP. Previously, this funding stream only supported Integrated Water Cycle Management strategies. LWUs are now able to access funding to focus on one or more of the strategic planning outcomes listed in the Regulatory and Assurance Framework.¹⁹¹ Fifty-seven LWUs are currently undertaking strategic planning with funding from the SSWP.¹⁹²
- 2.67 While the Committee heard that the SSWP has seen 'a most welcome injection of capital into water and wastewater infrastructure construction in regional NSW',¹⁹³ it also heard concerns about the level of funding available, as well as the Program's eligibility criteria.
- 2.68 Councillor Sharon Cadwallader, Chair, Northern Rivers Joint Organisation argued that the SSWP needs a 'major and immediate injection' of funding, as the current rate of funding of \$124 million per annum has not changed in 20 years. She

¹⁸⁷ [Answers to supplementary questions](#), DCCEEW, p 1.

¹⁸⁸ NSW Government – Water, [Safe and Secure Water program](#), viewed 7 March 2024.

¹⁸⁹ Ms Jones, [Transcript of evidence](#), 8 December 2023, p 53.

¹⁹⁰ [Answers to supplementary questions](#), DCCEEW, p 1.

¹⁹¹ [Answers to supplementary questions](#), DCCEEW, p 3.

¹⁹² [Answers to supplementary questions](#), DCCEEW, pp 1-2.

¹⁹³ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 2.

added that ad hoc grant funding creates difficulty for LWUs in planning for infrastructure upgrades with certainty.¹⁹⁴ Likewise, Councillor Craig Davies, Chair, Alliance of Western Councils described current funding as 'totally inadequate'.¹⁹⁵ REROC said the SSWP is 'significantly underfunded to achieve the needs of our communities for future years'.¹⁹⁶

- 2.69 The SSWP's co-contribution requirements also create challenges, particularly for small councils. The SSWP has five funding bands, ranging from 90 per cent State Government funding for a project (Band 1) down to 25 per cent State Government funding (Band 5). The level of co-funding is calculated based on the three-year average combined annual revenue of the proponent (from water and sewerage).¹⁹⁷
- 2.70 Under this system, a very small council receiving 90 per cent funding for a \$10 million project would still need to find and service \$1 million in borrowings – a significant sum for a small community.¹⁹⁸
- 2.71 The Orana Water Utilities Alliance noted that many smaller, disadvantaged councils receive a lower proportion of funding as a consequence of the combining of water and sewer revenue streams in calculating the co-funding contribution. The Alliance argued that this is highly inequitable if a council is undertaking a water project, but the income from its sewer fund reduces its SSWP subsidy entitlement. Similarly, if a LWU increases revenue to improve overall cost recovery, it may reduce its eligibility for capital funding.¹⁹⁹
- 2.72 Inquiry participants said that while capital funding for water and sewer infrastructure is welcome and essential, this needs to be complemented with operational support. Non-asset components of water service delivery are critical to keeping these services safe and affordable.²⁰⁰ Mr Moorby told the Committee that the day-to-day operations of a utility are 'really fraught' and extremely challenging given the limited resources and funds available.²⁰¹
- 2.73 LGNSW argued that a funding model that balances capital and operational support should be developed in consultation with local government and their communities, but, in the meantime, a renewed commitment to the current program is needed.²⁰²
- 2.74 Mrs Karina Ewer, Chief Executive Officer, Berrigan Shire Council said it would be helpful if councils could access SSWP grants for renewal of underground infrastructure. Currently, funding for these works comes out of councils'

¹⁹⁴ Councillor Cadwallader, [Transcript of evidence](#), 8 December 2023, p 22.

¹⁹⁵ Councillor Davies, [Transcript of evidence](#), 13 February 2024, p 17.

¹⁹⁶ [Answers to supplementary questions](#), REROC, p 3.

¹⁹⁷ NSW Government – Water, [Safe and Secure Water Program – Program funding information](#), viewed 23 February 2024.

¹⁹⁸ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 7.

¹⁹⁹ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 3.

²⁰⁰ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 4.

²⁰¹ Mr Moorby, [Transcript of evidence](#), 13 February 2024, p 5.

²⁰² [Answers to supplementary questions](#), LGNSW, p 4.

budgets.²⁰³ Ms Megan Dixon, General Manager, Walgett Shire Council likewise observed that grants are targeted at new infrastructure, rather than infrastructure renewals, which is where Walgett Shire's needs lie.²⁰⁴

- 2.75 REROC argued that the risk priority mechanism under the SSWP does not help to address risks of shortfall in infrastructure and operating capacity in the event of drought or a natural disaster.²⁰⁵ Councillor David McCann, Mayor, Coolamon Shire Council, said that 'on some occasions, particularly for drought funding and drought relief, water authorities aren't considered or are unable to apply for those funding models', which underscores the bureaucratic hurdles councils face in sourcing funding to address issues facing their communities.²⁰⁶
- 2.76 It was clear from evidence to this inquiry that LWUs feel they would benefit from a more flexible funding model than is currently available through the SSWP. For example, some stakeholders would like to see State funding for LWUs encompass things like infrastructure renewal, operational support and drought relief. It is important to recognise that when it comes to funding LWUs, what may work for larger, well-resourced councils may not work for smaller councils with low economies of scale.

A community service obligation (CSO) model could support LWUs with low economies of scale

- 2.77 LWUs with low economies of scale are operating an essential service with limited opportunities to recover funds or maintain adequate resources.²⁰⁷ Many of these utilities are servicing vulnerable populations who struggle to pay for water and sewerage services.
- 2.78 The Committee heard that developing a community service obligation (CSO) funding model for LWUs with low economies of scale would assist socio-economically disadvantaged communities in regional NSW to achieve a consistent and satisfactory water and sewerage service.²⁰⁸ The CSO model is explained below.

What are community service obligation (CSO) payments?

A community service obligation (CSO) is an activity that would not be pursued by a commercial government business on a purely commercial basis, but is funded by the Government to fulfil a policy objective. The circumstances where CSOs may be implemented include market failure, in response to social or public policy issues, or to provide specific benefits to a community or social group.²⁰⁹

For urban water services, CSO payments are made by the relevant state or territory governments and are not tied to specific investments or operational

²⁰³ Mrs Ewer, [Transcript of evidence](#), 12 February 2024, p 23.

²⁰⁴ Ms Megan Dixon, General Manager, Walgett Shire Council, [Transcript of evidence](#), 13 February 2024, p 19.

²⁰⁵ [Answers to supplementary questions](#), REROC, p 3.

²⁰⁶ Councillor David McCann, Mayor, Coolamon Shire Council, [Transcript of evidence](#), 12 February 2024, p 15.

²⁰⁷ [Submission 18](#), p 2.

²⁰⁸ [Submission 11](#), p 4; [Submission 18](#), p 2; [Submission 20](#), p 7; [Submission 26](#), p 3; [Submission 29](#), pp 4-5.

²⁰⁹ NSW Treasury, [NSW Treasury Policy and Guidelines: Guidelines for Community Service Obligations](#), August 2023, p 5, viewed 26 February 2024.

decisions. Payments are adjusted to make up the difference between the cost of delivering a service and a community's assessed ability to pay for that service.²¹⁰

- 2.79 In its 2017 report, the Australian Productivity Commission recommended that 'the New South Wales and Queensland Governments should replace existing capital grants to regional water utilities with transparent Community Service Obligation payments that are not tied to capital expenditure, and that are targeted at unviable (high-cost) regional and remote services.'²¹¹ The Federal Government supported the recommendation, noting its implementation would be a matter for state governments.²¹²
- 2.80 The Water Directorate submitted that there are three main factors to consider in developing a CSO, namely:
- 1 the relative cost of the service
 - 2 a community's ability to pay
 - 3 the level of service provided and the risks associated with the service.²¹³
- The organisation also recommended aligning a future CSO model with the Federal Government's Financial Assistance Grants, which are paid to councils based on an agreed set of national principles.²¹⁴
- 2.81 There are several advantages to a CSO funding model that make it preferable in certain contexts. CSO payments:
- align with the principle of social equity, by ensuring all communities, regardless of social-economic status, can access essential services
 - enable water and sewer utility providers to prioritise environmental and public health initiatives
 - provide a stable and predictable source of funding for long-term infrastructure projects
 - provide for increased community engagement and input into decision making
 - mitigate, to a large extent, the financial risks associated with providing essential services.²¹⁵

²¹⁰ Productivity Commission, [National Water Reform](#), Report no. 87, 19 December 2017, p 13, viewed 26 February 2024.

