

NSW Productivity Commission

Via email: [lwureview@treasury.nsw.gov.au](mailto:lwureview@treasury.nsw.gov.au)



**New South Wales  
Aboriginal Land Council**

ABN: 82 726 507 500

## **Re: NSWALC Submission Alternative Funding Models for Local Water Utilities**

The NSW Aboriginal Land Council (**NSWALC**) takes the opportunity to provide comments on the Issues Paper outlining alternative funding models for Local Water Utilities.

NSWALC is the largest member based Aboriginal organisation in NSW and is the State's peak representative body for Aboriginal affairs. We aim to protect the interests and further the aspirations of our 29,000 members and the broader Aboriginal community.

Our submission focuses on funding model principles, minimum standards and ways in which government and local water utilities could better partner with Aboriginal communities to improve their water and sewerage services.

### **Funding Model Principles**

As outlined in the Issues paper, under the National Water Initiative (NWI), all states and territories have recognised governments responsibility to provide "healthy, safe and reliable water supplies."<sup>1</sup> Given the large representation of Aboriginal people in regional and remote NSW, NSWALC is concerned at the quality of services and in particular, the quality of drinking water in these areas.

Last year media reported on the issues with Walgett's water supply, which was found to have a sodium level 15 times higher than medically recommended<sup>2</sup> and where water insecurity is more common than it is in some communities in Bangladesh.<sup>3</sup> The Australian Water Guidelines do not provide for health guidelines around sodium levels, only 'palatability'. However, people with chronic health conditions (for example renal and heart disease and diabetes) are particularly vulnerable to high sodium levels. As a result, people are having to purchase bottled water which is an additional cost on top of inflated grocery prices in remote areas. A reverse osmosis (desalination) plant was installed in Walgett in May 2020 and closed in September that year, as it was found to be "...unsustainable due to poor planning and local consultation resulting in unsustainable disposal of concentrate wastes."<sup>4</sup>

The issues in Walgett are not an isolated example, water quality is an issue in many communities across NSW. Many communities tap into the Artesian bore water when they cannot use river water and have unsafe drinking water as a result (for example, Narrandera, Moama and Dubbo). An audit report in 2020 found the NSW

<sup>1</sup> <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/water/Intergovernmental-Agreement-on-a-national-water-initiative.pdf>

<sup>2</sup> <https://www.sbs.com.au/nitv/article/walgett-residents-ring-the-alarm-on-unsafe-water-supply/4g1i4k4kp>

<sup>3</sup> <https://www.abc.net.au/news/2023-04-13/walgett-nsw-water-insecurity-worse-than-bangladesh/102212784>

<sup>4</sup> Rosewarne et al., 2021

**ALWAYS WAS. ALWAYS WILL BE.**

[alc.org.au](http://alc.org.au)

Government had “not effectively supported or overseen town water infrastructure planning in regional NSW since at least 2014”.<sup>5</sup>

NSWALC recognises there are issues with economies of scale in small and isolated communities, but this should not be used as an excuse for providing poor and unsafe services. While NSWALC recognises that Local Water Utilities need a funding system that is fair and efficient, there must be recognition that in order to ensure equity there will be an extra cost burden servicing regional and remote areas. The extra cost should not be passed on to consumers who are often the most disadvantaged people in NSW. In this regard, the pensioner rebate for water rates should be increased to include pensioner rebates for water usage, to reflect the fact that many Aboriginal people were denied the opportunity to own their own homes and are therefore ineligible for the existing pensioner water rebates.

Where there is not an existing rate base to provide funding for services the NSW Government needs to take a human rights-based approach, which recognizes people’s fundamental right to safe drinking water. NSWALC agrees that there must be community service obligations where cost recovery is not viable. One of the concerns though with the Australian Government’s Productivity Commission’s community service obligation principles, is defining what is an acceptable basic level of service.

## Minimum Standards

Under the Closing the Gap National Agreement, governments have agreed to a new Community Infrastructure Target (Target 9b), which states that by 2031, all Aboriginal and Torres Strait Islander households:

- within discrete Aboriginal and Torres Strait Islander communities receive essential services that meet or exceed the relevant jurisdictional standard
- in or near to a town receive essential services that meet or exceed the same standard as applies generally within the town (including if the household might be classified for other purposes as a part of a discrete settlement such as a “town camp” or “town-based reserve”).

Currently as outlined in the Issues paper, there are no minimum service levels for local water utilities, as there are for other major utilities. This is unacceptable and the NSW Government should introduce basic minimum standards, irrespective of the cost of meeting the standard.

