Submission to the Inquiry into secure and sustainable urban water supply and sewerage services for non-metropolitan NSW



Submitted by:

Central Tablelands Water

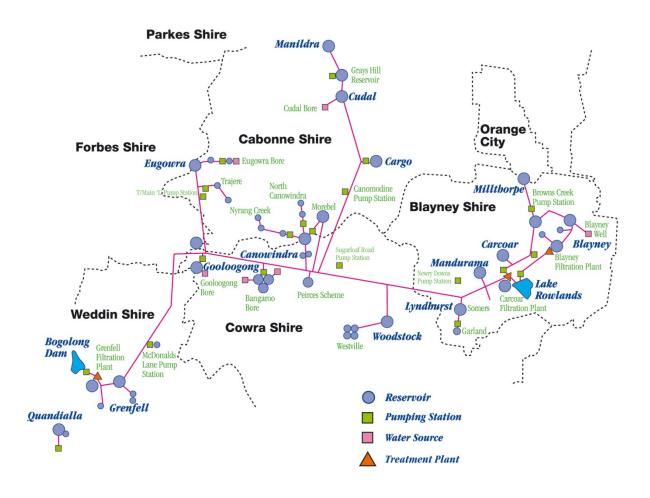
County Council



28th March 2008



Central Tableland Water – Water Supply Area & System Layout





- **Organisation:** Central Tablelands County Council t/as Central Tablelands Water
- Contact Name: Mr Tony Perry
- Position: General Manager
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- Submission authorized by: Chairman Cr John Farr, on resolution of Council

Resolution of Council: That the General Manager prepare a submission to the Inquiry into Local Water Utilities supporting a County Council model based on the Lachlan catchment.



Central Tablelands Water - Administration Office - Blayney



Mission and Vision

Council's Mission is:

• Central Tablelands Water will develop a commercial focus as it operates in partnership with the communities it serves, fostering their development and growth, while maintaining both its level of service and its prices at an acceptable level.

Furthermore, its stated vision is:

• Central Tablelands Water sees its future as a Regional Water Authority, independent of other agencies. It sees itself as a responsible member of the communities it serves, aiding the development of the region. It will continue to develop further sources of water and continue to supply an economical and acceptable water supply to its customers, and it will do so in an ecologically sustainable manner. Central Tablelands Water will continue to evolve its method of operations to incorporate a sound commercial focus. It will do so without compromising on the services it provides, becoming more efficient and maintaining prices at a reasonable level.



Village of Carcoar

Town of Grenfell



Executive Summary

Central Tablelands Water supports the inquiry into secure and sustainable urban water supply and sewerage services in non-metropolitan NSW and has resolved that the County Council model should be promoted as a proven performer in Best-Practice Management in the provision of these services.

As pointed out in the Terms of Reference for this inquiry, some water utilities 'face constant challenges to plan for, and deliver, reliable, high quality water and sewerage services'. The Terms of Reference also identify that a large percentage of the marginally viable smaller local water utilities are struggling with long-term sustainability and compliance with the Best-Practice Management of Water Supply and Sewerage Guidelines.

Whilst the Discussion Paper published by the Department of Water and Energy argues a valid case for an inquiry, Central Tablelands Water strongly contends that the delivery of water and sewerage services should remain within local government control under a regional County Council model possibly based on water catchment areas. Retaining local government control under a County Council model maintains the close connection with the community for the delivery of water and sewerage services.

To support the case for the County Council model, Central Tablelands Water would contend that the existing six local water utilities operating as County Councils in non-metropolitan NSW are an excellent example of best-practice water management whereby, due to their single focus as managers of public water utilities, they are able to effectively and efficiently provide a safe and reliable service to their communities and they are in the forefront of promoting sustainable water conservation practices and water demand management.

The County Council model would be best placed to sustain communities that have a water supply that would, on their own, be financially unviable and best placed to extend water supplies to similar financially unviable communities who don't have a water supply. This could be achieved through the single focus mentioned beforehand and a structure of cross subsidisation across the County Council supply area.



The NSW State Government's 1993 'Review of the Performance and Administrative Arrangements for Water Supply County Councils' concluded, in part, that 'Water supply county councils have achieved better overall performance with regard to efficiency and effectiveness than general purpose council water suppliers' and 'There is no experience in Australia to demonstrate that a change from the county council structure to a water supply authority, state owned corporation or private company would result in a more effective or efficient provision of country regional water supply services'.

Central Tablelands Water has been operating as a County Council since 1944 and is proud of its achievements over the past 64 years. This submission will focus on those achievements and on the close and cooperative relationship Central Tablelands Water enjoys with the communities it serves and its constituent councils.

