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Re: Draft NSW Water Strategy (February 2021)

We write in response to the call for submissions on the draft NSW Water Strategy. Thank you for the opportunity to comment. The Water Directorate is the peak industry body for 89 of 90 (98%) of local government owned water utilities (LWU's) in regional NSW. Further information about us can be found at: https://www.waterdirectorate.asn.au/AboutUs.aspx

The Water Directorate welcomes the development of the NSW Water Strategy. There has been an absence of robust strategic planning for water, particularly in regional NSW. We consider that water management in NSW is fragmented and confusing with many opportunities for improvement, to:

- set clear a clear pathway for the future with strategic directions and goals
- clarify roles and responsibilities for regulating agencies and operators
- set accountability for achieving results
- engage all stakeholders in water more effectively
- provide sustainable, affordable and resilient water services for the people of NSW

Council owned local water utilities in regional NSW operate in a complex strategic and regulatory environment with numerous regulating agencies. We envisage that the NSW Water Strategy will overcome a number of regulatory barriers, especially prescriptive and conflicting regulatory requirements and unclear roles for water management in NSW.

Most importantly, resilient water services are required to withstand current and future challenges in NSW, which include drought, bushfire, flood and pandemic. Water is an essential service underpinning community and ecological health. It is imperative that we reduce the risk of future water security, water quality and public health events.

1 Setting the scene (p4 to p39 of the Strategy)

High level comments

- We wholeheartedly agree with the Minister's comments in her foreword. Every person in NSW has a right to safe drinking water at home and a secure water supply in their community. As the Minister has also said, community confidence in water management in NSW needs to be rebuilt. We believe that this could be enhanced by explicit discussion of the 'social licence' all stakeholders in water management should have, referencing equity, ecology and economy.
- We believe that there has been insufficient mention of Commonwealth initiatives, particularly the National Water Initiative (NWI), and commentary on current reports and position papers by the Productivity Commission and Infrastructure Australia. The relationship between the NSW Water Strategy and broader national issues would also

benefit from the inclusion of cross border arrangements with Qld, Victoria, ACT, SA. Some national issues of high relevance to regional NSW include:
    - Capital bias with subsidy funding
    - Community Service Obligations (CSO's) for regional/remote water utilities, to support financial sustainability
    - Establishing a minimum level of service for regional town water and sewerage services
- The strategy would also benefit from discussing aspirational international goals in water management such as the UN Sustainable Development Goals and the opportunity to share NSW's water management expertise with developing nations.
- Urban water regulation in regional NSW is too prescriptive. We would like to see the approach to water management in NSW move toward outcomes focussed regulation in line with the NSW government's Better Regulation Principles.
- Although the Strategy touches on safe drinking water in some commentary, we believe that the Australian Drinking Water Guidelines (ADWG) should be explicitly mentioned in the actions and outcomes, along with the ANZECC guidelines for environmental water quality. Further strategic directions in environment and health should also be considered, such as the introduction of Health Based Targets into the ADWG.
- The impacts of the issues in water management on Far West of NSW communities and the environment, especially Aboriginal communities is not acceptable. Addressing these issues should be an explicit action and outcome in the Strategy.
- There is unfinished business in addressing the powers and duties of local water utilities in regional NSW. The NSW Local Government Act has numerous shortcomings for local water utility operation/management in NSW.

The NSW Water Directorate can elaborate on the above high-level comments leveraging its network of extensively experienced water managers from across regional NSW. We welcome the opportunity to work with the NSW government to collaborate and co-design future arrangements in water management for NSW.

Connecting strategies

Water management in NSW involves many agencies and all three levels of government. In addition, It is equally important to recognise regional collaborative arrangements between councils – joint organisations of councils, water alliances and county councils.