²¹¹ Productivity Commission, [National Water Reform](#), p 38, viewed 26 February 2024.

²¹² Australian Government Department of Agriculture, Fisheries and Forestry, [Australian Government response to the Productivity Commission inquiry on national water reform](#), April 2019, viewed 26 February 2024.

²¹³ [Submission 29](#), pp 4-5.

²¹⁴ [Submission 29](#), p 5.

²¹⁵ [Answers to supplementary questions](#), Berrigan Shire Council, pp 5-6.

- 2.82 Mr Moorby told the Committee that the majority of the Orana Water Utilities Alliance's member councils service areas that are rated by the Australian Bureau of Statistics (ABS) as among the most disadvantaged, based on the ABS's Socio-Economic Indexes for Areas. Mr Moorby said that a drawback of the SSWP was that many smaller towns and utilities were ineligible. The introduction of a CSO would help to overcome this disparity.²¹⁶
- 2.83 The Orana Water Utilities Alliance said that a CSO would allow for important non-capital solutions like water loss management programs, advanced shared telemetry systems, especially for early warning of poor water quality in catchments, data capture storage and analysis services.²¹⁷
- 2.84 The Committee recommends that the NSW Government consider developing a CSO funding model for certain local water utilities where, due to factors such as size, remoteness and socioeconomic disadvantage, cost recovery is not economically viable. Such an approach recognises that access to affordable, reliable and safe drinking water is a human right.

Skills, training and recruitment of water utility operators

Finding 10

Many local water utilities in NSW experience significant challenges attracting and retaining skilled water utility operators to service their communities.

Recommendation 10

That, in consultation with the local water utility and vocational education and training (VET) sectors, the NSW Government develop and introduce minimum training requirements and/or competency standards for water operators, in recognition of the critical role they play in safeguarding human health.

Recommendation 11

That the Department of Climate Change, Energy, the Environment and Water consult with First Nations communities in relation to its *Water operations skills and training action plan* and find ways to promote uptake of training and create further employment opportunities for Aboriginal people in the water utility sector.

Recommendation 12

That the NSW Government consider establishing regional water industry training facilities at suitable locations across the State to boost supply of trained operators to service regional and remote utilities.

- 2.85 The Committee heard considerable evidence during this inquiry regarding skills, training and recruitment in the regional water utility sector. The issues raised by stakeholders are discussed in this section.

²¹⁶ Mr Moorby, [Transcript of evidence](#), 13 February 2024, p 5.

²¹⁷ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 2.

Many LWUs face difficulties attracting and retaining skilled staff

- 2.86 Many LWUs throughout NSW face significant challenges attracting and retaining skilled staff. This is particularly the case for utilities in remote locations with small ratepayer bases.²¹⁸
- 2.87 Inadequate staffing increases the risk that water safety incidents will occur. This represents a threat to public and environmental health.²¹⁹
- 2.88 Mr Guiney estimated that in a statewide workforce of between 2400 and 2800, there is a shortage of 400-500 trained water operators (excluding engineers) across all LWUs.²²⁰
- 2.89 According to a water operations workforce and training analysis undertaken by the Department in 2022, there is anecdotal evidence to suggest that the number of operators in many utilities allows for operation only under normal conditions and with limited capacity to accommodate staff leave.²²¹
- 2.90 The shortage of trained operators for chemical and fluoride dosing also presents a significant challenge. Several plants in NSW, such as Walgett, have not been able to fluoridate water for sustained periods due to a lack of trained operators. Under the *NSW Code of Practice for Fluoridation of Public Water Supplies*, water utilities are required to notify NSW Health if they are unable to fluoridate for more than 24 hours, including when no qualified operator is available.²²²
- 2.91 The impacts of this workforce shortage are felt differently throughout the State. According to Ms Bennett, in the Central NSW region her organisation represents, skills shortages are at an all-time high and council staff are dealing with 'unprecedented pressure'.²²³ Mr Ray Davy, Former Acting Director, Engineering Services, Bogan Shire Council emphasised the importance of 'a sustainable and humane level of staffing and work', as the pressure on individual employees can become excessive.²²⁴ Mr Moorby told the Committee 'the burden on staff is massive'.²²⁵
- 2.92 On the other hand, Mr Crakanthorp, indicated that there had been a notable improvement in the labour supply market over the past six months and that Riverina Water is not currently having problems attracting staff, even in the rural towns it services. Staff turnover is currently around 4 to 5 per cent from a staff of 120.²²⁶

²¹⁸ Dr McAnulty, [Transcript of evidence](#), 8 December 2023, p 50.

²¹⁹ Department of Planning and Environment, [Water operations skills and training action plan](#), December 2022, p 5, viewed 28 February 2024.

²²⁰ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 2.

²²¹ Department of Planning and Environment, [NSW water operations workforce and training analysis: Summary report](#), September 2022, p 6, viewed 28 February 2024.

²²² Answers to supplementary questions, [NSW Health](#), pp 1-2.

²²³ Ms Bennett, [Transcript of evidence](#), 8 December 2023, p 16.

²²⁴ Mr Ray Davy, Former Acting Director, Engineering Services, Bogan Shire Council, [Transcript of evidence](#), 13 February 2024, p 16.

²²⁵ Mr Moorby, [Transcript of evidence](#), 13 December 2024, p 6.

²²⁶ Mr Crakanthorp, [Transcript of evidence](#), 12 February 2024, p 4.

- 2.93 Improving access to staff and training was a key focus area of the Town Water Risk Reduction Program. The Program brought together experts from various sectors to develop a *Water industry skills and action training plan* to improve skills of existing operators and attract more workers into the sector. The issues related to delivery of, and access to training are discussed in the following section.

Introducing mandatory training requirements for water utility operators

- 2.94 There is currently no specific legal or regulatory requirement for water operators to complete training or a qualification. A fluoridation plant operator, though, must be certified by NSW Health. This requires completion of a nationally accredited unit, *NWPTRT006 Monitor and Operate Fluoride Addition Processes*.²²⁷
- 2.95 Some stakeholders suggested that this lack of a mandatory minimum training requirement for operators contributes to underpayment.²²⁸
- 2.96 Water operator salaries in NSW fall within a narrow remuneration band, ranging from around \$53 000 - \$73 700 per annum. The estimated average salary for a water operator is about \$56 500 per annum. This compares poorly with the average income of an employee classified under the 'Other Stationary Plant Operators' category in the Federal Government's Job Outlook Survey (\$98 100 per annum).²²⁹
- 2.97 Councillor Davies attributed challenges in attracting and retaining staff to inadequate wages and argued that staff deserve a pay increase of between 30 to 40 percent of their current wage.²³⁰
- 2.98 The absence of a formal training requirement inhibits supply within the vocational training market and limits access to training for those who seek it out.²³¹ The *Water operations skills and training action plan* reports that there are only two registered training organisations (RTOs) providing training, and up to 21 new trainers needed over the next four years. This is resulting in a training gap of 369 qualifications per year.²³²
- 2.99 Water operator training is difficult to access and there are very few people in NSW accredited to provide the training.²³³ Mr Guiney described water as 'highly specialised and '...a very thin market' in the vocational education and training (VET) system. He suggested that as water services are typically not commercial,

²²⁷ [Answers to supplementary questions](#), NSW Health, p 1.

²²⁸ Mrs Ewer, [Transcript of evidence](#), 12 February 2024, p 20; Mr Moorby, [Transcript of evidence](#), 13 February 2024, p 6.

²²⁹ Department of Planning and Environment, [NSW water operations workforce and training analysis: Summary report](#), September 2022, p 6, viewed 28 February 2024.

²³⁰ Councillor Davies, [Transcript of evidence](#), 13 February 2024, p 17.

²³¹ Department of Planning and Environment, [Water operations skills and training action plan](#), December 2022, p 9, viewed 28 February 2024.

²³² Department of Planning and Environment, [Water operations skills and training action plan](#), December 2022, p 5, viewed 28 February 2024.

