

The Department of Planning and Environment (DPE Water)

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Goldenfields Water – Submission to the Consultation draft: Regulatory Framework for Local Water Utilities

Thank you for the opportunity to provide input into the Consultation draft: Regulatory Framework for Local Water Utilities, March 2022.

Goldenfields Water County Council (GWCC) is a NSW Local Government regulated water utility serving the Riverina and South West Slopes region of NSW. GWCC supplies water to customers within its area of operation (22,526km²), which covers or crosses the boundaries of Local Government Areas (LGAs) of Bland, Coolamon, Junee, Temora and limited parts of the LGAs of Narrandera, Carrathool, Lalchan, Cootamundra-Gundagai, Wagga and Hilltops. The Wagga supply scheme is provided as a minor bulk supply of water to Riverina Water County Council.

GWCC's current areas of operation expand across ten (10) LGA's which cross three NSW Joint Organisational areas (RAMJO, RIVJO & CRJO) whereby it is deemed as a non-voting associate member to the RIVJO.

Goldenfields Water would like to reiterate its support of the NSW Water Directorates submission to this consultation Draft however, would also like to emphasise the following areas of concern.

- Goldenfields would like to include a suggestion that the department develop an integrated water unit that combines cross sectional members from DPE Water, NSW Health and EPA. This unit should be solely responsive to LWU's to ensure consistency and accountability for the sector. This removes any potential ability to contradict outcomes for LWU's in trying to achieve appropriate outcomes.
- In regard to the identified functions for regulator responsibility, Goldenfields believe that a transparent continual improvement process is provided for the sector to ensure that any framework that is adopted, has the ability to remain flexible and not left stagnant creating future issues. It is unclear if and/or how any future reviews will be undertaken for similar regulatory improvements; however, it is strongly recommended that it becomes an autonomous process for the sector, lead by the department.
- It is also not clear how any 'funding' opportunities and/or requirements will be managed. A clear pathway and options should be developed for the sector to understand how funding will be prioritised, managed and provided for any major capital projects or opportunities. It should also be made clear who is responsible at each level

of government for nominating projects and how can we improve on past performance in collaboratively achieving federal funding for our projects?

Is there consideration for the development of a new proposed risk model utilised for criticality/prioritisation of capital investment?

Many of the noted recommendations for regulatory functions will require significant resourcing and specialised skill requirements, which in turn requires adequate funding allocation of some form within the department. Is this being currently scoped and developed in line with these current works to ensure that the review recommendations can be implemented and achievable? Goldenfields Water commends the Department for its work thus far as part of the TWRRP and would be concerned if a similar type of function does not continue into the future to help drive successful outcomes for the sector.

- Goldenfields Water's main concern is around the current governance and regulation for County Councils. The current provisions of the Local Government Act and Water Management Act are already inappropriate for Local Water Utilities in general; however, as a County Council we lack the ability the manage and/or control provisions supposedly established for planning approvals. County Councils lack appropriate conditions to manage these risks outside of general-purpose councils' willingness to forward on development applications. County Councils are currently advocating for provisions within the ISEPP to ensure that they are included as a concurrent approval agency to ensure appropriate growth and management of infrastructure for communities is appropriate and maintained.
- In terms of dividends, Goldenfields Water does not believe that the provision of dividends is an appropriate mechanism to continue into the future and should be removed from the regulation for LWU's. The solution for this need, is to remove rate pegging from a general-purpose council so that cross subsidisation from LWU's is eliminated. LWU's already have the ability to provide community funding where appropriate through Section 356 of the Local Government Act. Any additional funding provisions outside of this is not supported and Goldenfields Water would also recommend a review of Section 356 to ensure there are strict guidance around appropriate assistance needs relevant to LWU operations.

One point that should be made, regarding dividend options, is that if an LWU has a surplus in funds to provide the general-purpose council outside of a utilities IWCM, then the strategic planning process has failed and we need to review what went wrong. Both the Department and LWU's need to ensure that funds are adequately being recovered and that LWU's are delivering what they proposed to deliver and when they advised it would be delivered. This review requirement should be a priority function of the department to oversee.

- Finally, in terms of performance reporting, Goldenfields strongly believes in the reintroduction of a continuous improvement mechanism such as the 'Action Plans' that were previously required. These Actions Plans should be developed and agreed to between the LWU's and DPE on an annual review basis, similar to how an annual report is required for submission to NSW Health as part of the Drinking Water Management System. The criteria of the Actions Plans should be very specific to the NPR Indicators in meeting compliance. Goldenfields is strongly in favour of only reporting on these indicators; however, we do recognise that additional indicators at a state level will be required for items such as EPA managed licencing and Workforce planning.

We would welcome any opportunity to discuss the matters raised within this submission and can be available at anytime.

Regards



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