We suggest that there is merit in mapping out a position and relationships in the NSW Water Strategy on the following strategic initiatives:

- Commonwealth
    - Productivity Commission – National Water Reform 2020 Draft Report
        - NSW Water Directorate has a particular interest in Supporting Paper G – Regional and remote communities
    - Infrastructure Australia – Infrastructure Priority List 2021
        - Project and initiative summaries
        - Town and city water security
        - Bulk water supply security

        - More specifically, in terms of urban water reform, Infrastructure Australia also recommended reform of the management of regional water utilities[1] especially:
            - Progressing regulatory and governance reforms
            - Improve collaboration between regulators
            - Improve regulation in regional areas
            - Develop and regularly update long term plans
            - Share knowledge and skills
            - Provide more certainty in forward funding and extend our planning horizons

          We support these recommendations, which align well with the objectives in the draft NSW Water Strategy.
    - Bureau of Meteorology - National Performance Indicator Review
    - Recommendations to the National Covid-19 Commission with recommendations on investing in the economic recovery:
        - Recommendations for increasing immediate employment and economic activities by the water industry – Australian Water Association, May 2020
        - Urban water's contribution to the Covid-19 pandemic recovery – Water Services Association of Australia, May 2020
    - Recommendations by the Urban Water Reform Committee on Urban water policy and reform:
        - Advancing the urban water sector November 2020
        - Institutional arrangements for urban water November 2020
- New South Wales
    - Numerous water sharing and floodplain harvesting plan reviews
    - Emergency relief for regional town water supplies in the order of $284 million for regional communities separately to the NSW Safe and Secure Water Program since 2017
    - Kickstarting the productivity conversation discission paper released by the NSW Productivity Commission in 2019. Some commentary in response to their Water and Energy overview would be beneficial, particularly *Draft recommendation 5.6: Assess alternatives for local water utilities*.
    - There appears to be at least 4 studies on water efficiency and water restrictions in process in parallel at the time of writing:
        - Harmonised (standard language) for water restrictions in NSW
        - Regional water efficiency strategy (DPIE and University of Technology Sydney)
        - Developing a water efficiency investment approach for NSW water utilities (Economic Level of Water Conservation analysis)
        - NSW Local Water Utility Efficiency Measures Project (DPIE and the Commonwealth government)
    - Regional Town Water Strategies – allowing Safe and Secure Water Program funding to be applied to Joint Organisations of councils.
    - NSW EPA's Draft regulatory strategy – March 2021
    - AdaptNSW: Addressing risks to infrastructure
        - Sydney Water and XDI Sydney
        - Climate Risk Ready NSW
    - DPIE's NSW Smart Places Strategy
        - $45 million boost for smart places in NSW

[1] Infrastructure Australia (2017) *Reforming urban water – a national pathway for change*: https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/reforming_urban_water_web_version.pdf

- Local Water Utility/Council strategic issues:
    - DPIE's NSW Best-Practice Management of Water Supply and Sewerage Framework
        - In particular, how IWCM for town water and sewerage services interfaces with regional water strategies
    - OLG's Integrated Planning and Reporting (IPR) framework

A lack of a coordinated approach on the above from the NSW government has led to consultation fatigue in regional NSW communities, leading to difficulties in collaborating on these initiatives in a timely, meaningful way.

Specific comments

We offer further specific comments on the scene setting portion of the Strategy (pages 4 to 39) as follows:

Issue	Ref
Consider a longer term timeframe for the strategy than 20 years. Urban and rural water systems use long lived assets, and there is a critical need to consider *long term resilience of our communities and the environment* (page 15 of the Strategy) A longer term view would align with the timeframe of the NSW regional water strategies – *20 to 40 years* (page 10 on the strategy), and properly prepare for future climate conditions (page 24 *Climate is variable and changing*). A longer timeframe would also be consistent with the *Vision* statement which discusses *future generations*.	Page 5
Under the heading: ***Clearly articulate the water management and service delivery framework and policy context for NSW***. We have addressed comments under our heading, *Connecting strategies* above. Further to those comments, we believe this part of the document would benefit from mention of the numerous pieces of legislation affecting local water utilities, including • *Local Government Act 1993 (and regulation)* – the enabling legislation for a council owned local water utility in regional NSW • *Public Health Act 2010 (and regulation)* – requiring a Drinking Water Management System for safe drinking water. • *Fluoridation of Public Water Supplies Act 1957 (and Code of Practice)* • *Protection of the Environment Operations Act 1997* – governing environmental protection licences, environmental incident management. • *Water Management Act 2000 (and regulation)* • *Environmental Planning & Assessment Act 1979* – governing land use planning and consent for infrastructure projects • *Dam Safety Act 2015* – requiring dam owners to have robust management systems and risk controls in place for dams • *Water Act 2007 (Commonwealth)* – under Part 7 the Bureau of Meteorology is empower to hold, manage, interpret and disseminate Australia's water information, including water utility performance information for utilities larger than 10,000 connected properties.	Pages 8-9