²³³ Mrs Briggs, [Transcript of evidence](#), 8 December 2023, pp 37-38.

government assistance would be required to build the sector's capacity to deliver this training.²³⁴

- 2.100 On 7 November 2023 the NSW Government announced 900 fee-free vocational training placements across the State to address the shortage of skilled water operators.²³⁵ Ms Amanda Jones, Deputy Secretary, Water, Department of Planning and Environment (now DCCEEW) estimated a need for 2000 placements across the State over the next couple of years. In saying that, Ms Jones noted that the challenge is that water operations are not recognised as a trade qualification, and therefore operators are paid less than many other jobs available within local government.²³⁶
- 2.101 Mr Warren Sharpe, Consultant, CRJO told the Committee that the skills shortage represents 'the biggest issue, but... also the biggest opportunity'. Councils have the opportunity to engage young people and give them a strong start to their career through trades, cadetships and other programs.²³⁷ Mr Luke Ryan, Director Infrastructure, Dubbo Regional Council said that establishing minimum qualifications as a trade for water operators could help to make the industry more attractive.²³⁸
- 2.102 DCCEEW is currently working with the sector to develop a comprehensive competency framework for water operations, with a focus on skills, training and verification requirements. This is scheduled to be delivered by the end of 2024, although effective implementation may take several years.²³⁹
- 2.103 The Committee recommends that the NSW Government develop and introduce minimum training requirements and/or competency standards for water operators. This should be done in consultation with the local water utility and VET sectors. Minimum training requirements could help to:
- recognise the critical role water operators play in safeguarding environmental and human health
 - minimise risks of water safety incidents or service delivery failure
 - ensure a consistent standard of training across the State
 - ensure fairer salaries that reflect the complexity of the work that water operators perform
 - create a more attractive industry for career seekers.

²³⁴ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 2.

²³⁵ Hon Steve Whan MP and Hon Rose Jackson MLC, [Fee-free training for water operations staff](#), media release, 7 November 2023, viewed 8 November 2023.

²³⁶ Ms Jones, [Transcript of evidence](#), 8 December 2023, p 53.

²³⁷ Mr Sharpe, [Transcript of evidence](#), 8 December 2023, p 38.

²³⁸ Mr Ryan, [Transcript of evidence](#), 13 February 2024, p 10.

²³⁹ [Answers to supplementary questions](#), DCCEEW, p 1.

Regional training centres could support uptake of training opportunities

- 2.104 The Alliance of Western Councils has submitted a proposal to the Minister for Water for construction of a regional water operator training facility at Trangie. The Alliance predicts that the facility would require an investment from the NSW Government of \$930 000.²⁴⁰
- 2.105 Councillor Davies told the Committee that the site at Trangie offers several advantages:
- it is central for the Alliance of Western Councils, an area that represents about 30 per cent of NSW²⁴¹
 - it is close to a water tower and filtration facilities operated by Narromine Shire Council
 - there is a neighbouring caravan park to accommodate people undertaking training
 - the facility could be used for training across many disciplines in local government, not just water operations
 - Indigenous people may feel more comfortable taking advantage of training offered on country.²⁴²
- 2.106 Councillor Davies emphasised the advantage of offering training on country, pointing out that many of the operators in the north-west are Indigenous people. Similarly, Mr Russell Holz, Utilities Manager, Brewarrina Shire Council said that his region has an Indigenous population of 70 per cent. Most of his Council's apprentices are Indigenous. They currently need to travel five hours to get their training. A regional training centre would help to address this.²⁴³
- 2.107 The Committee recommends that the NSW Government consider establishing regional water industry training facilities at suitable locations across the State to make training more accessible to people in regional and remote areas, and to boost the supply of trained operators to service regional and remote utilities. Strategically located regional facilities could also help encourage uptake of training by Indigenous people.
- 2.108 In addition, consultation with First Nations communities in relation to the *Water operations skills and training action plan* could help the NSW Government to find effective ways to encourage training and create further employment opportunities for Aboriginal people in the water utility sector.

²⁴⁰ [Answers to supplementary questions](#), Alliance of Western Councils, p 1.

²⁴¹ A McLaughlin, [Western councils tackle common issues under new alliance](#), *Western Plains App*, 19 July 2022, viewed 28 February 2024.

²⁴² Councillor Davies, [Transcript of evidence](#), 13 February 2024, pp 13-14.

²⁴³ Mr Holz, [Transcript of evidence](#), 13 February 2024, p 18.

Advantages of regional collaboration

Recommendation 13

That the NSW Government consider how it can better target funding and simplify bureaucracy in order to strengthen existing alliances and encourage the formation of new alliances.

- 2.109 Regional alliances and collaboration between LWUs can facilitate more strategic, efficient and cost-effective operation, particularly for smaller providers. There are various collaborative models that exist in the local water utility sector, including regional organisations of councils, regional alliances, county councils and joint organisations (JOs).
- 2.110 JOs are legal entities established under the LG Act and have the principal functions of
- establishing strategic regional priorities
 - providing regional leadership and advocating for strategic priorities
 - identifying opportunities for intergovernmental collaboration.²⁴⁴
- 2.111 LGNSW noted that alliances established through a JO or county council model can help small utilities realise economies of scale.
- 2.112 According to Councillor McCann, some councils that have elected to remain as 'bulk councils' (buying water into their own facilities to treat and send out) are facing severe infrastructure challenges and are unable to meet the costs of upgrades. 'Reticulated councils' receiving treated water from a county council, on the other hand, do not carry that same burden and are therefore better off.²⁴⁵
- 2.113 Other benefits associated with regional collaboration include an enhanced ability for councils to:
- benefit from more effective advocacy to State Government²⁴⁶
 - address skills and capability shortages
 - deliver strategic water planning at a regional scale
 - develop business cases for regional water security infrastructure across council boundaries
 - achieve more cost-effective procurement
 - drive performance improvement through regional benchmarking

²⁴⁴ [Local Government Act 1993 \(NSW\)](#), s 400R(1).

²⁴⁵ Councillor McCann, [Transcript of evidence](#), 12 February 2024, p 14.

²⁴⁶ Mr Moorby, [Transcript of Evidence](#), 13 February 2024, p 2; Councillor West, [Transcript of Evidence](#), 13 February 2024, p 26.

- develop consistent asset management practices
- support each other during emergencies or water quality incidents.²⁴⁷

2.114 Collaboration also enables better sharing of information, knowledge and best practice.²⁴⁸ This helps to ensure more sustainable water management practices and preparedness for future challenges associated with population growth and climate change.

2.115 The provision of workforce support, mentoring and training was identified as a significant advantage of collaborative models.²⁴⁹ The case study below details an initiative by the CNSWJO to address its member councils' water operator training needs.

Case study: Central NSW Joint Organisation's water operator training program²⁵⁰

Formed in 2009, the Central NSW Joint Organisation (CNSWJO) Water Utilities Alliance is a collaboration between the local government areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, Weddin and Central Tablelands Water. The Alliance has worked to achieve cost savings and efficiencies, as well as to build capability in its member councils, through joint procurement of regional contracts for various services related to water supply.

CNSWJO spent seven years identifying the training needs of water and wastewater operators across its member councils. It sourced and co-ordinated the delivery of accredited training, which was completed by 43 water operators and 46 wastewater operators from nine councils in the region.

Of the 43 operators who completed the water operator training, 19 operators were registered under the Water Industry Operators Association of Australia (WIOA) National Certification Scheme for Water Treatment Operations. Each of the 46 operators who completed the wastewater training were awarded the Certificate III in Water Industry Treatment – Wastewater.

2.116 The Committee heard evidence that there are various impediments to effective collaboration, such as the need to service vast geographical distances, inadequate funding,²⁵¹ onerous bureaucracy that can hinder joint tendering²⁵² and disputes over resource allocation.²⁵³ Skills shortages can also be an obstacle,

²⁴⁷ [Answers to supplementary questions](#), Water Directorate, p 1.

²⁴⁸ [Submission 11](#), p 3; [Answers to supplementary questions](#), Berrigan Shire Council, p 3.

²⁴⁹ [Answers to supplementary questions](#), Cowra Council, p 1; Mr Ryan, [Transcript of evidence](#), 13 February 2024, p 3.

²⁵⁰ Central NSW Joint Organisation, [Case study: Central NSW Joint Organisation Water Operator Training Program](#), viewed 1 March 2024.

²⁵¹ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 1.

²⁵² Dr McKean, [Transcript of evidence](#), 12 February 2024, p 21.