This submission will also demonstrate the importance of focusing on infrastructure renewals and upgrades and how Central Tablelands Water has been addressing this issue over the past 10 years and is continuing to address the issue with its 30-year self-funding capital works programme.

Central Tablelands Water commends the regional County Council model to the Inquiry and trusts that the Inquiry will sustain the view that County Councils are best placed as local water utilities to deliver the objectives of the Inquiry as set out in the Minister's Terms of Reference.



Lake Rowlands near 100% - Late 2007



Central Tablelands Water 1944 to 2008

Central Tablelands Water is the trading name adopted in 1994 by Central Tablelands County Council, a water supply authority constituted in 1944 under NSW Local Government legislation. The County Council is located in the Central West of New South Wales and services a geographically large, but sparsely populated area. This area ranges from Blayney in the east to Grenfell in the west.

Currently there are some 5,362 connections providing potable water to a peak population of approximately 12,500 consumers in 14 towns and villages through 295 kilometres of trunk mains and 245 kilometres of reticulation mains. Council's main water source is Lake Rowlands. Water from this source is supplemented by a groundwater bore at Gooloogong to supply the town of Grenfell for a period of approximately two months during the peak summer period.

History

The Central Tablelands County scheme was originated by the late F.C. Rowlands, when he attended a meeting of the Lyndhurst Shire Council on 1 February, 1938. Over the next 6 years the NSW Government was lobbied to support the scheme and the County district was finally proclaimed on 28 January, 1944. The first meeting of the County Council was held at Canowindra on Wednesday, 9 February, 1944.

The first work undertaken by the Council was commenced on 21 October, 1944. This was the construction of a pipeline from the Lachlan River at Gooloogong to Grenfell, a distance of around 50 kilometres. Water was urgently needed at Grenfell, particularly to operate a newly-built sewerage system. The construction of this pipeline was also designed to cater for the expanding population.

The County Council assumed responsibility for the maintenance and operation of the water supply systems at the towns of Blayney, Canowindra, Grenfell and Lake Cargelligo on 1 January, 1945. Work upon construction of a supply system to serve Millthorpe, Blayney, Carcoar, Mandurama, Lyndhurst, Woodstock, Canowindra, Gooloogong, Grenfell, South Canowindra, Morebel, Somers and Eugowra commenced in 1946. In 1948 Council commenced works for the supply of water from local sources to the villages of Tullibigeal,



Burcher and Darbys Falls, and this was followed by a local scheme at Fifield in 1951. In 1949 Council commenced the design and construction of Lake Rowlands, its main water source.

From that point, construction and new developments occupied an ensuing period of about 15 years. Numerous rural schemes were constructed as well, including the Westville, Nyrang Creek, Brundah, Trajere, North Canowindra, Billimari and Wirrimah schemes.

The eventual withdrawal of Lachlan and Parkes shires from the County in 1989, followed by the withdrawal of Cowra Shire in 1992, has reduced the number of constituent councils to 3. The County area presently embraces the Shires of Blayney, Cabonne and Weddin.



Lake Rowlands Dam - Construction completed 1953



<u>Terms of Reference – Objectives of the Inquiry</u>

- To identify the most effective institutional, regulatory and governance arrangements for the long term provision of water supply and sewerage services in country NSW; and
- Ensure these arrangements are cost-effective, financially viable, sustainable, optimise whole-of-community outcomes and achieve integrated water cycle management.

Cost Effectiveness:

The County Council model has proven to be a very effective institutional arrangement for the provision of water supply as the governance arrangement of the Council, comprising elected representatives from each of the constituent councils, maintains a close relationship between the community expectations and the policy decisions of the Council.

Central Tablelands Water considers that its pricing is cost effective due to the fact that, in 2010/2011, full cost recovery will have been achieved and able to be maintained. As well, the pricing has been set to self-fund an extensive capital works programme (\$55 million in 2008 \$ terms) over the next 30 years without the need for loan borrowings or government subsidies.

Central Tablelands Water has a dedicated focus on consumer expectations and, through its pricing policy, consumers are receiving a water supply of high quality and reliability and this is wholly attributable to the pricing policy being able to fund an ongoing programme of infrastructure renewal and upgrade.

In 1994, Central Tablelands Water was one of the first non-metropolitan local water utilities to implement full user pay pricing for water. Prior to user pay pricing, water revenue was raised through rating which is a charge based on land valuation and invariably it also provided an annual water allowance, usually around 372 kilolitres, before an excess charge was applied. Charging for water based on a measured consumption is the most fair and equitable means of raising revenue.