Issue	Ref
Water industry performance is hindered by a lack of inter-agency and inter-governmental coordination and cooperation on water. The NSW Water Strategy must strive to address co-ordination and cooperation between agencies. Communication and engagement would be beneficial with all stakeholders by including a statement in the Strategy on '***how agencies will work together***'.	
Under the heading: ***We need to do things differently*** – we agree with the premise. The need to do things differently is not limited to water sharing arrangements, or an understanding of climate change and identifying the finite limits to water resources. Regulatory challenges include prescriptive, inflexible regulation. Renewed attention is required on affordability and Community Service Obligations for small regional/remote utilities. Regional planning and collaboration needs to be incentivised, as does research and innovation. Cross-entity and multi-disciplinary collaboration is required, supported by more holistic catchment based water management. Non-asset solutions – 'green infrastructure' needs to be incentivised. Where we renew our water infrastructure, we need to 'build back better' having regard for climate risk and adaptation.	Page 21
Under the heading: ***Populations are growing and shifting***. This part of the strategy needs to acknowledge that population decline in smaller regional towns (indicated in Figure 6, p23), is partly driven by the socio-economic impact of water reform in the Murray Darling Basin This is referenced later in the Strategy on p106 which refers to *Independent Assessment of Social and Economic Conditions in the Murray-Darling Basin* (2020)	Page 22
Under the heading: ***The climate is variable and changing*** We acknowledge new climate risk modelling has been completed. Data/modelling is yet to have been shared with local water utilities in regional NSW. Meanwhile, LWU's are funding IWCM and supporting Secure Yield studies amounting to millions of dollars in regional NSW representing duplication rather than collaboration. Additionally, Local Water Utilities in regional NSW would benefit from dedicated state support on climate risk adaptation for infrastructure: • AdaptNSW: Addressing risks to infrastructure • Sydney Water and XDI Sydney – climate risk assessment • Climate Risk Ready NSW	Page 24
Under the heading: ***Do more with less to support economic growth*** • Under the subheading: ***explore opportunities from technology and data analytics*** – if we accept the premise that we can't build our way out of trouble, the technology is a key enabler for irrigation and urban water services. • Under the subheading: ***Seek shared benefits*** – there are 'stacked benefits' from green infrastructure – green spaces, liveable communities, biodiversity, carbon sequestration, catchment management for improved water quality for drinking water and the environment – which should be driven through regional water strategies. In our response to Action 3.2 below	Page 26

Issue	Ref
we call on the strategy to consider facilitation of an environmental market that would provide impetus to the most environmentally beneficial non-build solutions.	
In the overview of NSW groundwater resources, under the heading of ***Our water resources and how we share them*** There is evidence of discrepancies in water management where a local water utility might put their town(s) on water restrictions due to declining groundwater levels while neighbouring rural irrigation practice on the same aquifer continues unrestricted. Town water restrictions are effectively undermined in this scenario, and will not halt the decline of groundwater that should be conserved for critical human needs.	Pages 28-29
Under the heading: ***How is water shared in NSW***, the existing NSW extreme events policy and regional incident response guides are light on in addressing the NSW government's stated emergency management principles: prevention, preparation, response and recovery. Indeed, failure of water supply for critical human needs due to a drought is not specifically defined as an 'emergency' that would mobilise a whole-of-state-government response. There is little point in conceiving alternative water supplies that take 3 years to develop when there is only 1 year of water in storage. In this context, robust planning and a keen eye to approvals and lead times for quick response projects is critical. Town water supplies cannot afford to fail. Prevention is far cheaper and better than incident response. The NSW emergency management principles require an 'all-agencies' and 'all-hazards' approach. The solution to one particular hazard will most likely to work for other hazards. The merit of water sharing plan rules applying until a town water supply reaches a 'critical' level needs to be reviewed, with the opportunity to consider proactive intervention, particularly non-build solutions. With Figure 12 on Page 33, the question should be asked: Why are critical human needs are only highest priority during extreme events? Why aren't they the highest priority in normal circumstances?	Pages 32-33
In response to the heading ***The NSW water sector***, we would repeat our comments just above in this table, regarding Pages 8-9 under the heading: ***Clearly articulate the water management and service delivery framework and policy context for NSW***. Roles and responsibilities in the water sector need to include the Environmental Protection Authority, Dam Safety NSW, NSW Office of Local Government and others.	Page 34