²⁵³ [Answers to supplementary questions](#), Berrigan Shire Council, p 3.

as under-staffed utilities cannot spare the resources to undertake strategic improvement activity without some form of external assistance.²⁵⁴

- 2.117 Furthermore, not all eligible councils are a member of their JO, or believe JOs are worthwhile.²⁵⁵ While they could be encouraged to join, this should not be mandated.
- 2.118 Stakeholders identified several opportunities for the State Government to encourage and incentivise collaboration between LWUs, including:
- establishing regional training centres to address skills shortages²⁵⁶
 - simplifying regulations and streamlining approvals for quicker decision making
 - supporting skills development to improve collaborative project management, including negotiation and conflict resolution
 - developing clear policy guidelines to reduce uncertainty and mitigate potential conflicts
 - establishing dedicated channels for dialogue and information exchange (e.g. forums and workshops)
 - awards or recognition of successful and innovative initiatives delivered by alliances.²⁵⁷
- 2.119 The Queensland Water Regional Alliance Program (QWRAP) was cited by the Water Directorate as a good example of a model that promotes regionalisation of water and sewerage services to achieve economies of scale, improve strategic planning and encourage benchmarking. QWRAP is a collaboration between 60 councils, the Queensland Government, Queensland Water Directorate and the Local Government Association of Queensland.²⁵⁸ It receives approximately \$2 million²⁵⁹ in annual funding and, in turn, provides funding for projects that promote ongoing regionalisation and collaboration.
- 2.120 Regional collaboration plays an important role in supporting the more efficient and cost-effective operation of LWUs. The Committee recommends that the NSW Government consider how it can better target funding and simplify bureaucracy in order to strengthen existing alliances and encourage the formation of new alliances.

²⁵⁴ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 1.

²⁵⁵ Councillor West, [Transcript of evidence](#), 13 February 2024, p 26.

²⁵⁶ [Answers to supplementary questions](#), Orana Water Utilities Alliance, p 2.

²⁵⁷ [Answers to supplementary questions](#), Berrigan Shire Council, pp 4-5.

²⁵⁸ QLD Water, [Queensland Water Regional Alliance Program](#), viewed 1 March 2024.

²⁵⁹ Mr Guiney, [Transcript of evidence](#), 8 December 2023, p 6.

Appendix One – Terms of reference

The Committee will inquire into and report on how the Government can prevent and stop privatisation of local water utilities with reference to:

- (a) How local water utilities and their assets can be best protected against privatisation, forced amalgamations and sell-offs;
- (b) Reviewing governance and other legislation relating to the potential privatisation of local water utilities; and
- (c) Any other related matters.

Appendix Two – Conduct of inquiry

Inquiry referral

On 3 August 2023, the Legislative Assembly resolved, on the motion of the Hon Ron Hoenig MP (Leader of the House and Minister for Local Government), to appoint a Joint Select Committee on Protecting Local Water Utilities from Privatisation.

The Legislative Council agreed to the Assembly's resolution on 24 August 2023.

On 10 October 2023, the Legislative Assembly agreed to amend the resolution of 3 August 2023 to extend the Committee's reporting date from 30 November 2023 to 29 March 2024.

Call for submissions

The Committee issued a media release on 21 November 2023 and wrote to key stakeholders inviting them to make a submission to the inquiry.

Submissions closed on 29 October 2023. A total of 34 submissions were received from councils, county councils, joint organisations, government agencies and members of the public.

A list of submissions is at Appendix Four. Submissions are available on the Committee [webpage](#).

Briefings

On 15 November 2023 the Committee received a private briefing from representatives of the NSW Department of Planning and Environment, NSW Health and the Office of Local Government NSW.

Hearings

The Committee held three public hearings, one on 8 December 2023 in Parliament House, one on 12 February 2024 in Wagga Wagga and one on 13 February 2024 in Dubbo. Representatives from councils, county councils, joint organisations and government agencies appeared as witnesses.

A list of witnesses is at Appendix Four. Transcripts of evidence taken at the hearings are available on the Committee's [webpage](#).

Site visits

On 12 February 2024 the Committee visited the Riverina Water treatment plant in Wagga Wagga.

On 13 February 2024 the Committee visited the John Gilbert water treatment plant in Dubbo.

Details of the site visit are at Appendix Five.

Appendix Three – Submissions

No.	Author
1	Narrabri Shire Council
2	Bathurst Regional Council
3	Shoalhaven Water
4	Canberra Region Joint Organisation
5	Singleton Council
6	Orange City Council
7	Clarence Valley Council
8	Berrigan Shire Council
9	Dr Austin Morris
10	Bogan Shire Council
11	Central NSW Joint Organisation (CNSWJO)
12	Mr Richard Spain
13	Bellingen Shire Council
14	Goulburn Mulwaree Council
15	Coolamon Shire Council
16	Leeton Shire Council
17	Community Environment Network
18	Goldenfields Water County Council
19	Mr Stephen Palmer
20	Local Government NSW
21	Port Macquarie Hastings Council
22	Rous County Council
23	Riverina Water County Council
24	Central Tablelands Water
25	Country Mayors Association of NSW
26	Orana Water Utilities Alliance
27	Riverina Eastern Regional Organisation of Councils
28	Northern Rivers Joint Organisation
29	Water Directorate
30	Balranald Shire Council
31	Cowra Council
32	NSW Environment Protection Authority (EPA)
33	Bourke Shire Council

34	Bland Shire Council
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Appendix Four – Witnesses

08 December 2023, Macquarie Room, Parliament House, Sydney, NSW

Witness	Position and Organisation
Mr Brendan Guiney	Executive Officer, Water Directorate
Cr Russell Fitzpatrick	Board Member, Country Mayors Association of NSW
Mr Anthony McMahon	Chief Executive Officer, Bega Valley Shire Council, Country Mayors Association of NSW
Ms Jenny Bennett	Executive Officer, Central NSW Joint Organisation
Cr Sharon Cadwallader	Chair, Northern Rivers Joint Organisation
Mr John Truman	Director - Civil Services, Ballina Shire Council, Northern Rivers Joint Organisation
Mr Ross Earl	Executive Officer, Far North West Joint Organisation
Cr Barry Hollman	Chair, Far North West Joint Organisation
Ms Leonie Brown	General Manager, Bourke Shire Council, Far North West Joint Organisation
Mr Quentin Adams	Manager Utilities and Waste Business, Snowy Valleys Council, Canberra Region Joint Organisation
Mr Warren Sharpe	Consultant, Canberra Region Joint Organisation
Mr Graeme Mellor	Manager Water Services, Wingecarribee Shire Council, Canberra Region Joint Organisation
Mrs Julie Briggs	CEO, Riverina Eastern Regional Organisation of Councils
Cr Rick Firman OAM	Chairman, Riverina Eastern Regional Organisation of Councils
Cr Darriea Turley AM	President, Local Government NSW, Local Government NSW
Mr David Reynolds	Chief Executive, Local Government NSW
Dr Jeremy McAnulty PSM	Executive Director, Health Protection NSW, NSW Health
Dr Paul Byleveld PSM	A/Director, Environmental Health Branch, Health Protection NSW, NSW Health

Ms Amanda Jones	Deputy Secretary – Water, NSW Department of Planning and Environment
Mr Ashraf El-Sherbini	A/Chief Operating Officer - Water, NSW Department of Planning and Environment
Mr Brett Whitworth	Deputy Secretary, Office of Local Government, Office of Local Government NSW

12 February 2024, International Hotel Wagga Wagga, Wagga Wagga, NSW

Witness	Position and Organisation
Mr Andrew Crakanthorp	Chief Executive Officer, Riverina Water County Council
Mr Tim Koschel	Chairperson, Riverina Water County Council
Mr Aaron Drenovski	General Manager, Goldenfields Water County Council
Mr Geoffrey Veneris	Manager Production & Services, Goldenfields Water County Council
Cr David McCann OAM	Mayor, Coolamon Shire Council
Mr Tony Donoghue	General Manager, Coolamon Shire Council
Mr Ray Graham	Director Technical Services, Bland Shire Council
Mrs Karina Ewer	Chief Executive Officer, Berrigan Shire Council
Dr Julia Cornwell McKean	Mayor, Berrigan Shire Council
Mr Luke Tedesco	Manager of Environmental Sustainability, Leeton Shire Council
Ms Yvonne Lingua	Executive Officer, Riverina & Murray Joint Organisation (RAMJO)

