



PARLIAMENT OF NEW SOUTH WALES

Joint Select Committee on Protecting Local Water Utilities from Privatisation

Supplementary questions: Central Tablelands Water

1. Why are county councils more vulnerable to privatisation and what specific legislative protections might a county council require?

- County Councils are more vulnerable to privatisation compared to a General Purpose Council with utility business units (i.e. water and sewerage) as the county councils are separate legal entities containing all the assets and undertaking necessary to carry on the water supply business and no other assets, obligations of liabilities. There is therefore no need to separate out or restructure any parts of the organisation not connected with the water supply business prior to a privatisation.
- The process for privatisation would be for the Minister for Local Government to recommend to the Governor the dissolution of the county council and the vesting of its assets and all its rights and obligations in the State or a separate entity for the purposes of its sale.
- A major benefit of being a standalone entity is that legislative protections can be enacted quite easily by including specific named county councils in a similar way to the recent amendments to section 57 of the Constitution Act protecting Sydney Water and Hunter Water.
- Central Tablelands Water (CTW) also suggests that the power of the Minister to recommend to the Governor the making of a proclamation to dissolve a county council may not be used if the purpose of the dissolution is to facilitate its privatisation.
- As an essential service provider of drinking water, local water utilities' priorities are to the community rather than shareholders, (i.e. local water utilities prioritise provision of water, especially in dry times, rather than profits to shareholders). A public service utility is highly unlikely, as opposed to a private utility to 'game' markets for profiteering at the expense of consumers. It is therefore another cogent argument to keep public essential services in public hands.

2. Can you provide more information on how demand management programs can be used as a strategy to improve drought resilience and water security.

- Demand management and waterwise educational programs have been used as a key strategy in managing droughts in the Central West of NSW over the past 30 to 40 years. These programs have proven to be invaluable in educating the community on using water responsibly.
- Demand management programs such as the early implementation of water restrictions leading up to a drought is imperative in improving drought resilience and managing finite water sources. It is important to have a demand management plan and drought management plan with trigger points to ensure water restrictions are

implemented at the most appropriate times. This includes setting water consumption targets (i.e. litres per person per day), and articulating the times water can be used for gardens, filling pools, cleaning external surfaces, etc.

- The introduction of a user-pays (for consumption) water billing system in the late 1990's, drove down consumption considerably. The user-pays system is based on the more water consumed the more the customer pays. This system not only drove down consumption, but it also facilitated a greater appreciation of the value of water and the importance of using water wisely, particularly during times of drought.
- As a member of the Central NSW Joint Organisation Water Utilities Alliance, CTW has also been participating in a Water Loss Management Program (WLMP). The WLMP is for local water utilities to investigate and to develop and implement strategies to address their water network losses. This WLMP is vital for those local water utilities such as CTW with an extensive pipeline network of trunk and reticulation water mains to be able to identify leaks and have them repaired as soon as possible.

3. How can emergency relief funding be delivered more effectively to support local water utilities?

- Emergency relief funding could be delivered more effectively by ensuring that assets owned by local water utilities are eligible to receive emergency funding. Currently local water utilities' assets are not eligible for disaster recovery funding under the Disaster Recovery Funding Arrangements (DRFA) due to not meeting the definition of an essential public asset, as the assets are deemed to be commercial in nature, with insurance in place. That is, the utility is able to charge the consumer for water delivered to their tap via the utilities' assets, and therefore revenue is derived from the use of those assets.
- Supply of potable water is required to sustain public health and well-being as well as provide for critical institutions such as aged care facilities, hospitals and other medical facilities, schools, and childcare facilities. Provision of a safe and reliable water supply is an essential public service and water infrastructure assets should be classified as such when considering Disaster Recovery Funding Arrangements.