2 Draft Vision

We support the draft Vision for the draft NSW Water Strategy. Some words could be potentially added to stress the importance of social equity:

Sustainable water resources ***and affordable water services*** for thriving people, places and ecosystems, both now and for future generations.

Some enablers that could also be considered for inclusion in the strategy for achieving the Vision would be:

- Water is essential for wellbeing and economic development in regional communities. We will be accountable for meeting our communities needs and expectations.
- All aspects of water management, our investments and activities as viewed by our community, will be readily transparent, sustainable and provide best value for money.
- All stakeholders in water management must strive for continuous improvement and demonstrate understanding and acceptance of their responsibilities. This includes the responsibility for being open, supportive and constructive in relationships with others.

3 Draft Objectives

We support the objectives, as stated. We ask that the following additional ideals be considered with regard to the high level objectives for the NSW Water Strategy:

- Leadership, transparency and accountability in decision making.
- Affordability of urban and rural water, especially for critical human needs
- Inter-governmental and inter-agency collaboration

Its possible that these suggestions are implicit in the existing objectives, alternatively, but we suggest that the draft objectives should be amended to include the above.

4 Draft guiding principles

We agree with the draft guiding principles. We ask that the following be considered, either by incorporation into the proposed draft principles, or by addition:

- Stewardship of the whole water cycle through sound resource management
- Service provision to address the social, cultural and environmental needs of regional communities.
- Partnerships and shared responsibility between our community and network of regulating agencies
- Fairness and balance of competing social, environmental and economic outcomes with a long-term view in mind
- Leadership by committing to good governance, continuous improvement and innovation.

5 Opportunities, challenges and actions for improved state-wide water management

We make the following comments on the opportunities, challenges, and actions, noting that some of our comments might be too detailed for the final Strategy, but are provided to provide insight and context:

Priority 1 – Build community confidence and capacity through engagement, transparency and accountability

- There is an opportunity to build capacity for local water utilities (LWU's) through the provision of water security and water quality intelligence specifically for a particular LWU/community. This is a state role as individual councils/LWU's/communities in most cases do not have responsibility for the whole catchment.
- This premise extends to water quantity and water quality modelling on a whole-of-catchment basis. Local water utilities/councils should not have to duplicate the effort that could be provided by the state.

- Action 1.2 – we agree with this action. In making more information available, attention needs to be paid to:
    - Review overlapping data needs between regulating agencies and look for opportunities to collect and analyse data using a common approach , particularly with urban water benchmarking and reporting (DPIE/EPA/Health)
    - Converting data into insights and knowledge, learning from underperformance and continuously improving water management
- Action 1.3 needs to extend to the state providing water security modelling specifically for town water needs in acknowledgement of the duplication and expense of the current arrangements for local water utilities.
- Action 1.4 – we acknowledge and support the role of NRAR. However enforcing confusing legislation is often difficult. Drought response has exposed conflicts/gaps in water licence conditions and Local Water Utility responsibilities. We support consultation and education before enforcement. Collaboration is difficult if the focus on enforcement before education.
- It follows that we welcome new technology in water measurement under the heading of ***Playing by the rules*** on p57.

