



**EUROBODALLA SHIRE COUNCIL**

*Good Government, better living*

In Reply Please

Quote Reference: E08.2192

25 March 2011

Mr Michael Deegan  
National Infrastructure Co-ordinator  
Infrastructure Australia  
GPO Box 594  
CANBERRA ACT 2601

PO Box 99 Moruya NSW 2537

email: council@eurocoast.nsw.gov.au

website: www.esc.nsw.gov.au

DX 4873

Dear Michael,

### **REVIEW OF REGIONAL WATER QUALITY AND SECURITY**

Eurobodalla Shire Council would like take this opportunity to respond to the Review of Regional Water Quality and Security.

The report states "this review of water quality and water security for Australia's smaller communities, which is focused on those utilities that serve towns with populations of between 2,000 and 15,000 residents". The report includes recommendations that could include larger water utilities such as Eurobodalla Shire Council.

Eurobodalla Shire Council has 37,000 residents with 17,876 water connections, 20,586 water assessments and 18,835 sewer assessments. The region is 300ks south of Sydney on the eastern coast line. It is moderately remote with Bega some 150ks south and Shoalhaven 120ks north.

Eurobodalla has experienced eleven successive years of drought or near drought conditions. The off river storage dam has had to be used to supplement demands. It currently has the lowest consumption per capita for water supply in the state, brought about by effective public awareness campaigns.

Eurobodalla Shire Council was one of the first local water utilities to undertake an Integrated Water Cycle Management Strategy (IWCMS) and has progressed to a stage where a significant portion of the capital infrastructure has been put into place in accordance with the IWCMS. Projects recently completed or nearing completion to ensure water security and quality are the Northern Water Treatment Plant, Southern Water Treatment Plant and Batemans Bay Sewerage Treatment Plant.

Best Practice Pricing Guidelines released in 2002 and which fully conform to NSW IPART requirements and those of the National Water Initiative, provide a sound basis for water pricing. Eurobodalla Shire Council substantially complies with the requirements contained within these documents and where compliance has not yet been fully achieved, is progressing towards full compliance. The report states "Water utilities that are operated as part of the local government structure experience rate pegging, reducing their ability to recover the cost of supplying water to consumers". Water and Sewer rates and charges are not rate pegged in NSW. This comment suggests a lack of understanding of the processes within local government in NSW.

Eurobodalla Shire Council is included in the annual National Performance Report for Urban Water Utilities. Council actively participates in all national and state reporting requirements.

Eurobodalla Shire Council does not support any attempt to remove assets from Council's care and control and placing them in the hands Government Owned Regional Corporations which may then charge higher prices.

General purpose Councils such as Eurobodalla provide benefits to the community through lower water prices resulting from economies of scale, better environmental outcomes resulting from integrated planning and development approval and better customer service. The water business makes up 34% of the total operation of Eurobodalla Shire Council. The water and sewer functions are an integral part of Council's overall structure. Support is provided on this basis for the Executive, Council Committees, Finance (Accounts payable and receivable, rates, management and financial accounting, investment and asset accounting), Asset Management, Stores, Fleet Management, Human Resources Management, Payroll, OH&S, IT support, Records Management, Customer Service, After Hours Telephone Answering Service. The water and sewer functions of Council are also supported by the Mechanical Services Workshop and Electrical Technical Services on a charge for service basis.

The sharing of Council resources provides a cost saving for both general works and water and sewer functions. Council has continued to be committed to maintaining a water and sewer group with specialised skills within the organisation. The multi skilled workforce is fully utilised with some staff providing both water and general purpose functions. For example, the rates staff provide professional support in relation to pricing and collection for both water and general purpose functions. These economies would be lost to Council with a move to a regional corporation and the function would be duplicated within that body.

The creation of a regional corporation would create additional social and economic problems for smaller regional communities with the shift of skilled workers to the larger regional areas.

#### **Comments on Executive Summary**

The statements made referring to "performance reporting is patchy and inconsistent ..... impossible to present a national picture of water quality and water security" are suggesting this is the case for all regional NSW. This is not substantiated in the report. The report appears to have ignored the data available through the NSW Office of Water (NOW) website and as a consequence has drawn conclusions based on data from less reliable sources.

Not all individual local Councils were consulted during the compilation of the report.

#### **Comments on Key Findings**

- a) Eurobodalla Shire Council budgets to achieve full cost recovery to deliver quality water from a secure supply. There is no obligation to achieve sufficient revenue to allow a dividend to be paid to State Government. The Council owned asset does not contribute to other levels of government.
- b) Eurobodalla Shire Council has a Strategic Business Plan which includes a long term financial plan. Pricing to recover the full cost of supply including a capital works program is achieved.
- c) Council engaged Water Futures to conduct a risk management analysis of the Shire's Water Supply in accordance with the ADWG framework. This resulted in the recommendation for the need of the water treatment plants. The Northern Water Treatment Plant is currently in the proving period and delivering water to the community. The Southern Water Treatment is in the final stages of construction.
- d) Eurobodalla Shire Council has the skilled staff required to achieve the required results.
- e) Eurobodalla Shire Council was The State and National Large Employer of the Year in 2005. This achievement was due to the organisations support of staff training. In that year there was a number of staff trained in the operations of the water system.
- f) As previously stated Eurobodalla has experienced eleven successive years of drought or near drought conditions. The off river storage dam has had to be used to supplement demands. The Council has also been involved in reuse water projects.

