

Ref: GJH

24 March, 2011

Mr. Michael Deegan
National Infrastructure Coordinator
Infrastructure Australia
GPO Box 594
CANBERRA ACT 2601

Dear Mr Deegan:

**RESPONSE TO REGIONAL TOWNS WATER QUALITY AND SECURITY REVIEW
DATED 25 OCTOBER 2010**

Riverina Water County Council would like to thank infrastructure Australia for the opportunity to respond to the above report prepared by AECOM Australia Pty. Ltd.

Background of Riverina Water County Council

Southern Riverina County Council was incorporated in 1938 to make reticulated water supplies available to towns and villages within the Shires of Lockhart, Kyeamba, Mitchell and part of the Shire of Culcairn. At a later date the remaining part of the Shire of Culcairn together with the Shires of Urana and Holbrook were included in the County District. The Municipality of Wagga Wagga was added in 1945. The Shires of Kyeamba and Mitchell were ultimately amalgamated with the City of Wagga Wagga on 1st January, 1981. The Shires of Culcairn and Holbrook were amalgamated with part of the adjoining Hume Shire on 26th May 2004 to form Greater Hume Shire Council.

The County District now covers an area of approximately 15,400 square kilometres and contains a population of approximately 67,000 people. An estimated 60,000 people are provided with water through some 25,200 service connections.

Wagga Wagga has enjoyed a reticulated water supply since 1888 and when Southern Riverina County Council was formed in 1938, the Wagga Wagga water supply undertaking was being modernised by the construction of a water filtration plant. It was thus arranged with the Municipality of Wagga Wagga that this new plant should also form the headworks for the supply of treated water to be pumped and/or gravitated throughout the Shires area by the newly constituted County Council.

The earlier water supply works in Wagga Wagga had been designed by the New South Wales Public Works Department, but during the 1930's, augmentation works and reticulation extensions, as well as the design and construction of the filtration plant, had been placed in the hands of Consulting Engineers, Messrs' Gutteridge, Haskins and Davey. The County Council entrusted the design and supervision of the works which were to make water available to rural areas, to this same firm of Engineers. However, since 1947 the design and supervision of new works throughout the County District has been carried out by the Council's Water Supply Engineers.

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In this period, the headworks filtration plant, pumps, reservoirs and mains in Wagga Wagga have been augmented in various stages, and independent water supply systems have been established in the other villages and the rural areas of Brucedale and Currawarna to the north of Wagga Wagga. During 1966/67, major works were completed to augment the supply to the main rural water supply scheme by establishing supplementary sources at Holbrook and Urana. In 1978 a third supplementary source was commissioned to inject supply into the system between Culcairn and Walla Walla, followed in 1983 by the establishment of a major underground water source in the Murrumbidgee Valley at Bulgary to supplement supply to the western section of the Rural System.

In 1942, Southern Riverina County Council had the responsibility of electricity supply added, and has been the electricity distributor for its area since then. In 1993, the amended Electricity Act made Southern Riverina an "Electricity Distributor" rather than a "County Council", necessitating a change of name. The former Councillors became Board Members, and in July 1995, the Board was dissolved with the merger of Electricity Distributors in New South Wales.

The Water Supply section of former Southern Riverina operated both this area and that of Northern Riverina for two years under the umbrella of Electricity Distributor Great Southern Energy, until the Minister for Local Government announced that the water function of the previous Southern Riverina County Council, would again be operated as a County Council, from 1st July, 1997, under the trading name of Riverina Water County Council.

Comments

Council refers to the submission by the NSW Water Directorate and supports the contents of this well-prepared document. There are a number of additional comments that Riverina Water County Council would like to make.

Of concern to Council is the apparent lack of consultation that AECOM have had with local utilities and, apparently, with the relevant NSW State Government Departments.

In reviewing Volume 2 of the Report it would appear that much of the data collected is incomplete and it is difficult to ascertain whether the data collection process was robust in nature. An example of the poor data collection can be seen in the Report where it lists as "*unknown*" the price per kilolitre of water for 5 of the 18 councils studied in NSW. A simple examination the Management Plan of each of these councils (all of which are on the internet) would have found the required information.