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Central Tablelands Water has embraced Best Practice Pricing of Local Water Utility services as outlined in the Best Practice Management of Water Supply and Sewerage Guidelines. In summary, the following pricing regime exists for Central Tablelands Water:

- 1. Residential access charges (\$31.00/qtr) represent 25% of residential revenue and consumption charges (\$1.35/kL) represent 75% of residential revenue;
- 2. Residential consumers are subject to a 50% increase in the usage charge for consumption in excess of 450 kL per annum;
- Non-residential cross subsidies are being phased out over five (5) years (2 years to run);
- 4. Water accounts are rendered quarterly.



Cudal – Manildra Augmentation Works - 2003



Financial Viability

It can be demonstrated that there are still many communities throughout the State that do not have a reticulated potable water supply and will never be financially viable to be able to have one without government subsidy and cross subsidisation for both establishment and eventual infrastructure replacement. As well, there are communities that do have a reticulated potable water supply that is, and will continue to be, financially unviable and will only continue to exist and fund infrastructure replacements with cross subsidisation from the larger communities and further government subsidies.

There are many smaller general purpose councils that are finding it nearly impossible to meet the funding requirement necessary for infrastructure renewals and keep up to date with the ever changing regulatory requirements, particularly in regards to water quality.

The County Council model, as demonstrated by the existing six water County Councils, has the ability to focus on its one function of town water supply and sewerage services and is able to deliver a high quality water supply to many towns and villages, across many local government boundaries, who would not otherwise have the benefit, or the financial viability, to enjoy the provision of a service that is taken for granted by the larger viable communities.

As mentioned previously in this submission, Central Tablelands Water is operating under the best practice pricing regime, as outlined in the Best Practice Management of Water Supply and Sewerage Guidelines, and, as a result, considers itself financially viable to fund a \$55 million (\$2008) infrastructure replacement and upgrade programme over the next 30 years without the need for government assistance or loan borrowing.

Many general purpose councils, operating as local water utilities, refuse, or do not have the political will, to implement responsible best practice pricing and developer charges and, as a result, do not have, and are not building, the reserves necessary to carry out the replacement and upgrade of their ageing infrastructure. They are continuing to rely on the provision of non-existing government subsidies to fund the replacement of worn out infrastructure or necessary upgrades due to growth. As well, some general purpose councils, due to their multi functionality, do not necessarily provide the water and sewerage functions with the focus that they deserve and consequently some communities are suffering with a less than adequate water supply.



As far back as 1961, Central Tablelands Water was arguing for the County district to be enlarged to take in a large area of the Lachlan Catchment area by including the towns of Cowra, Forbes and Parkes thereby increasing the financial viability of the County Council and the ability to provide and/or upgrade potable water supply services to the many unviable communities within the Lachlan Valley. *Maps included in the 1961 submission and detailing the then existing County Council district and the proposed enlargement are shown in Appendix A.*







New Pump Stations



Sustainability

Through its best practice pricing policy and proactive asset management programme, Central Tablelands Water can certainly demonstrate sustainability and a County Council model would further develop sustainable delivery of water supply services across the State.

Over the past 20 years, consumers of Central Tablelands Water have only incurred water restrictions on one occasion and only for a period of 10 months in 2006/2007 during the worst drought in 100 years. Whilst Council's main water source, Lake Rowlands was reduced to 37% of capacity in February 2007, it quickly recovered to 100% in August 2007.

As well, Central Tablelands Water has very good ground water resources that are used to supplement the system when necessary.

Notwithstanding the fact that Lake Rowlands has been a most reliable and sustainable water source, the Council of Central Tablelands Water is seeking approval from the State Government to enlarge Lake Rowlands from 4,500 megalitres to 26,500 megalitres thereby extending that reliability and sustainability across the Central Tablelands and Central West of NSW. (Aerial photographs with proposed enlargement superimposed are shown in Appendix B)

Water quality and reliability has been a major focus and policy objective of Central Tablelands Water. To support this policy, the following major works have been completed over the past eight years:

- 1. Construction of a modern DAFF water filtration plant at Carcoar to replace the conventional plant constructed in 1956.
- 2. Replacement of 40 kilometres of unlined cast iron reticulation pipes in the town of Grenfell.
- 3. Replacement of 10 kilometres of unlined cast iron reticulation pipes in the town of Canowindra.
- 4. Construction of 4 modern pump stations to improve transfer capacity.
- 5. Completion of the roofing of 45 concrete service reservoirs.



Further, Council has an ongoing major annual reticulation mains replacement programme in place and, as mentioned earlier in this submission, a 30-year capital works programme is in place with the major focus on trunk main replacement and upgrade.