13 February 2024, Dubbo RSL, Dubbo, NSW

Witness	Position and Organisation
Mr Luke Ryan	Director Infrastructure, Dubbo Regional Council
Mr Chris Godfrey	Manager Strategy Water Supply and Sewerage, Dubbo Regional Council
Ms Bec Eade	Manager Operations Water Supply and Sewerage, Dubbo Regional Council
Mr Doug Moorby	Technical Chairman, Orana Water Utilities Alliance
Cr Craig Davies	Chair, Alliance of Western Councils

Mr Ray Davy	Former Acting Director Engineering Services, Bogan Shire Council
Ms Megan Dixon	General Manager, Walgett Shire Council
Mr Kazi Mahmud	Director of Engineering, Walgett Shire Council
Mr Russell Holz	Utilities Manager, Brewarrina Shire Council
Cr David Somerville	Chairperson, Central Tablelands Water
Mr Gavin Rhodes	General Manager, Central Tablelands Water
Cr Bill West	Former Mayor, Cowra Council
Mr Dirk Wymer	Director Infrastructure & Operations, Cowra Council

Appendix Five – Site Visits

In February 2024, members of the Select Committee conducted two site visits to support its inquiry into protecting local water utilities from privatisation. Members visited:

- Wagga Wagga water treatment plant – Riverina Water County Council
- John Gilbert water treatment plant – Dubbo Regional Council

The site visits allowed the Committee to learn about how water utilities treat and supply drinking water to large regional towns. Members heard about how water is sourced and the different stages of treatment required to provide high quality drinking water. Members also learned about water supply networks and how a general purpose council and county council owned local water utility operate.

The tour of the new \$44 million Wagga Wagga water treatment plant gave members insight into the importance of technology and fit-for-purpose infrastructure in meeting the drinking water needs of communities. The new facility has helped to future-proof drinking water supply for the region. Compared to the previous plant, which was constructed in 1938, Riverina Water's new facility allows treatment of more water from the Murrumbidgee, as well as water at much higher turbidity levels.

While in Dubbo, the Committee toured the John Gilbert Water Treatment Plant. Members appreciated the opportunity to see the facilities and hear first-hand from staff about local and regional challenges impacting drinking water supply.

The operation of local water utilities is complex and highly technical. These utilities are staffed by capable and knowledgeable people with a deep commitment to providing the highest level of service in their community. This was evident at both sites the Committee visited.

The Committee would like to thank the staff of Riverina Water County Council: Mr Andrew Crakanthorp, CEO; Mr Tim Koschel, Chairperson; Ms Melissa Vincent, Executive Assistant to CEO; Mr Renier Van Zyl, Operations Engineer; and Mr Troy Van Berkel, Director Engineering.

The Committee would also like to thank the staff at Dubbo Regional Council: Mr Luke Ryan, Director Infrastructure; Mr Chris Godfrey, Manager Strategy Water Supply and Sewerage; Ms Bec Eade, Manager Operations Water Supply and Sewerage; Mr Srinivas Yeepe, Water and Sewer Operations Engineer; Mr Jason Naveau, Acting Treatment Operations Coordinator; and Mr Glenn Clifford, Water Treatment Plant Team Leader.

Appendix Six – Extracts from minutes

MINUTES OF MEETING No 1

1.33 pm, 21 September 2023

Jubilee Room and videoconference

Members present

Mr Lawrence (Chair), Ms Faehrmann (Deputy Chair), Mr Banasiak, Ms Butler, Mr Clancy, Ms Cooke (via Webex), Mrs Dalton, Mr Fang (via Webex), Ms Suvaal and Mr Whan

Officers in attendance

Sam Griffith, Patrick Glynn, Sarah Trieu and Isabella Ciampa.

1. Appointment of committee

The Chair opened the meeting and noted the following extracts from the Legislative Assembly Votes and Proceedings and the Legislative Council Minutes:

Legislative Assembly Votes and Proceedings no 18, Item 12, 3 August 2023:

Mr Ron Hoenig moved, That a Joint Select Committee, to be known as the Joint Select Committee on Protecting Local Water Utilities from Privatisation, be appointed.

(1) The Committee will inquire into and report on how the Government can prevent and stop privatisation of local water utilities with reference to:

- (a) How local water utilities and their assets can be best protected against privatisation, forced amalgamations and sell-offs;
- (b) Reviewing governance and other legislation relating to the potential privatisation of local water utilities; and
- (c) Any other related matters.

(2) The Committee will consult with key stakeholders as required.

(3) The Committee may consider legislative or any other regulatory changes.

(4) The Committee is to consist of five members of the Legislative Assembly, including two Government members and three non-Government members, at least one of which must be a crossbench member, and five members of the Legislative Council, including two Government members (one of whom shall be Chair) and three non-Government members, at least two of which must be crossbench members.

(5) The Honourable Stephen Lawrence MLC shall be the Chair of the Committee.

(6) All Legislative Assembly Committee members be nominated in writing, by the Government and Opposition Whips, to the Clerk of the Legislative Assembly by 18 August 2023. Any changes in membership, including the crossbench member, shall also be so notified.

(7) That at any meeting of the Committee, six members shall constitute a quorum, provided that the Committee meets as a joint Committee at all times.

(8) The Committee have leave to make visits of inspection within the State of New South Wales, and other States and Territories of Australia.

(9) The Committee will have leave to sit during the sitting or any adjournment of the House.

(10) The Committee report by 30 November 2023.

(11) A message be sent to the Legislative Council requesting the Legislative Council agree to the resolution and nominate five of its members to the proposed Committee.

Legislative Council Minutes no 12, Item 22, 24 August 2023:

On the order of the day for consideration of the Legislative Assembly's message of 3 August 2023 being read, Ms Sharpe moved:

(1) That this House agrees to the resolution in the Legislative Assembly's message of Thursday 3 August 2023 relating to the appointment of a Joint Select Committee on Protecting Local Water Utilities from Privatisation.

(2) That the representatives of the Legislative Council on the Joint Select Committee be Mr Banasiak, Ms Faehrmann, Mr Fang, Mr Lawrence and Ms Suvaal.

(3) That, notwithstanding anything to the contrary in the standing orders, this House requests that the Clerk of the Legislative Assembly set the time and place of the first meeting.

Question put and passed.

Legislative Assembly Votes and Proceedings no 23, Item 10, 13 September 2023:

The Clerk announced in accordance with the resolution of the House of 3 August 2023, the receipt of the following nominations in writing, by the Government and Opposition Whips, to the Joint Select Committee on Protecting Local Water Utilities from Privatisation: Ms Liza Butler; Mr Justin Clancy; Ms Steph Cooke; Mrs Helen Dalton; and Mr Steve Whan.

2. Election of Deputy Chair

Resolved, on the motion of Mrs Dalton, seconded by Ms Suvaal:

That Ms Faehrmann be elected Deputy Chair of the Committee.

3. Administrative and staffing arrangements

The Committee Director introduced the secretariat and outlined staffing arrangements.

4. Briefing note on the confidentiality of Committee proceedings and documents

Resolved, on the motion of Ms Butler, seconded by Mr Clancy:

That the Committee note the briefing note on the confidentiality of Committee proceedings and documents prepared by the secretariat.

5. Standard motions

Resolved, on the motion of Ms Suvaal, seconded by Mr Banasiak:

That unless the Committee resolves otherwise:

Conduct of proceedings

1. During any committee meeting, if a division or quorum is called in the Legislative Assembly, or either House in the case of joint committees, the meeting will be suspended until the committee regains quorum.
2. Conditions for the broadcasting, filming or photography of the committee's public proceedings will be determined by the committee on a case-by-case basis. Those conditions shall be consistent with the Legislative Assembly's resolution of 9 May 2023; and the Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
3. Witnesses appearing before the committee will not be represented by a member of the legal profession or other advocate.
4. Committee members can only use electronic devices unobtrusively during committee proceedings, so that they do not interfere with, or disrupt, the conduct of those proceedings.
5. Supplementary questions for witnesses, following a public hearing, shall be determined by the committee.
6. Media releases on behalf of the committee can only be made by the Chair; and where practicable, following consultation with the committee.