Priority 2 – Recognise Aboriginal rights and values and increase access and ownership of water for cultural and economic purposes

- We wholeheartedly support all the actions in Priority 2. The Water Directorate is open to supporting capacity building of water service providers in discrete communities to promote sustainable drinking water and wastewater services.

Priority 3 – Improve river, floodplain and aquifer ecosystem health, and system connectivity

- We support Priority 3, with additional commentary provided below.
- There is a disconnect between urban and rural management of groundwater in regional NSW. The experience in some parts of NSW is that councils curb extraction of water for town uses through self-imposed water restrictions while irrigators continue to irrigate without restrictions. The result is that town water restrictions have little impact on the objective of conserving groundwater during drought conditions.
- With regard to connectivity, the process for transmitting water – for critical human needs or for environmental flow – over dry river beds needs review. As many towns as possible need to have a contingency plan, a 'Plan B' such as groundwater or off stream storage to negate water losses and water quality issues during extreme drought. The impact of regulated environmental flows needs to have regard for water quality impacts on the drinking water for small towns, particularly in the Far West of NSW. Conversely, it is recognised that ceasing river releases is known to restrict recharge of alluvial aquifers, a matter relevant to Action 6.7 of the strategy. A wholistic approach is required.
- With Action 3.2 ***Take landscape scale action to improve river and catchment health*** (p71) there is an opportunity to examine the concept of an environmental market[2] for non-build environmental services.
- With Actions 3.4 and 3.5 (p76-77) on monitoring and evaluation, and water quality respectively we suggest that the catchment to tap approach promoted in the Australian Drinking Water Guidelines should be referenced. In addition, water quality data trending is important to support safe drinking water, recreation, and the environment.

[2] *What are environmental markets?* US Dept Agriculture: https://www.oem.usda.gov/what-are-environmental-markets

Separately, strategic measures to address water quality involve land use planning, integrated water management and catchment management, common to metropolitan, town and rural catchments.

- Action 3.6 – we have made comments on the 'scene setting' elements of the draft strategy with regards to groundwater (comments above on Page 28-29, ***Our water resources and how we share them***).
- Action 3.7 – we have made comments above on the 'scene setting' elements of the draft strategy with regards to critical human needs and low flow events (comments in the table above, ref. Page 32-33 ***How is water shared in NSW***)

Priority 4 – Increase resilience to changes to water availability (variability and climate change)

- We support this priority, with additional commentary provided below.
- We acknowledge and support the position papers by WSAA[3] on net zero greenhouse gas emissions by 2050 (also discussed at Action 6.10),
- Action 4.1 – a critical item for local water utilities is item b, which proposes to provide access to climate risk information. Presently this is not the case. Councils continue to be advised to seek consultancy of the order of tens to hundreds of thousands of dollars in secure yield modelling to address the Best Practice requirements of the NSW government for local water utilities. We are aware that climate modelling including paleoclimate data is available within the NSW government.
- Action 4.2 – we have made comments on the 'scene setting' elements of the draft strategy with regards to critical human needs and low flow events (comments in the table above, ref. Page 32-33 ***How is water shared in NSW***). Some cross-boundary local water utilities agreements require a high level of water restrictions before water is shared. On a separate point, climate independent solutions, including water recycling are supported to improve resilience to climate change.
- Action 4.3 – we strongly support the action to improve drought planning, preparation and resilience. Some additional commentary:
    - The logistics and readiness for water cartage by truck in cases of water supply failure would benefit from a state-wide support arrangement[4]. There are opportunities to save cost, improve response times and effectiveness of these services with a pre-arranged program. Water carting will continue to be an essential part of the drought/bushfire response in regional NSW.
    - The NSW government should examine the opportunity to define extreme drought and water quality events as an emergency that attracts support from emergency management agencies.
    - We support the investigation of options for a more consistent approach to water restrictions across NSW, whilst acknowledging that there are different climate conditions and associated water consumption needs across regional NSW, north to south and east to west.
- Action 4.4 – Regional NSW Councils are well positioned to achieve place based outcomes for liveable towns, having carriage of land use planning, water, sewerage and stormwater services, public open space management.
    - With regards to protecting critical groundwater resources (Point c in Action 4.4), the NSW government could review and revisit the *NSW Groundwater Protection Policy 1998* Link

[3] WSAA 2021 – *Urban Water Industry Climate Change Position:* *https://www.wsaa.asn.au/news/wsaa-releases-industry-climate-change-position*

[4] McColl's Transport moved over 700kL per day of water by truck for the town of Gloucester, population 2390, for MidCoast Council in Dec 2019 and Jan 2020, plus 300kL/day of recycled water.

