

The Hon. Phillip Costa  
Minister for Water  
Minister for Regional Development  
Level 34, Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister,

**Re: Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW.**

Thank you for the opportunity to make a submission on the Report of the Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW (The Report).

From the outset, Council supports and recognises the need for reform in areas where the performance of local water utilities is less than desirable, non-compliant with the best-practice guidelines and financial provision has not been made, or not able to be made, for the replacement of ageing infrastructure.

Whilst acknowledging the need for reform in certain areas of the water industry in non-metropolitan NSW, the Central Tablelands Water County Council (CTW) has resolved to make this submission requesting that CTW be allowed to continue as a stand-alone county council providing a good quality and reliable water supply to some 5,500 consumers across the local government areas of Blayney, Cabonne and Weddin.

Council is an active member of the Wellington, Blayney, Cabonne Alliance participating in many cost saving and resources sharing projects. The Blayney Shire Council/Central Tablelands Water IT sharing initiative is a prime example.

To support this request, the following detail is submitted as evidence of Council's ability to stand alone:

1. Council is compliant with all six criteria of the Best-Practice Guidelines for the Management of Water and Sewerage Services as issued by the Department of Water and Energy.

2. Council has completed a Strategic Business Plan which incorporates a 30 year capital works program and 30 year financial plan which is self-funding and not reliant on government financial assistance or loan borrowing.
3. Council was one of the first local water authorities in non-metropolitan NSW to introduce 'User Pay' pricing for water charges in 1994.
4. Full cost recovery, including the full funding of depreciation, will be achieved in 2012/2013.
5. Council has embraced best-practice water pricing by adopting the following pricing principles:
  - a) Residential water usage charges are currently set to recover 71% of residential revenue, whilst total water usage charges are currently set to recover 76% of total water charges revenue.
  - b) Residential consumers are subjected to a step increase of 50% for water usage above 450kL/a. (Residential water usage charges are currently set at \$1.46kL for usage < 450kL and \$2.19 for usage > 450kL.)
  - c) Council has a quarterly billing cycle.
  - d) Both access charges and water usage charges are included in each bill to customers.
  - e) Council has been phasing out all cross-subsidies over five years and will be completed in 2009/2010.
6. Council completed the preparation of a Developer Servicing Plan in 2004 and is now recovering full commercial developer charges for all new developments and changes to existing developments. The current Section 64 developer charge is set at \$7,800 per ET.
7. Commencing in 1999, Council has embarked on a major infrastructure renewal and upgrade program without government financial assistance, with the exception of backlog works at Quandialla and Manildra. The major infrastructure works completed over the past 10 years can be summarised as follows:
  - a) Construction of a new 'state of the art' DAF water filtration plant at Carcoar replacing the original plant constructed in 1953. Construction was completed in 2002 at a cost of \$3.3million.

- b) Upgrade of pumping infrastructure on Council's major trunk main in order to increase the transfer capacity to the towns and villages west of Carcoar by 25% thereby allowing those communities to enjoy the high quality water being delivered from the new filtration facility and be less reliant on supplementary groundwater sources. Completed in 2005 at a cost of \$1.1million
  - c) Provision of a potable water supply to the village of Quandialla, designed and constructed by CTW. The village had previously relied on a less than adequate non-potable supply and during most summer periods residents were forced to buy-in tanker loads of water to meet their demands. Completed in 2002 at a cost of \$980,000.
  - d) Replacement of 40kms of unlined cast iron reticulation water mains in Grenfell. Major water quality problems were being experienced with the old water mains that were over 70 years old. Completed in 2003 at a cost of \$3.6million.
  - e) Replacement of 20kms of unlined cast iron reticulation water mains in Canowindra. Completed in 2006 at a cost of \$1million.
  - f) Construction of a duplicate 200mm trunk main from Cudal to Manildra, a distance of 12.6kms, which increased the transfer capacity to Manildra from 6 litres/second (518kl/day) to 20 litres/second (1,728kl/day). Previously, Manildra was subjected to severe restrictions during each summer due to transfer limitations in the existing pipeline. Completed in 2004 at a cost of \$1.3million.
  - g) Expenditure of approximately \$500,000 per year on the replacement of asbestos cement reticulation water mains in Lyndhurst, Eugowra, Cudal, Morebel and Carcoar.
8. The Report highlights in Map 1 that Council's rating for *Overall Performance of Utilities* is good and *Compliance with Best-Practice Management Guidelines* is good.
9. The Report also states (Option 1, page 36) that *Goldenfields Water and Mid Coast Water county councils have the required revenue and client base to continue to operate on a stand-alone basis*. Whilst this statement is not questioned, Council does not agree with the assertion that smaller county councils would provide better delivery of water services through aggregation

with neighbouring utilities. Council has a proven record of achievement in the service of water delivery and best practice management and contends that, with a 30 year capital works program and financial plan in place without the requirement of government assistance, it also can continue to operate on a stand-alone basis.

The Chairman and I were pleased to hear your comment at Coonamble stating that you preferred the county council model but that it was not supported across the State. As you would imagine, Council agrees with your view as county councils have one focus, which is the delivery of water and, in some cases, sewerage services; control is retained within local government with representation from constituent councils.

In your opening address in Coonamble you stated that joining an alliance would not be compulsory but that, if any water utility was falling behind and not performing, you would be pursuing that utility and asking questions. As stated above, Council has shown that it is performing and, therefore, should continue to be allowed to operate on a stand-alone basis.

To support Council's submission, letters of support from two (2) of Council's three (3) constituent councils namely, Blayney and Weddin, are enclosed and written support from Cabonne Council is anticipated to be forthcoming.

Council looks forward to your favourable response to this submission.

Yours faithfully,

A. Perry  
**General Manager**

Encl.