Administrative arrangements

7. Arrangements that facilitate or support committee proceedings and activities be delegated to the Chair and the committee staff, to undertake in accordance with the committee's decisions.
8. Members nominated by the committee to undertake site visits are expected, where practicable, to participate in the full itinerary.
9. The Chair and the Committee Director, through the Clerk of the Legislative Assembly, be authorised to liaise with the Speaker on approvals for committee expenditure.

Communications and engagement

10. The Legislative Assembly's Engagement Team will support and promote the work of the committee. The Team will implement any agreed media and engagement strategy and coordinate the production of media and other promotional activity with the Chair.

6. Inquiry into protecting local water utilities from privatisation

6.1. Terms of reference

The Committee noted the terms of reference, as set out in the establishing resolution.

6.2. Inquiry timeline

The Committee discussed requesting the Houses to extend the 30 November 2023 reporting deadline to 29 March 2024. The secretariat circulated a revised provisional timeline to members.

Resolved, on the motion of Ms Faehrmann, seconded by Ms Butler:

- That the resolution of 3 August 2023 be amended to extend the reporting deadline to 29 March 2024, to be actioned by the secretariat.
- That the Committee write to the Minister for Water to inform her of the Committee's resolution to seek an extension.

6.3. Submissions and stakeholder invitations

The Committee discussed potential inquiry stakeholders.

Resolved, on the motion of Mr Banasiak, seconded by Ms Suvaal:

- That the Committee invite public submissions until Sunday 29 October 2023
- That the Committee write to the following stakeholders, inviting them to make a written submission by Sunday 29 October 2023:
 - Adapt NSW
 - Dams Safety NSW
 - Natural Resources Access Regulator (NRAR)
 - NSW Environment Protection Authority
 - NSW Department of Planning and Environment
 - NSW Health
 - Office of Local Government
 - Water NSW
 - Independent Pricing and Regulatory Tribunal (IPART)
 - Regional Aboriginal Water Committees (DPE Aboriginal Water Program)
 - Training NSW
 - Department of Climate Change, Energy, the Environment and Water
 - Infrastructure Australia
 - Productivity Commission
 - Water Industry Operators Association of Australia (WIOA)
 - Water Research Australia
 - Water Services Association of Australia (WSAA)

- Australian Water Association
- Country Mayors Association of NSW Inc
- Local Government NSW
- NSW Aboriginal Land Council
- NSW Farmers Association
- NSW Irrigators' Council
- Public Interest Advocacy Centre
- Water Directorate
- Canberra Region Joint Organisation
- Central NSW Joint Organisation
- Hunter Joint Organisation
- Illawarra Shoalhaven Joint Organisation
- Namoi Joint Organisation
- New England Joint Organisation
- Northern Rivers Joint Organisation
- Orana Joint Organisation
- Riverine and Murray Joint Organisation
- Riverina Joint Organisation
- Mid North Coast Joint Organisation
- Far North West Joint Organisation
- Far South West Joint Organisation
- Local Water Utilities
- Public Service Association
- Australian Services Union – NSW and ACT branch
- Law Society NSW
- Bar Association
- Australian Lawyers Alliance
- Professor Cameron Holley, Head of School, School of Law, Society and Criminology, University of New South Wales
- Associate Professor Michael Johnson, School of Social Sciences, University of New South Wales
- Professor Stuart Khan, School of Civil and Environmental Engineering, University of New South Wales
- Professor Rosemary Lyster, Co-Leader, Climate Disaster and Adaptation Cluster, Sydney Environment Institute, University of Sydney

- Professor Denis O'Carroll, Director, Water Research Centre, School of Civil and Environmental Engineering, University of New South Wales
- Dr Jim Stanford, Economist and Director, Centre for Future Work
- That any member circulate to the Committee and the secretariat any proposed additional stakeholders by Friday 22 September 2023 at 12pm.

6.4. Chair's media release

Resolved, on the motion of Mr Clancy:

That the chair issue a media release announcing the commencement of the Committee's inquiry into protecting local water utilities from privatisation.

7. Private briefing

Resolved, on the motion of Ms Suvaal:

That the Committee invite relevant NSW Government agencies to provide a private briefing to the Committee about the local water utility sector.

8. General business

8.1. DPS Research Service

Resolved, on the motion of Mr Banasiak, seconded by Mr Clancy:

That the Committee commission research from the Parliamentary Library on privatisation of water utilities in other jurisdictions.

9. Next Meeting

The meeting adjourned at 1.53pm until a time and date to be determined.

MINUTES OF MEETING No 2

9.17 am, 15 November 2023

Preston Stanley Room and teleconference

Members present

Mr Lawrence (Chair), Ms Faehrmann (Deputy Chair) (Webex), Ms Butler (Webex), Mr Clancy (Webex), Ms Cooke (Webex), Mr Fang (Webex), Ms Suvaal (Webex) and Dr Holland (Webex).

Apologies

Mrs Dalton and Mr Banasiak

Officers in attendance

Rohan Tyler, Patrick Glynn, Alexander Read, Shanshan Guo, Charlotte Hock, Isabella Ciampa, Yann Pearson.

1. Confirmation of minutes

Resolved, on the motion of Mr Clancy: That the minutes of the meeting of 21 September 2023 be confirmed.

2. Correspondence

The Committee noted the following item of correspondence:

- Letter from Andrew Nicholls, Chief Executive Officer, Independent Pricing and Regulatory Tribunal, dated 25 October 2023, in response to the Committee's invitation to make a submission

3. Inquiry into protecting local water utilities from privatisation

3.1. Private briefings with government agencies

Resolved, on the motion of Mr Clancy: That the Committee admit the following departmental officers to brief the Committee in relation to local water utilities:

- Mr Ashraf El-Sherbini, A/Chief Operation Officer, DPE – Water
- Ms Jane Shepherd, Director Local Water Utilities, DPE – Water
- Mr Sascha Moege, Manager Water Utility Policy and Pricing, DPE – Water
- Dr Jeremy McAnulty PSM, Executive Director, Health Protection NSW
- Dr Paul Byleveld PSM, A/Director, Environmental Health Branch, NSW Health
- Mr Brett Whitworth, Deputy Secretary, Local Government

3.2. Background paper prepared by Parliamentary Research Service

The Committee noted the background paper prepared by the Parliamentary Research Service.

3.3. Submissions

The Committee considered submissions 1-34 for publication.

Resolved, on the motion of Mr Clancy: That the Committee accept and publish submissions 1-34 in full with standard redactions, as set out in the publication table.

3.4. Witnesses for public hearing

The Committee considered potential witnesses to be invited to give evidence at the public hearing at Parliament House on 8 December.

Resolved, on the motion of Mr Fang: That the Committee invite the following witnesses to give evidence at a public hearing on 8 December 2023:

- NSW Department of Planning and Environment – Water
- NSW Health
- Office of Local Government
- Local Government NSW
- Water Directorate
- Country Mayors Association
- Canberra Region Joint Organisation

- Central NSW Joint Organisation
- Orana Water Utilities Alliance
- Riverina Eastern Regional Organisation of Councils
- Northern Rivers Joint Organisation
- Far North West Joint Organisation
- Far West Joint Organisation

3.5. Forward work plan

The Committee considered whether to conduct additional hearings in one or two regional cities.

Mr Fang moved: That the Committee hold public hearings in Dubbo and Wagga Wagga in early 2024, with the possibility of also conducting site inspections in either location.

Motion put.

The Committee divided.

Ayes: Mr Fang, Ms Butler, Mr Clancy, Ms Cooke and Ms Faehrmann.

Noes: Mr Lawrence and Ms Suvaal.

Motion resolved in the affirmative.

4. General business

5. Next meeting

The Committee adjourned at 11:25 and will meet on 8 December 2023.

MINUTES OF MEETING No 3

9.16 am, 8 December 2023

Macquarie Room and teleconference

Members present

Mr Lawrence (Chair), Ms Faehrmann (Deputy Chair) (Webex), Mr Clancy (Webex), Ms Suvaal (Webex), Dr Holland, Mr Banasiak, Mrs Dalton, Ms Cooke and Mr Fang.

Apologies

Ms Butler

Officers in attendance

Rohan Tyler, Patrick Glynn, Alexander Read, Charlotte Hock, Isabella Ciampa, Yann Pearson.

1. Confirmation of minutes

Resolved, on the motion of Mr Clancy: That the minutes of the meeting of 15 November 2023 be confirmed.

