

Productivity Commission
National Water Reform 2020
Inquiry into progress with the reform of
Australia's water resources sector

August 2020



CENTRAL NSW
JOINT ORGANISATION

Bathurst
Blayney
Cabonne
Cowra
Forbes
Lachlan
Oberon
Orange
Parkes
Weddin

21 August 2020

Reference: jb:mm 200821

Productivity Commission
GPO Box 1428
Canberra City ACT 2601

To whom it may concern,

Re: Inquiry into the progress with the reform of Australia's water resources sector

The Central NSW Joint Organisation Board thank you for the opportunity to provide an initial submission to the Commission's inquiry into progress with the reform of Australia's water resources sector.

Scope of the Inquiry

We understand that the Australian Government has asked the Commission to assess the progress of the Australian, State and Territory Governments in achieving the objectives and outcomes of the National Water Initiative (NWI) and evaluate the need for future water reform. Specifically, the Commission will:

- assess the progress of jurisdictions towards adopting the principles set out in the NWI
- consider the outcomes (including benefits and opportunity costs) of reform efforts
- consider the extent to which the NWI reforms help address emerging challenges faced by Governments, water providers and water users, such as climate change or changes in economic circumstances
- make recommendations on future reform priorities, and ways in which the NWI could be improved.

The terms of reference also request the Commission to consider a number of other issues in undertaking the inquiry, including:

- the interaction of water policy with other areas (such as land use planning and urban development)
- the impacts of climate change on water resources
- the provision of reliable water services to regional and remote communities
- the principles to be satisfied for any Government investment in major water infrastructure; and
- issues identified in its 2017 inquiry, which in some cases went beyond the NWI.

We note that the final report is to be provided to the Government by 31 December 2020 and the review will be completed in early 2021.

About the Central NSW Joint Organisation

Local Government Regional Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 200,000 people covering an area of more than 50,000sq kms comprising the Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, Weddin, and Central Tablelands Water.

The Central NSW JO speaks for over 157,000 people covering an area of more than 47,000sq kms comprising of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here:

https://docs.wixstatic.com/ugd/51b46b_31886650ecf546bc916f15e99a733b3e.pdf

With safe, secure water essential for the growth and prosperity of our towns, to support agriculture and industry and sustain the environment, regional water security and network planning was identified as one of four regional priorities for the CNSWJO.

Central NSW Councils aim is for their region to be one of the 7 top contributors to National Gross Regional Product,¹ where agriculture is identified as the primary economic driver.

NSW Joint Organisation Collaboration

The CNSWJO has been engaging through the collaborative approach of the NSW JO Chairs Forum, they have been meeting every quarter since May 2018, with support through the Office of Local Government.

Key messages about the role of Joint Organisations

1. Joint Organisations in NSW are a network of 13 organisations established to strengthen collaboration and engagement between State and Local governments; and improve infrastructure and service delivery to regional communities.
2. Collaboration between the NSW Government and Joint Organisations means;
 - Active and engaged inter-agency collaboration,
 - A regional approach to dealing with a number of Local Government entities,
 - Support from Local Government when machinery of government changes are being implemented to maintain continuity, knowledge sharing and capacity building,
 - Financial savings by avoiding duplication, partnerships and facilitated aggregated procurement,
 - Better application and implementation of solutions, better relationships and corollary, and
 - The ability to assess and analyse potential solutions beyond traditional boundaries, systems and regions.
3. Joint Organisations identify government partners and key stakeholders to work with member Councils to deliver outcomes for towns and regional communities throughout NSW.
4. Each Joint Organisation has a Statement of Strategic Regional Priorities containing the programs, projects and initiatives that the Joint Organisation is to focus on.
5. There are examples of where Joint Organisations have transformed the way the NSW Government and local councils collaborate, plan, set priorities and deliver important projects in the regions.
6. Joint Organisations are intended to be a key mechanism through which the NSW Government delivers funding and programs to regional NSW. This intent is critical to delivering the collaborative function of Joint Organisations and the financial sustainability of Joint Organisations.
7. One such opportunity is the strategic planning and policy framework for the administration and delivery of urban water for regional communities in NSW.

¹ Infrastructure Australia, Australian Infrastructure Plan 2015 cited in the Central NSW JO Strategic Plan page 9
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8. The NSW Government's Safe and Secure Water Program offers funding to Councils and Joint Organisations for the development of Regional Town Water and Integrated Water Cycle Management strategies, and with the introduction of Regional Water Strategies and their impending implementation, there is an opportunity to collaborate to make confident and informed investment decisions regarding the State's water resources.

Taking the above into consideration, the CNSWJO makes the following comments to the information requests in the issues paper.