    - The experience with Orange City Council's innovative stormwater harvesting projects to supplement drinking water is that licencing and approvals for innovative projects such as stormwater harvesting can be difficult and slow.
- Some mention should be made in the Strategy of declining groundwater quality and the opportunities to use new technology to treat groundwater for critical human needs.
- The NSW Water Strategy

Priority 5 – Support economic growth and resilient industries within a capped system

- We support this priority.
- There is immense opportunity for innovation to support growth without the need for additional water, mainly through innovative use of data, such as measuring online soil moisture for irrigation (including public open spaces in towns), river flow, aquifer levels, town water leakage. In saying this, innovation requires consideration of factors such as capacity to deliver new technology, support/sponsorship mechanisms, risk appetite and sources of funding
- The government can play a part in promoting sustainable, responsible tourism[5]:

> *"Whenever there's a story in the media about drought, that's when our visitor numbers drop," she said. "I was in Wahroonga on the weekend and I had people coming up to me saying, 'How is it out there? How is the water?' They're worried about putting pressure on our facilities and I think in some instances, not everybody wants to look at a train wreck. We're not a train wreck. We're prospering and thriving." (Orange 360 tourism board)*

- Action 5.1 – infrastructure management could benefit from a review of optimal models for operation of cross-boundary water grids. Councils should not have to wait until Level 5 water restrictions to access alternative water supplies. Regional water strategies should have regard for this.
- Action 5.2 – this action could also emphasise that water recycling and other alternative water sources for agriculture and industry may potentially be better, more fit-for-purpose when the end use does not require water that meets drinking water quality standards. Non-residential water use is a key opportunity for water conservation and water recycling. Recycling will achieve multiple uses for every drop of water.
- In addition we support WSAA's *All options on the table* report[6] which shares the lessons learned on purifying recycled water for drinking. We are keen to collaborate with state government regulators to develop recycled water as a climate independent option for local water utilities.
- Action 5.4 – we recognise that the inclusion and consideration of town water needs in the regional water strategies has been improving, however there is more work required to more explicitly address secure yield analyses and how the regional water strategies interface with local water utility IWCM planning. A more integrated planning approach would reduce conflict and duplication between plans.

Priority 6 – Support resilient, prosperous and liveable cities and towns

- We support this priority.
- While there are quite different conditions between cities and towns, the goal of liveable communities remains the same. The Water Services Association of Australia's

[5] Sydney Morning Herald 20 Nov 2019 *The NSW town that defied the drought:* *https://www.smh.com.au/national/nsw/the-nsw-town-that-defied-the-drought-20191119-p53bwb.html*
[6] WSAA 2019 *All options on the table: lessons from the journeys of others* https://www.wsaa.asn.au/publication/all-options-table-lessons-journeys-others

(WSAA's) publication *Blue + Green*[7] is particularly relevant. We are particularly interested in WSAA's recommendation to create new funding and financial models for green and blue infrastructure as social infrastructure. There are significant health benefits from liveable communities.