It is of major concern that only 18 towns were examined in each of New South Wales and Victoria (the most populous states) while 22 were investigated in Queensland, 20 in South Australia, 14 in Western Australia, 2 in Tasmania and 7 in the Northern Territory. The report admitted that the "*data may be skewed*". The data is then used as being representative of the water industry in regional NSW.

It should be noted that the county council model is not even mentioned in the report. This is a major weakness, since this particular model is one way of meeting the economies of scale advocated by the authors of the report. This also suggests that there is some ignorance of the system of water utilities in New South Wales.

The New South Wales Government released a report in January 2009 detailing the results of its *"Inquiry into Secure and Sustainable Water Supply and Sewerage Services for Non-Metropolitan New South Wales"*. This is sometimes called the *Armstrong/Gellatly Report*. The report and Riverina Water County Council's response is available at www.water.nsw.gov.au. One of the major outcomes of the Report was its support for strategic alliances between councils. The county council model is a formal strategic alliance. County councils are formed voluntarily by the participation of a number of constituent councils in an attempt to achieve economies of scale and other services not achievable by individual members. The success of the county council model can be seen with Riverina Water County Council in the Southern Riverina of NSW, Goldenfields Water County Council in the Northern Riverina of NSW, Central Tablelands County Council in the central west of NSW, Mid Coast County Council on the mid-north coast of New South Wales and Rous Water County Council in the far north coast of NSW.

It is of concern that the authors of the report seem to have a strong bias against local government. There are a number of comments in the report that suggest this bias. References such as *"in particular, strategic decisions regarding maintenance and capital expenditure would no longer be made by a local council general manager"* and *"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"* demonstrates a complete lack of knowledge by the authors of the Report as to how local government operates in New South Wales. Strategic decisions are made by the elected council after consultation with the community (as part of each Council's Integrated Planning and Reporting Framework) and rate pegging does not apply to water charges in NSW.

It needs to be pointed out that the only thing that the payment of dividends to the NSW State Government would achieve, apart from improving the bottom line of the State Government, would be to ensure that there were less funds available for local infrastructure improvement in the future, than would otherwise have been the case.

It should be noted that the authors of this report seem to have the attitude that an elected council is not able to appoint appropriately skilled staff to manage a water utility, yet an appointed board *"with appointments to the board based on expertise in water utility management"* are able to do so. This in itself seems to be an attack on democracy. One would think that the necessity for *"expertise in water utility management"* would be a requirement for the *"appropriately skilled staff"*, not necessarily the board.


In summary the following comments are made:-

1. Mandatory compliance with ADWG guidelines is supported. This compliance is well progressed within regional New South Wales and has already been legislated for by the New South Wales Health Department during 2010.
2. The New South Wales Health Department has a health base regulatory role associated with drinking water quality. Refinement of this role to conform to a national standard is supported.
3. The New South Wales Office of Water is responsible for independent monitoring and reporting of water quality performance of regional New South Wales Water Utilities. IPART also has a regulatory role. Refinement of their roles to conform to a national standard is supported.

4. New South Wales regional water utilities operate under a Best Practice Management Framework. A national standard that builds on this framework is also supported.
5. New South Wales regional water utilities have in place a Best Practice Pricing Policy. This has been the case for a number of years. A national standard that builds on this policy is supported.
6. New South Wales, through the Office of Water, has in place well developed operator training courses. A national standard that builds on this model is also supported.
7. Structural Reform of water utilities in New South Wales, in the manner, suggested is not supported. Regional alliances of councils are being developed at the present time in New South Wales. This model retains the benefits of local control and can gain the advantages of economies of scale, suggested in the Report. These advantages are also evident where County Councils and Regional Organisations of Councils work together. Where appropriate, the county council model is supported.

Should you require any further information may be contacted on (02) 6922-0603

Yours faithfully

A handwritten signature in black ink, appearing to read 'Graeme Haley', written in a cursive style.

Graeme Haley
GENERAL MANAGER