- g) NSW Best Practice Management requires Local Water Utilities (LWU's)/Councils to prepare an Integrated Water Cycle Management Strategy which responds to the water security planning for whole of catchment. Council is preparing to review the IWCMS and is awaiting information in relation to Water Sharing Plans.
- h) NSW has had comprehensive reporting by all LWU's in place since 1986. NOW has developed planning procedures for LWU's that have been in use for the past 20 years. Similarly NSW Best Practice Management Guidelines were first issued in 2004 and updated in 2007. Eurobodalla Shire Council agrees with the need to standardise, as far as practicable, national water business reporting, planning and management and would support a recommendation that builds on these proven NOW systems.
- i) The existing governance arrangements for regional water utilities in NSW provides for economies of scope that provide efficiency outcomes at least comparable to economy of scale efficiencies claimed that may accrue to larger utilities. Additionally, the existing structures provide integration advantages which provide improved environmental and social outcomes for the community. This integration is increasing in importance as it becomes evident that many of the problems facing society (including water supply security and quality) will only be addressed by an integrated approach. This is evidenced by the national importance given to Integrated Water Cycle Management. It is therefore incomprehensible that this report recommends segregating the water functions from the local government structure which is ideally suited to delivering integrated solutions to water issues.

#### **Comments on Key Recommendations**

1. **Regulate or Legislate Compliance with the AWDG** – Council engaged Water Futures to conduct a risk management analysis of the Shire's Water Supply in accordance with the ADWG framework. This resulted in the recommendation for the need of the water treatment plants.
2. **Establish Independent Review and Reporting of Compliance with AWDG** – Once the water treatment plants are commissioned, Council will finalise the drinking water management risk analysis process and on completion will seek to obtain independent certification of the water quality management system.
3. **Instigate Appropriate Responses to ADWG Non-Compliant Results** – Council will introduce sufficiently robust self assessment tools. This recommendation would be complied with.
4. **Improve Reporting Requirements** – Council currently reports through the National Reporting Framework.
5. **Develop Guidelines for Best Practise Planning and Management of Water Supplies** – Council is currently working towards compliance with NSW Best Practice Management. Council currently delivers a number of the components included in the suggested Framework eg: Drought Management, Demand Management, Asset Management, Water security planning and water restriction definitions. One issue to be addressed relates to pricing of water in relation to the split between rates and user charges.
6. **Develop a Self Assessment and Audit Tool for Planning** – Council supports this approach and implementation of this recommendation would not negatively impact Eurobodalla.
7. **Regulate or Legislate Best Practice Planning Framework** - Council supports this approach and implementation of this recommendation would not negatively impact Eurobodalla.
8. **Investigate Pricing Structures to Provide Improved Water Pricing** – The current guidelines as a “one size fits all” does not address the tourism peaks or geographical nature of the water supply in the Eurobodalla. Council would provide input to any review or reform of the pricing principles.
9. **Develop a Nationally Consistent Water Treatment Operator Trade Qualification** – This recommendation supports the provision of a quality service.
10. **Improve the Delivery of Water Treatment Operator Training** – Council currently supports staff obtaining training delivered by approved tertiary training organisations. Staff are currently undertaking training in Certificates III and IV in water industry operations.
11. **Include New Operator Training Requirements in the ADWG** – Council is committed to ensuring the workforce is trained in the requirements of ADWG.

12a **Regional Water Corporations** – This recommendation would see water utilities in local Councils absorbed into a larger water utility and ownership transferred to NSW State Government. Sufficient evidence has not been provided to support the premise a state government owned utility would operate more efficiently than Council's current structure.

12b **Catchment Planning Alliances** – Catchment boundaries and development in the main water catchments are taken into consideration when developing strategies and policies.

12c **State Wide Water Utilities** – This recommendation would see Council's water utilities transferred to be managed on a regional basis. There is no evidence there would be any improvement in service delivery.

The Review of Regional Water Quality & Security suggests changes based on out of date and inaccurate data collected from smaller regional Councils. The report provides information that suggests the Victorian model is not delivering the required results. Why then suggest the same model would work for regional NSW. There are too many assumptions based on questionable data to give support to most of the conclusions and recommendations made in the report.

If you require further information please contact me on (02) 4474-7458.

Yours faithfully



AMANDA JONES  
ACTING DIRECTOR  
WATER AND WASTE