- Under the subheading ***Key challenges and opportunities***: The opening comments on risk appear rely on local water utility risk assessments that have not involved the owners of the risk – the local water utilities. However, we completely agree with statements that suggest that we need to increase resilience for cities and towns.
- We agree that towns should diversify water sources to improve liveability. There is an issue of scale and affordability for small communities.
- It should be recognised that desalination for inland communities can be problematic for managing the residuals – brine in a sustainable and affordable way. Difficult problems if addressed with innovative new technology could lead to great opportunity to improve water security with climate independent water sources.
- The discussion on page 113 talks about risks but would also benefit from consideration of the opportunities that flow from the advantages of local government ownership, especially that councils are better able to deliver on IWCM and liveability principles as they have carriage of land use planning, public open space management and stormwater management alongside their water and sewerage responsibilities.
- Under the subheading ***Regulating local water utilities in NSW*** on page 115 – the role of WaterNSW, NRAR as relevant regulating agencies could be included. In addition:
    - We repeat the assertion that the 'comprehensive inter-agency assessment of town water and sewerage systems' did not involve the local water utilities. The risk data mentioned here needs to be ground-truthed using local knowledge.
    - We agree that LWU performance varies. There are many contributing factors:
        - different population densities, relatively large asset bases for relatively small population
        - whether or not an LWU relies on WaterNSW for bulk water management and water security
        - differing hydrological and climate conditions generally around NSW, both north to south, and east to west
    - On page 116, it is simplistic to suggest that 'poor risk management' can be inferred for remote/regional water utilities as a consequence of the differences in scale and capacity between metropolitan water utilities and local water utilities. It is true that smaller regional LWU's invariably need to work harder to provide a similar level of service to a metropolitan water utility, and assistance would be welcomed without removing local autonomy/decision making.
    - In saying this, we welcome *Action 6.2 – Work collaboratively with local water utilities to reduce risks to town water supplies*, including the stated outcomes.
    - Overall, DPIE's Best Practice Management of Water Supply and Sewerage Framework is too prescriptive, hindering innovation, good strategic planning and performance improvement. The framework is treated more as regulation than as guidance. This is a significant issue that we trust will be picked up and addressed as part of the Town Water Risk Reduction Program.

[7] WSAA 10 Sep 2019 *Blue + green = liveability:* *https://www.wsaa.asn.au/publication/blue-green-liveability*

- Action 6.3 is also supported. We would suggest that Actions 6.2 and 6.3 are effectively the same and should be merged.
- Action 6.4 is supported. Capital investment remains urgent for regional water and sewerage services. The Water Directorate urges the NSW government to consider increasing funding for the Safe and Secure Water Program for regional NSW towns. However the commentary above on risk prioritisation is important.
    - Review of the risk prioritisation process should be an outcome of Actions 6.2/6.3 (which we have recommended to combine). There is intrinsic linkage between capital investment, operational improvement and risk reduction. Smaller investment in operational improvement should be able to defer the need for larger capital investment in some risk cases. But realistically, operational investment must avoid expenditure 'patching up' failed assets.
    - An additional concern we have with the risk prioritisation process is that it underestimates risk for small communities that don't have water or sewerage services. Care needs to be taken with this approach as the purpose was to prioritise scarce capital subsidy funding to larger regional populations.
    - Lastly, there is a lack of a definition of a risk appetite, minimum levels of service or outcomes for urban water services in regional NSW leading to a risk of water related regulators applying a 'one size fits all' approach.
- Action 6.5, p118-119 – in acknowledging the large discrepancies in average residential water consumption rates, the commentary doesn't acknowledge the significant differences in climatic conditions across NSW – cooler/warmer, drier/wetter, nor the associated water uses for liveability, particularly use of water for evaporative cooling in the north west of NSW. It is improbable that there will ever be one standard per capita or per household target for efficient water consumption due to these factors. This is indirectly acknowledged on p124 which discusses water being the key to cooler places.
    - Additionally, attention and action on efficient water use should also consider the differences in water used between urban (regional towns) and rural (irrigation). For example town water consumption in the Murrumbidgee catchment is 75GL of the total 3,384GL available[8] (2.2% of water use).
- Action 6.6, p121 – we support this action. Council local water utilities need support from all of the water regulating agencies in the NSW government, and cannot progress water source diversification without this support.
- Action 6.7 p122 – we strongly support investigation of managed aquifer recharge whilst acknowledging the significant challenges with regulation that provides for appropriate management and access to the stored water.
- Action 6.8 – we support the promotion and improvement of IWCM
    - LWU's support the principles of IWCM but want to have the prescriptiveness of the IWCM framework and the associated expense reduced. Small LWU's will benefit from a much simpler approach. A 30 year plan for a town of 500 people with modest population growth is unnecessary.
    - There's not a sense of proportion between LWU's serving large populations as against smaller LWU's serving (say) less than 10,000 connections.

