

BELLINGEN SHIRE COUNCIL



27 March 2024

NSW Productivity Commission

Email: LWUReview@treasury.nsw.gov.au

Dear Sir/Madam

I am writing in response to your request for feedback on the Alternate Funding Models for Local Water Utilities (LWU) issues paper. Bellinggen Shire Council (Council) agrees that the State Government could modify the funding models for water and wastewater to improve Councils performance. However, Council does not agree that smaller LWU's suffer from a lack of economy of scale resulting in higher charges for residents or a poor performance. Bellinggen has just over 4,400 water connections, our consumption charge is just over the weighted medium at \$2.50/kl, however our fixed access charge is \$150/annum well below the weighted medium of \$177/annum resulting in below average costs to our residents.

Council's asset management and asset replacement program is fully funded, excluding the new health-based targets that are being put in place. Council has never suffered asset failure that has required a boil water alert.

While Council is efficiently managing its resources, we would welcome a closer working relationship and resource sharing with other LWU's. Council currently works with Clarence Valley Council in joint procurement and regularly share resources with Coffs Harbour City Council. Dedicated resources located within Council's Joint Organisation (JO) would benefit all local LWU's, however the current JO structure in our region is fragmented geographically and in its current structure, this can at times be problematic in building effective relationships.

A clear beneficial change to the current funding model and legislation would be the combination of both water and wastewater reserves into a single reserve to greatly enhance the cashflow arrangement for Council operations and infrastructure upgrades. This is an issue that has been raised on numerous occasions but has yet to gain traction with the NSW State Government yet would benefit most small LWU's and offer the potential to decrease the need for external funding.

Council also believes that if regulations are changed to modify or enhance improvements in the water sector, then small LWU's should attract automatic funding if the State Government is requiring expensive asset upgrades. To expect small Councils to fund capital intensive upgrades which have not been previously considered and provided for through the Integrated Water Cycle Management process is unrealistic.

In the last drought of 2019, Council suffered one of its lowest river levels in history and were concerned about the reliability of the aquifer that supplies 90% of the shire resident with water. The State Government provided Council with \$1,000,000 in emergency funding for portable desalination if required. Fortunately, it

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was not required to undergo complete implementation following a break in drought conditions. The remainder of the funding, with the support of the State Government, is being utilised to investigate the viability of the aquifer under extreme drought conditions.

Should the aquifer prove to be insufficient, Council has investigated options to secure its water supply, with options including off stream storage, connection to either Coffs Harbour or Nambucca Shires water supply or permanent desalination. None of these options is within Council ability to fund. Should the proposed funding models be used to permanently resolve water security or quality issues, instead of providing emergency funding and short-term solutions, I believe that in the long run there will be an economic benefit to both Council, residents and the State Government.

Should you have any questions regarding the matters raised in this correspondence, I ask that you contact the

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Kind Regards,



Ashley Greenwood
Deputy General Manager - Operations