Assessing jurisdictional progress

INFORMATION REQUEST 1

The Commission welcomes feedback on:

- whether the signatories to the NWI are achieving the agreed objectives and outcomes of the agreement***
- which elements of the NWI have seen slow progress***
- whether there are cases where jurisdictions have moved away from the actions, outcomes and objectives of the NWI***
- any other data and information sources that might be useful for assessing progress.***

In our submission to the Productivity Commission in 2017, Central NSW Councils commented that more collaborative partnerships between the NSW Government and Local Government, particularly in the areas of planning, regulation and infrastructure prioritisation would better enable delivery of the National Water Initiative objectives in regional NSW.

In the area of planning, the CNSWJO Board has welcomed development by the NSW Government of Regional Water Strategies for the Lachlan and the Macquarie-Castlereagh catchments and in particular efforts to engage with Local Government in their development.

The intention is that the Regional Water Strategies will bring together the most up to date information and evidence to integrate policy, planning, regulatory and infrastructure solutions to:

- Deliver and manage water for local communities
- Enable economic prosperity
- Recognise and protect Aboriginal cultural values and rights
- Protect and enhance the environment
- Identify least cost policy and infrastructure options.

Where effective collaboration on water management at the regional level continues to be the missing piece, some progress has been made through advocacy by the CNSWJO to integrate urban water into these strategies with significant opportunities afforded by the formation of JOs yet to be optimised.

Throughout consultations by the NSW Department of Primary Industries and the Environment (DPIE) with CNSWJO member Councils on the development of Strategies, Councils have continued to advocate for shared data and modelling and, most importantly, an implementation plan and collaborative governance structure to enable the delivery of options in the Strategies.

Transparency around the models used to determine the impacts of climate change and the identification of strategies to deal with it are an essential part of the Regional Water Strategies otherwise we will see towns and communities becoming less viable. Negotiations continue on this.

An area of great concern currently is the methodology used to value different hydrological outcomes under the Regional Water Strategies where the value of productive urban water in regional NSW has been substantially under done. More detail is provided in response to Information request 12.

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The development of Regional Water Strategies and the anticipated State Water Strategy by the NSW Government is the ideal time to seek to have governance arrangements in place for both the implementation of these plans, but to deliver a range significant benefits afforded by intergovernmental collaboration through a new approach leveraging the Joint Organisations.

The challenge is to ensure that Integrated Water Cycle Management planning required by Councils to demonstrate management of urban supplies is integrated into Regional Water Strategies and that Local Government have a seat at the table in the development of these key plans that will influence infrastructure planning and funding for communities into the future. See response to information request 11.

The NSW Government is developing a strategic regional water policy framework to set and enforce clear rules for sharing water, plan for and deliver water infrastructure, ensure balanced access for users, and to plan for extreme events, including drought.² The CNSWJO welcome this and seek engagement in its development. The NSW Regional Water Statement was released in 2018, and regional water strategies are under development and due for completion by the end of 2020.

Assessing the adequacy of the NWI to meet current and emerging challenges

INFORMATION REQUEST 2

Is the NWI adequate to help Governments address the identified challenges?

Are there any other current or emerging water management challenges where the NWI could be strengthened?

Currently Local Water Utilities in regional NSW are challenged in water management by the following:

- ***The strategic framework***
Where some inroads are being made, currently modelling and planning for urban water security is done in isolation by Local Government and needs to be integrated into the State Government's strategic water planning. Detail is provided in response to Information request 11.
- ***The regulatory framework including best practice and drinking water quality management.***
Local Water Utilities (LWU) seek a less paternalistic approach that meets the needs of LWUs in managing their businesses, avoids duplication and onerous reporting and meets the Government's regulatory needs.
- ***The funding framework***
Quality secure water requires a funding framework that recognises that it is a basic human right.
- ***Drought management***
The unprecedented drought has demonstrated challenges, particularly for larger settlements, in navigating the strategic, regulatory and funding frameworks for urban water security. This is particularly the case for the towns of Orange and Bathurst on the unregulated river system. See more detail in response to information request 4.
- ***Machinery of Government churn, culture & poor engagement***
Joint Organisations and the Regional Organisations of Councils before them have been advocating about water for decades. The missing piece is effective collaboration on water management at the regional level.

² Terms of Reference – Lachlan Valley Regional Town Water Drought Response Steering Committee DPIE water- June 2020

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With the enabling of JOs to strengthen collaboration and engagement between State and Local governments; and improve infrastructure and service delivery to regional communities there is an opportunity for regional NSW to do business differently with the State and Federal Governments in regional water management. See more detail in response to information request 11.

There is significant scope for a renewed National Water Initiative to contribute to addressing these challenges by providing high level guidance, independent evidence-based resources and promoting rigorous cost -benefit analysis of regulatory changes.