[8] DPIE 15 Jan 2021: *Water Allocation Statement – Murrumbidgee Valley:* *https://www.industry.nsw.gov.au/__data/assets/pdf_file/0015/342204/WAS-murrumbidgee-20210115.pdf*

    - The checklist that an LWU needs to meet for an IWCM requires LWU's to include numerous operational issues which duplicate what would be included in an asset management plan and confuses the strategic intent. Large complicated IWCM reports also make community and regulator engagement more difficult.
    - As discussed earlier in this submission, secure yield requirements in IWCM are duplicated by regional scale water security assessments in the NSW regional water strategies.
    - LWU's are forced to spend significant amounts on IWCM plans to avoid the government refusing subsidy applications or Section 60 approvals.
- Action 6.9 – whilst we acknowledge the long standing intentions of the *Water Industry Competition Act*, local water utilities have had equally long standing concerns with 'last resort provider' arrangements falling onto local water utilities in regional NSW. This was a subject that the Water Directorate was actively discussing with the Department as recently as 2020.
- Action 6.10 – we acknowledge and support the recent position papers by WSAA on net zero greenhouse gas emissions by 2050[9], and transitioning the water industry with the circular economy[10] which contain important values and objectives. NSW local water utilities would welcome the assistance of the NSW government in achieving these objectives, which are much broader than the traditional objectives for a local water utility. Regional councils have a different operating environment to the metropolitan setting. They have advantages in being able to incrementally solve smaller, more distributed challenges, as well as more land space. However, scale, capacity and affordability are areas in which some councils could benefit from assistance with targeted sustainability programs for local water utilities, delivered on a regional basis.

Priority 7 – Enable a future focussed, capable and innovative water sector

- We support this priority.
- Action 7.1 – this action would benefit from partnerships between metropolitan state owned corporations. Notably, NSW LWU's such as Shoalhaven Water have demonstrated with their pilot of Low Power Wide Area Network (LP-WAN) technology[11] that regional water utilities can develop innovative, leading edge technologies in water management.
- We believe that Action 7.1 and Action 7.2 could be combined.
- Action 7.3 – we acknowledge and agree that the Town Water Risk Reduction Program promoted in Action 6.3 will play a leading role in improving skills and capability supporting town water services in regional NSW. In saying this, we support developing local capability – responsibility for local water utilities remaining at the local level, for effective operation, while resources and support are augmented by region and state level coordination as required.

6 Concluding comments

While most of the strategic issues affecting Local Water Utilities should be picked up with our stakeholder group in Action 6.3 – the Town Water Risk Reduction Program (TWRRP),

[9] WSAA 2021 – *Urban Water Industry Climate Change Position:* *https://www.wsaa.asn.au/news/wsaa-releases-industry-climate-change-position*
[10] WSAA 2020 – *Transitioning the water industry with the circular economy*: https://www.wsaa.asn.au/publication/transitioning-water-industry-circular-economy
[11] University of Wollongong/Shoalhaven City Council 2019 – *Implementation of an IoT Based Radar Sensor Network for Wastewater Management:* https://ro.uow.edu.au/eispapers1/2240/

there are many other programs affecting LWU's in regional NSW that are outside the scope of TWRRP. It is imperative that the implementation plan for the NSW Water Strategy be well coordinated and attempt to address the challenge of 'consultation fatigue'. There are numerous strategic water management initiatives on foot which has resulted in difficulty in meaningfully responding.

We would conclude by saying that whilst there are many positive opportunities for improvement, addressing the fundamentals in water regulation is well overdue. It is clear given the last unprecedented drought that water regulation and management cannot continue to be done the way it has always been done.

In this regard, we strongly support the principles of collaboration and co-design and welcome the opportunity to do so during the finalisation and implementation of the actions in the NSW Water Strategy.

Please do not hesitate to contact me on 0498 765 055 if any further information is required on this submission.