In NSW there are 63 discrete Aboriginal communities (former reserves and missions) that have been determined eligible for funding under the Aboriginal Communities Water and Sewerage program.<sup>6</sup> Of those discrete communities, 23 were found to have satisfactory water and sewerage services equivalent to neighboring communities as if they were part of a water utility reticulated system, the remaining 40 did not.<sup>7</sup> Since the commencement of the program in 2008, 36 communities now have long term service agreements in place for local water utilities to provide full water and sewerage services equivalent to the broader community.

There is a diversity of views among Local Government Authorities regarding their responsibilities to provide services to discrete communities. Some Local Government Authorities do not participate in the program and are of the view that former missions are private land and not the responsibility of Council. Some Local Government Authorities lack the capability and are not big enough in terms of population and economies of

<sup>5</sup> <https://www.audit.nsw.gov.au/sites/default/files/documents/FINAL-Support-for-regional-town-water-infrastructure.pdf>

<sup>6</sup> <https://alc.org.au/water-and-sewerage/>

<sup>7</sup> <https://alc.org.au/water-and-sewerage/>

scale to provide complex water-related functions so private contractors are used. As the Issues paper and multiple reviews have suggested, there is a need for greater coordination and operational support, including skills training for staff delivering water services to address this capability gap.<sup>8</sup> In this instance, the focus should be on employing and upskilling Aboriginal people and contracting Aboriginal businesses. Aboriginal people and businesses are often rooted in community and NSWALC and the network of Local Aboriginal Land Councils have witnessed first-hand how investment in local employment and Aboriginal businesses has a flow on effect that goes beyond economic outcomes - to improved social and cultural outcomes.

## Partnerships with Aboriginal Communities

Any new funding model should take into account the commitments that the NSW Government has already made under its NSW Aboriginal Water Strategy and the Closing the Gap National Agreement. The NSW Aboriginal Water Strategy identifies ways to increase water rights and ensure Aboriginal people are empowered to contribute to water management and planning decisions.

NSWALC, as a member of NSW CAPO is partnering with the NSW Government to design and deliver the Closing the Gap Framework in NSW. Together we have developed a whole-of-government Implementation Plan, which includes Priority Reforms and key action areas under the Socio-Economic Outcomes:

- Priority Reform 1 – Genuine partnerships with Aboriginal community-controlled organisations and businesses
- Priority Reform 2 – Strengthening the Aboriginal Community Controlled sector, by providing more support to Aboriginal organisations and businesses to support business growth
- Priority Reform 3 – Transforming government to make practices more culturally safe and relevant to Aboriginal peoples.
- Priority Reform 4 – Sharing access to data and supporting Indigenous data sovereignty and governance.
- Priority Reform 5 – supporting Aboriginal businesses by improving procurement policy and strengthening the Aboriginal business sector.

Reforms to Local Water Utilities should reflect the commitments that the NSW Government has already made to work in genuine partnership with Aboriginal community-controlled organisations and for all communities irrespective of their size, to receive services equivalent to neighboring towns.

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<sup>8</sup> Productivity Commission, Urban water services: regional and remote communities, Supporting Paper G, May 2021, p 27.

Please see below a table of our recommendations:

**Recommendation 1:** All Aboriginal communities have access to safe clean water.

**Recommendation 2:** The pensioner rebate for water rates should be increased to include pensioner rebates for water usage, to reflect the fact that many Aboriginal people were denied the opportunity to own their own homes and are therefore ineligible for the existing pensioner water rebates.

**Recommendation 3:** That the NSW Government should introduce basic minimum standards for local water utilities, irrespective of the cost of meeting the standard and that these minimum standards should reflect the NSW Government's commitments under Closing the Gap for all communities irrespective of their size, to receive services equivalent to neighboring towns (Socio-Economic Outcome 9b).

**Recommendation 4:** For the new Local Water Utility funding model to provide incentives for greater coordination and upskilling of staff, particularly in relation to the employment of Aboriginal people/contractors.

**Recommendation 5:** That any new Local Water Utility funding model reflects the NSW Government's commitments under Closing the Gap to genuine partnerships with Aboriginal people that promote shared decision-making.

**Recommendation 6:** That any new Local Water Utility funding model reflects the NSW Government's Aboriginal Water Strategy and identifies ways to increase water rights and ensure Aboriginal people are empowered to contribute to water management and planning decisions.

We hope that the recommendations made in this submission will be carefully considered.

Should you require further information, please contact the NSWALC Strategy and Policy Unit on [REDACTED]

Sincerely,

[REDACTED]

**Yuseph Deen**

Chief Executive Director

9 April 2024