The Council of Central Tablelands Water has been prepared to make responsible and sometimes difficult policy decisions in order to ensure the viability and sustainability of the County Council and to ensure consumers continue to receive a water supply of high quality and reliability. This is where a County Council model, with its focus only on water and sewerage services, is the best option to meet the objectives as outlined in the Minister's Terms of Reference.



Carcoar Water Filtration Plant



Blayney Water Filtration Plant



Manildra Augmentation - 'cut-in' at Grays Hill Reservoir (2003)



Sugarloaf Road Pump Station

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Optimise Whole-of-Community Outcomes

Central Tablelands Water is firmly of the view that, if there is to be a change to the institutional and regulatory arrangements for the delivery of water and sewerage services, the County Council model is best suited and recommended as it offers the efficiency, reliability, affordability and safety that the Inquiry has been charged to identify.

It is pleasing to see that within the Terms of Reference for this Inquiry one of the objectives is to focus on 'Whole-of-Community Outcomes'. Central Tablelands Water would contend that the County Council model is best suited to achieve this objective as it retains the service delivery of water and sewerage within local government, which has always been identified as the government closest to the people. A County Council, with community representation from elected councillors of constituent councils, can best identify and be conversant with the needs and expectations of the communities represented.

As well, with representation on the 'Board' from constituent councils, the County Council can be aware of the growth and potential developments of each local government area under its control and plan extensions and upgrade appropriately.

Throughout this submission emphasis has been placed on the advantage of a County Council being able to have a single focus on water and sewerage delivery. This is particularly important when comes to providing the community with good customer relations and service.

In the area of customer relations, Central Tablelands Water aims to maintain good customer relations through the provision of a quality service, keeping customers informed of Council's intentions, and responding to customer and community needs. Council believes it operates a service that is reliable, has good quality water and provides a quick response to problems with the system.

Community satisfaction can be measured in a variety of ways to give a valid indication of the extent to which the community feel satisfied with the type, quality, cost and performance of service provided. Keeping the community informed is considered by Council to be important for good community relationship. Methods employed by Central Tablelands Water include:

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- Media releases as required;
- Public meetings (as required);
- Customer Surveys;
- Customer contact phone and front desk;
- Councillors' feedback;
- Display of Management Plans /Annual Reports/ Business Plans;
 - News letters, Information brochures and flyers;
 - Council Website, which includes Business Paper and Minutes.

Community consultation is not only highly desirable in terms of major capital works, but there are also legislative that need to be satisfied. The aims of community consultation are to:

- Develop ownership of the service delivery issues by the community, and to gain agreement that action is required;
- Ensure that the concerns of the community, particularly social and environmental concerns, are taken into account;
- Allow the community to propose options it wants evaluated and ensure that the costs associated with decisions are acceptable; and
- Demonstrate to the community that Council is making the best decisions after the proper evaluation of all the issues.

Central Tablelands Water is very involved with wise water education and demand management within the community and the acceptance of the measures employed have been very gratifying.

Central Tablelands Water is an active member of Central NSW Councils (CENTROC) and a member of the Wellington, Blayney, Cabonne (WBC) Alliance.

The model best suited to achieve the community interaction, as outlined above, is the County Council model.



Integrated Water Cycle Management (IWCM)

In conjunction with shire councils of Blayney, Cabonne and Weddin, Central Tablelands Water is currently in the process of conducting a joint IWCM evaluation study, which is due for completion by June 2008. This study will determine whether a detailed IWCM Strategy Plan needs to be completed.

With Central Tablelands Water only responsible for water supply and the three general purpose councils responsible for sewerage services and stormwater it has been difficult coordinating a joint study. The Department of Water and Energy (DWE) have assisted in giving approval for this joint study.

Whilst production and maintenance of an IWCM plan is better suited to a regional County Council responsible for water and sewerage delivery, it is also important to have full community involvement and consultation in the process and local government through a County Council is the best means of ensuring this involvement.



Cobleys Building – Canowindra

Gaskill Street - Canowindra

Recommendation:

Central Tablelands Water fully supports the Ministerial Inquiry into Secure and Sustainable Water Supply and Sewerage Services in Non-Metropolitan NSW and recommends the County Council model based on catchment areas to produce the most effective institutional, regulatory and governance arrangements for the long term provision of water supply and sewerage services in country NSW.



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Appendix 'A'

- 1. Central Tablelands County Council District circa 1961
- 2. Central Tablelands County Council District Proposed Enlargement circa 1961
- 3. Topography of the Lachlan Valley circa 1961



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Appendix 'B'

- 1. Superimposed Aerial Photo of Proposed Enlargement of Lake Rowlands -1
- 2. Superimposed Aerial Photo of Proposed Enlargement of Lake Rowlands -2