

WALCHA COUNCIL

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25 March 2011

Infrastructure Australia
GPO Box 594
Canberra ACT 2601

Dear Sir

Review of Regional Water Quality and Security

I refer to your press release of 11 January 2011 advising that Infrastructure Australia had engaged AECOM Australia Pty Ltd to "...help identify opportunities to improve Australia's regional towns' water quality and security..." and a request for feedback on the recommendations in the AECOM report.

Walcha Council would like to voice its objection to one of the key recommendations contained within report in relation to

- *Reform of governance structure of regional water utilities in NSW and Queensland*

In particular, the Review's preferred recommendation for the establishment of a Regional Water Corporation governed by an independent board.

Walcha Council exercises and discharges the functions of a water supply authority under the *Local Government Act (NSW) 1993* and the *Water Management Act (NSW) 2000*, a role it has filled for over 40 years. Over the last 20 years, at least, there have been no reported incidents of poor water quality or failure to supply water, even through the extended drought periods of the past 10 years.

Council acknowledges that there is still room for improvement. At the time of the NSW State Government – Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW in 2008, Council freely admitted that

- The strategic business plans for water needed updating
- Best practice pricing for water was in place but work was still required on developer charges
- There was no documented drought management planning
- There was no integrated water cycle management.

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Since that time, and with the support of the NSW Government who acknowledged that the best course of action was to support Council's in their delivery of water and sewer, Council has completed the integrated water cycle management and identified a number of actions that needed to be taken.

These include

IWCM Issue	Action Required	Estimated Cost	Timing
Algal Blooms occurring in off creek storage leading to failure to meet the desired LOS for water quality i.e. taste and odour.	Council to investigate if upgrading telemetry system to shut down intake pumps during periods of rapid rise in river levels will prevent the inflow of nutrients into the system or whether installing PAC treatment to remove taste and odour compounds and toxins is required.	\$2,000	2013/14
Inadequate information on Security of Supply.	Undertake a Yield Study for the catchment including climate correction of demand (use demand trend tracking model).	\$21,000	2011/12
No Demand Management Plan in place.	Prepare a Demand Management Plan.	\$14,500	2011/12
Non-compliance with ADWG chemical and microbiological standards for water quality.	Develop Water Quality Management Plan in accordance with the 'ADWG Framework for the Management of Drinking Water Quality' Review management practices to adopt and implement a rigorous Standard Operating Procedure.	\$18,000	2010/11
Non-compliance with NSW Health water quality sampling frequency requirements.	Improve sampling techniques and reliability of transport to laboratory.		2010/11
OH&S issues at STP.	Commission an audit of STP to determine improvements or upgrading required to ensure OH&S, reliability and performance standards continue to be met. This audit may identify significant capital works required beyond 10 years.	\$6,000	2011/12
No Asset Management Plans for Water Supply and Sewerage infrastructure.	Prepare and implement robust, up-to-date Asset Management Plans for both Water Supply and Sewerage infrastructure.	\$30,000	2012/13
Inadequate information on condition of sewerage gravity mains.	Undertake audit of asset condition for data input into Asset Management Plan.		2012/13
Effluent quality from STP does not comply with licence conditions.	Investigate performance of STP for data input into Asset Management Plan. Determine if stormwater infiltration is affecting effluent quality.		2012/13
High treatment and pumping costs of sewerage.	Carry out extensive investigation (including dye testing) to determine source of stormwater infiltration into sewer system. Additional budget provision for corrective work may be required.	\$6,000	2013/14
Levels of unaccounted water losses in the system appear to be high.	More accurate data is required to determine if this is an issue. An improved measurement technique to assess quantity of water delivered from WTP is required as a first step.	\$15,000	2010/11
No Drought Management Plan in place.	Implement all six Best Practice criteria. <ul style="list-style-type: none"> ○ Update Strategic Business Plan for water & Sewer ○ Update Developer Charge & Pricing ○ Drought Management Plan 	\$27,500	2013/14

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Council currently has consultants working on the preparation of a water quality management plan and safety audits of the water treatment plant. Provision has been made in the 2011/12 Budget to carry out a catchment yield study and demand management plan.

However, these improvements come at a cost. The IWCM has identified that actions costing \$140,000 are needed to fully comply with best practice. An additional \$40,000 would also be needed to review our business plans and develop contribution plans. So for \$200,000, Walcha Council would be best practice compliant. Council over the next 5 years will be working towards this goal in a way that minimises the impact on consumer costs. Also there is no shortage of consultants available to do this work and if the Australian Government wanted to do something about the pace of achieving best practice and upgrading assets, a program for water, similar to Roads to Recovery, maybe a better use of their resources rather than setting up new state owned bureaucracies. A program like this would be far more consistent with the Prime Minister Gillard's public support for Regional Australia rather than Infrastructure Australia adopting a recommendation that would seriously undermine the sustainability of small regional communities.

An important difference between local government and a "state owned corporation" or a consultant like AECOM is compassion and the understanding that a local council has of its community's capacity to pay. The AECOM review clearly demonstrates that fact with their recommendation of imposing the "electricity supply solution" (complete with dividends) to water supply without regard for the social impact. In fact, Walcha Council finds abhorrent a comment made in their review which sums up AECOM's total disregard for the social impact when they state that:

"A suggested route is that the price of water should be set to reflect costs of supply, and adverse impacts on vulnerable consumers be addressed through compensating payments made via the welfare system."

Local government should be allowed to provide a level of service that is determined by their community. Surely this is the premise on which the current NSW Government's push for integrated planning process is based. If our community is knowingly happy to accept the standard of water supply services provided for the cost they pay then that should be their right and it should not be imposed by governments or consultants using "...our own team's extensive knowledge and understanding of the water industry...".

How AECOM could have this understanding is also debateable. In the preparation of the Review Report by Infrastructure Australia, there was no open consultation with Local Government in NSW and their local water utilities.

Walcha Council also strongly endorses the submission made by Namoi Councils on behalf of councils located with the Namoi and Peel River catchments. The following extract from that submission is worth repeating.

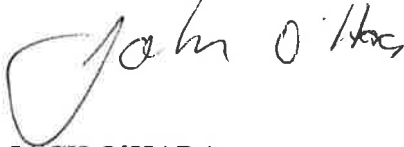
Namoi Councils hold the view that NSW Local Water Utilities are consistently delivering best-practice water management and that it is not necessary to have national uniformity in water utility service delivery models. Namoi Councils is aware that 96 per cent of NSW Local Water Utilities are achieving full cost recovery for water supply and 68 per cent have commenced integrated water cycle management.

Contrary to the economic rationalist view portrayed in the report, it is not necessary to have a uniform service delivery model for local water utilities across the nation. It is outcomes that count and NSW Local Water Utilities have a very strong performance and service record in terms of best practice service delivery and governance.

There are a number of options available for achieving the best outcomes for our communities. One size does not fit all and water corporations, water county councils, binding alliances, voluntary alliances and standalone water utilities are all valid governance structures that could be applied to achieve the best, affordable levels of service for our community. Councils and their communities are best placed to decide which of these structures should be implemented.

In conclusion, Walcha Council is strongly opposed to key recommendation 5 and any imposition of a state owned regional water corporations or mandatory regional alliances.

Yours faithfully

A handwritten signature in black ink that reads "Jack O'Hara". The signature is written in a cursive style with a large, sweeping initial 'J'.

JACK O'HARA
GENERAL MANAGER