2. Pre-hearing deliberative meeting

The Committee considered the standard resolutions for the conduct of the public hearing on 8 December 2023.

Resolved, on the motion of Mr Banasiak: That:

- the Committee invites the witnesses listed in the notice of the public hearing for Friday 8 December 2023 to give evidence in relation to protecting local water utilities from privatisation.
- the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 8 December 2023 in accordance with the Legislative Assembly's guidelines for the coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
- the Committee adopt the following process in relation to supplementary questions:
 - Members to email any proposed supplementary questions for witnesses to the secretariat by 4pm, Wednesday 13 December 2023
 - Secretariat to then circulate all proposed supplementary questions to the Committee, with members to lodge any objections to the questions by 4pm, Friday 15 December 2023.
 - That witnesses be requested to return answers to questions taken on notice and supplementary questions by 4pm, Friday 12 January 2024.

3. Public hearing – Inquiry into protecting local water utilities from privatisation.

The Chair opened the public hearing at 9:31 am and made a short opening statement.

The following witness was admitted:

- Mr Brendan Guiney, Executive Officer – Water Directorate, sworn and examined.

The Committee questioned the witness. Evidence concluded and the witness withdrew.

At 10:22 am the following witnesses were admitted by videoconference:

- Cr Russell Fitzpatrick, Mayor of Bega Valley Shire Council – Country Mayors Association of NSW, affirmed and examined.
- Mr Anthony McMahon, CEO of Bega Valley Shire Council, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 11:09 am the following witness was admitted by videoconference:

- Ms Jenny Bennett, Executive Officer – Central NSW Joint Organisation, affirmed and examined.

The Committee questioned the witness. Evidence concluded and the witness withdrew.

At 11:44 am the following witnesses were admitted by videoconference:

- Cr Sharon Cadwallader, Chair – Northern Rivers Joint Organisation, sworn and examined.
- Mr John Truman, Director – Civil Services Ballina Shire Council, sworn and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 1:28 pm the following witnesses were admitted by videoconference.

- Mr Ross Earl, Executive Officer – Far North West Joint Organisation, affirmed and examined.
- Cr Barry Holman, Chair Far North West Joint Organisation, affirmed and examined.
- Leonie Brown, General Manager, Bourke Shire Council, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 2:13 pm the following witnesses were admitted by videoconference:

- Mr Warren Sharp, Consultant to Canberra Region Joint Organisation – Canberra Region Joint Organisation, affirmed and examined.
- Mr Quentin Adams, Manager Utilities and Waste Business – Canberra Joint Region Organisation, affirmed and examined.
- Mr Graeme Mellor, Manager Water Services – Wingecarribee Shire Council, Canberra Region Joint Organisation, affirmed and examined.
- Mrs Julie Briggs, CEO – Riverina Eastern Regional Organisation of Councils, sworn and examined.
- Cr Rick Firman, Chairman – Riverina Eastern Regional Organisation of Councils, sworn and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 3:04 pm the following witnesses were admitted:

- Mr David Reynolds, Chief Executive – Local Government NSW, sworn and examined.
- Cr Darriea Turley, President – Local Government NSW, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 3:49 pm the following witnesses were admitted:

- Ms Amanda Jones, Chief Strategy Officer – Water, Department of Planning, Industry and Engagement (DPIE), affirmed and examined.

- Mr Ashraf El-Sherbini, A/Chief Operating Officer, Metropolitan Water Strategies, Department of Planning, Industry, and Environment (DPIE), affirmed and examined.
- Dr Jeremy McAnulty, Executive Director – NSW Health, affirmed and examined.
- Dr Paul Byleveld, A/ Director – NSW Health, sworn and examined.
- Mr Brett Whitworth, Deputy Secretary, Office of Local Government – Office of Local Government NSW, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

4. Post-hearing deliberative

The Chair opened the deliberative meeting at 4:28 pm.

Resolved on the motion of Mr Banasiak: That the corrected transcript of evidence given on 8 December 2023 be authorised for publication and uploaded to the Committee's webpage.

5. Future work plan - Protecting local water utilities from privatisation

Resolved, on the motion of Mr Banasiak: That:

- the Committee seek funding approval from the Speaker to undertake regional hearings and site inspections in Dubbo and Wagga Wagga in 2024
- the Committee invite the following witnesses to give evidence at the hearings:
 - Dubbo Regional Council
 - Alliance of Western Councils
 - Bogan Shire Council
 - Walgett Shire Council
 - Brewarrina Shire Council
 - Central Tablelands Water
 - Cowra Council
 - Orange Shire Council
 - Three Rivers Regional Alliance
 - Riverina Water County Council
 - Goldenfields Water
 - Bland Shire Council
 - Coolamon Shire Council
 - Riverina Murray Joint Organisation
 - Berrigan Shire Council
 - Leeton Shire Council
 - Riverina Murray Regional Alliance
- the Committee authorise the Chair and secretariat to make arrangements for the regional hearings and site inspections.

6. Next meeting

The Committee adjourned at 4:28pm until a date to be determined.

MINUTES OF MEETING No 4

9.02 am, 12 February 2024

International Hotel Wagga Wagga and teleconference

Members present

Mr Lawrence (Chair), Mr Banasiak, Mr Clancy, Ms Cooke, Mrs Dalton, Mr Fang, Dr Holland (Webex), Ms Suvaal (Webex)

Apologies

Ms Faehrmann (Deputy Chair)

Officers in attendance

Rohan Tyler, Patrick Glynn, Alexander Read and Isabella Ciampa.

1. Confirmation of minutes

Resolved, on the motion of Mr Banasiak: That the minutes of the meeting of 8 December 2023 be confirmed.

2. Correspondence

The Committee noted the following correspondence:

- Letter from the Minister for Aboriginal Affairs and Treaty, dated 18 January 2024, providing advice in relation to Aboriginal Communities Water and Sewerage Program projects delivered near Wagga Wagga and Dubbo. (Information requested by secretariat in preparation for regional hearings.)
- Letter from Evelyn Arnold, General Manager, Greater Hume Council to Andrew Crakanthorp, CEO, Riverina Water, dated 19 January 2024 (received 7 February 2024), expressing the Council's support for Riverina Water.
- Letter from Cr Greg Verdon, Mayor, Lockhart Shire Council to Andrew Crakanthorp, CEO, Riverina Water, dated 29 January 2024 (received 7 February 2024), expressing the Council's support for Riverina Water.
- Letter from Cr Patrick Bourke, Mayor, Federation Council to Andrew Crakanthorp, CEO, Riverina Water, dated 31 January 2024 (received 7 February 2024), expressing the Council's support for Riverina Water.

3. Inquiry into protecting local water utilities from privatisation

Pre-hearing deliberative meeting

3.1. Arrangements for regional travel

The Committee noted that on 19 December 2023 members were notified via email of the arrangements for chartering a flight from Wagga Wagga to Dubbo on 12 February 2024 and the rationale for doing so, and that no concerns or objections were raised by members.

3.2. Publication of answers to questions on notice and supplementary questions

Resolved, on the motion of Mr Clancy: That the Committee accept and publish the following answers to supplementary questions and questions on notice at the public hearing held on 8 December 2023:

- Cr Darriea Turley AM and Mr David Reynolds, LGNSW, received 9 January 2024
- Cr Sharon Cadwallader, Northern Rivers Joint Organisation, received 10 January 2024
- NSW Health, received 12 January 2024
- Country Mayors Association, received 12 January 2024
- Riverina Eastern Regional Organisation of Councils, received 12 January 2024
- Mr Brendan Guiney, Water Directorate, received 15 January 2024
- Central NSW Joint Organisation, received 17 January 2024
- Department of Climate Change, Energy, the Environment and Water, received 19 January 2024
- Mr Ross Earl and Cr Barry Hollman, Far North West Joint Organisation, received 23 January 2024
- Canberra Region Joint Organisation, received 30 January 2024

3.3. ***

3.4. Media orders for public hearing

Resolved, on the motion of Mr Fang: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 12 February 2024, in accordance with the Legislative Assembly's resolution of 9 May 2023, and the Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

3.5. Documents tendered from 8 December public hearing

Resolved, on the motion of Mr Fang: That the committee accept and publish the document tendered by Far North West Joint Organisation at the public hearing on 8 December 2023.

3.6. Questions on notice and supplementary questions

Resolved on the motion of Mr Fang: That:

- the Committee adopt the following process in relation to supplementary questions and answers to questions taken on notice:
 - Members to email any proposed supplementary questions for witnesses to the secretariat by 4pm, Wednesday 14 February;

- Secretariat to then circulate all proposed supplementary questions to the Committee, with members to lodge any objections to the questions by 4pm, Thursday 15 February.
- Witnesses be requested to return answers to questions taken on notice and any supplementary questions within 7 days of the date on which questions are forwarded to witnesses.

Public hearing

The Chair opened the public hearing at 9:15 am and made a short opening statement.

The following witnesses were admitted:

- Mr Andrew Crakanthorp, CEO, Riverina Water County Council, affirmed and examined
- Mr Tim Koschel, Chairperson, Riverina Water County Council, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 10:02 the following witnesses were admitted:

- Cr David McCann, Mayor, Coolamon Shire Council, sworn and examined
- Mr Tony Donoghue, General Management, Coolamon Shire Council, affirmed and examined
- Mr Ray Graham, Director Technical Services Bland Shire Council, affirmed and examined
- Mr Aaron Drenovski, General Manager, Goldenfields Water County Council, sworn and examined
- Mr Geoffrey Veneris, Manager Production and Services, Goldenfields Water Country Council, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 11:02 the following witnesses were admitted:

- Mrs Karina Ewer, Chief Executive Officer, Berrigan Shire Council, affirmed and examined
- Dr Julia Cornwell McKean, Mayor, Berrigan Shire Council, affirmed and examined
- Ms Yvonne Lingua, Executive Officer, Riverina & Murray Joint Organisation (RAMJO), affirmed and examined
- Mr Luke Tedesco, Manager of Environmental Sustainability, Leeton Shire Council, sworn and examined

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

Post-hearing deliberative meeting

The Chair opened the deliberative meeting at 11:47.

3.7. Publication orders

Resolved, on the motion of Mr Banasiak: That the corrected transcript of public evidence given today be authorised for publication and uploaded to the Committee's webpage.

3.8. Acceptance and publication of tendered documents

Resolved, on the motion of Mr Fang: That the committee accept and publish the document tendered by Riverina Water, titled Size and Scale: County Councils in NSW.

4. Next meeting

The Committee adjourned at 11:53 until Tuesday 13 February at 8.55 am.

MINUTES OF MEETING No 5

9.04 am, 13 February 2024

Dubbo RSL and teleconference

Members present

Mr Lawrence (Chair), Mr Banasiak, Ms Butler, Mr Clancy, Ms Cooke, Mrs Dalton and Mr Fang

Apologies

Ms Faehrmann (Deputy Chair), Dr Holland and Ms Suvaal

Officers in attendance

Rohan Tyler, Patrick Glynn, Alexander Read and Isabella Ciampa.

1. Inquiry into protecting local water utilities from privatisation

Pre-hearing deliberative meeting

1.1. Media orders for public hearing

Resolved, on the motion of Mr Banasiak: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 13 February 2024, in accordance with the Legislative Assembly's resolution of 9 May 2023, and the Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

1.2. Questions on notice and supplementary questions

Resolved, on the motion of Mr Clancy:

- That the Committee adopt the following process in relation to supplementary questions and answers to questions taken on notice:
 - Members to email any proposed supplementary questions for witnesses to the secretariat by 4pm, Wednesday 14 February;
 - Secretariat to then circulate all proposed supplementary questions to Committee, with members to lodge any objections to the questions by 4pm, Thursday 15 February.
 - That witnesses be requested to return answers to questions taken on notice and any supplementary questions within 7 days of the date on which questions are forwarded to witnesses.

Public hearing

The Chair opened the public hearing at 9:06 am and made a short opening statement.

The following witnesses were admitted:

- 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 Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 10:03 am the following witnesses were admitted:

- Cr 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 Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 10:55 am the following witnesses were admitted:

- Ms Megan Dixon, General Manager, Walgett Shire Council, affirmed 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 Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

At 11:40 am the following witnesses were admitted:

- Cr David Somervaille, Chairperson, Central Tablelands Water, sworn and examined
- Mr Gavin Rhodes, General Manager, Central Tablelands Water, affirmed and examined
- Cr Bill West, Former Mayor, Cowra Council, affirmed and examined
- Mr Dirk Wymer, Director Infrastructure and Operations, Cowra Council, affirmed and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

Post-hearing deliberative meeting

The Chair opened the deliberative meeting at 12:28 pm.

1.3. Publication orders

Resolved, on the motion of Mr Banasiak: That the corrected transcript of public evidence given today be authorised for publication and uploaded to the Committee's webpage.

1.4. Private report workshop

The Committee discussed information to be included in the report.

2. General business

None.

3. Next meeting

The Committee adjourned at 12:50 pm until a date to be determined.

UNCONFIRMED MINUTES OF MEETING No 6

2.33 pm, 25 March 2024

Meeting room 1043 and teleconference

Members present

Mr Lawrence (Chair) (Webex), Ms Faehrmann (Deputy Chair) (Webex), Mr Banasiak (Webex), Ms Butler (Webex), Mr Clancy (Webex), Ms Cooke (Webex), Mrs Dalton (Webex), Mr Fang (Webex), Dr Holland (Webex) and Ms Suvaal

Officers in attendance

Rohan Tyler, Patrick Glynn, Charlotte Hock, Alexander Read and Isabella Ciampa.

1. Recording of meeting

Resolved, on the motion of Mr Clancy: That Committee staff be permitted to record the meeting for the purposes of preparing the minutes and finalising any report amendments, and that the recording be deleted once the report is tabled.

2. Confirmation of minutes

Resolved, on the motion of Mr Banasiak: That the minutes of the meetings of 12 February 2024 and 13 February 2024 be confirmed.

3. Inquiry into protecting local water utilities from privatisation

3.1. Publication of answers to questions on notice and supplementary questions

Resolved, on the motion of Mr Clancy: That the Committee accept and publish the following answers to supplementary questions and questions taken on notice at the public hearings held on 12 February 2024 and 13 February 2024:

- Berrigan Shire Council, received 19 February 2024
- Riverina Water County Council, received 21 February 2024
- Coolamon Shire Council, received 22 February 2024
- Orana Water Utilities Alliance, received 22 February 2024
- Cowra Council, 22 February 2024
- Alliance of Western Councils, 22 February 2024
- Dubbo Regional Council, 22 February 2024
- Goldenfields Water County Council, 28 February 2024
- Central Tablelands Water, 1 March 2024
- Walgett Shire Council, 1 March 2024
- Brewarrina Shire Council, 3 March 2024
- Riverina and Murray Joint Organisation, 5 March 2024
- Bogan Shire Council, 8 March 2024
- Leeton Shire Council, received 12 March 2024

Resolved, on the motion of Mr Fang: That the Chair be permitted to authorise the publication of late responses to supplementary questions and questions taken on notice on behalf of the Committee.

3.2. Consideration of the Chair's draft report

Resolved, on the motion of Mr Banasiak: That the Committee consider the Chair's draft report in globo and:

1. That the draft report be the report of the Committee and that it be signed by the Chair and presented to the House.
2. That the Chair and Committee staff be permitted to correct stylistic, typographical and grammatical errors.
3. That, once tabled, the report be posted on the Committee's webpage.

4. Meeting adjournment

The Committee adjourned at 2:38 pm.

Appendix Seven – Glossary

ABS	Australian Bureau of Statistics
CNSWJO	Central NSW Joint Organisation
CRJO	Canberra Region Joint Organisation
CSO	Community Service Obligation
D&C	Design and Construct
DCCEEW	Department of Climate Change, Energy, the Environment and Water
EPA	NSW Environment and Planning Authority
IP&R	Integrated Planning and Reporting Framework
JO	Joint Organisation
LG Act	Local Government Act
LGNSW	Local Government New South Wales
LWU	Local Water Utility
QWRAP	Queensland Water Regional Alliance Program
REROC	Riverina Eastern Regional Organisation of Councils
SOC	State Owned Corporation
SOC Act	State Owned Corporations Act 1989
STP	Sewerage Treatment Plant
SSWP	Safe and Secure Water Program
TWRRP	Town Water Risk Reduction Program
VET	Vocational Education and Training
WM Act	Water Management Act 2000