Future reform directions

INFORMATION REQUEST 3

The Commission welcomes feedback on the matters that should be considered for inclusion in a renewed NWI.

Future reform of the NWI should contribute to ensuring effective collaboration on water management at the regional level between multiple government agencies, Councils and Joint Organisations, Local Water Utilities and local and regional stakeholders, including in water reliant industries.

This requires a willingness of Governments to engage in meaningful fit-for-purpose collaboration with processes co-designed to optimise outcomes in the strategic space.

While we're making inroads at state-level we now need some consideration at the Federal level to enable broader strategic conversations and decisions around productive water. An example is how this region can participate in discussions around the Infrastructure Australia National Water Grid.

Water entitlements and planning

INFORMATION REQUEST 4

How effective are water plans at managing extreme events such as severe drought?

Are NWI principles being applied at these times?

What steps have been undertaken — or should be undertaken — to plan for long term changes in climate?

What lessons have recent extreme events (bushfires and COVID 19) provided for planning?

In its submission to this inquiry the NSW Water Directorate states that there are challenges currently in NSW with embedding the lessons learned from the millennium drought and the current drought (2017-) into water resource plans and strategies.³

This has certainly been demonstrated in the Central NSW region. Communities such as Bathurst and Orange on the unregulated Macquarie River who do not rely on state regulated dams have historically been overlooked. This has led to significant challenges in managing "day zero" and through the potential closure of industry the drought has shown a desperate need for more collaboration and coordination at the regional level. Oberon Council also reports particular challenges through the recent drought. More detail can be provided on request.

The Department of Planning, Industry and Environment (DPIE) has developed incident response guides for each water resource plan area in NSW that describe how extreme events will be managed including consultation arrangements. The guides set out critical trigger levels that define four stages of drought, from Stage 1 (normal operations) to Stage 4 (critical drought), specific to each water resource plan area.

³ NSW Water Directorate – Initial Submission in response to National Water Reform Issues Paper-May 2020
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Critical Water Advisory Panels have been formed to deliberate further in specific water resource plan areas during the drought, providing valley-specific advice to the Minister on the most appropriate management actions.

The Panels have met every couple of months via an on-line platform and have included Local Government Local Water Utility representatives. Local Government representatives have also participated in valley-based River Operations Stakeholder Consultation Committees (ROSCCOs), convened by WaterNSW. Other consultation has taken place with Councils separately with DPIE staff and through the Regional Town Water Coordinator. See the consultation on management actions at the following link.

https://www.industry.nsw.gov.au/_data/assets/pdf_file/0013/203125/critical-water-advisory-panels-fact-sheet.pdf

Where the work of the NSW Regional Town Water Coordinator has shown what central coordination can do in times of critical shortages, the Critical Water Panels and ROSCOs have been more an information dissemination tool with the opportunity to have input to decision making still missing.

There remains a need for better fit-for-purpose consultative processes in place permanently, not just to respond to the current drought emergency.



Chifley Dam, Bathurst Late 2019

Central NSW Drought Issues Paper

The CNSWJO Board sought an issues paper through the Western Research Institute to assist with informing governments and other stakeholders of the impact of the drought on the Central NSW region and making recommendations about solutions. A copy is provided as an attachment.

The paper recommends that:

- Better drought preparedness is essential- the three tiers of government need to work together to develop tools and advisory services that build on best practice drought management techniques.
- Finalising drought preparedness processes and policy at a national level which are built on understanding triggers and how to act when they are pulled, is critical.

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Better understanding of triggers that would signal when we need to instigate drought management actions and case by case/place-based management approaches to enable the minimisation of worsening conditions of untreated impacts is needed.

- A consistent and collaborative approach is needed with Local Government working with the State and Federal Governments on water management planning to specifically include water supply actions to be activated in drought situations.

This is much more than standpipes offering free water. It extends to water infrastructure planning, water supply management and acknowledgement of the impact drought has on urban water supplies.

Where the NSW Parliament passed a Water Supply (Critical Needs) Bill 2019 that specifically identifies the Macquarie River to Orange Pipeline as a declared water supply development and the Wyangala Dam wall raising project as a critical state significant dam-related development, advocacy is on-going with the NSW Government around the need to get the state government's policy settings right to facilitate the delivery of water supplies including policies around triggers for environmental flows and to enable the operation of critical infrastructure. These triggers need to be part of the ongoing framework so we can call on them as required and not need legislation, such as a Critical Water Bill to turn the taps.

An additional challenge through the recent drought is that the focus on business-as-usual processes by DPIE Water for the funding of water infrastructure solutions through the Safe and Secure Water Program and longer-term planning processes has at times not been responsive to the pace of the drought emergency and have been a costly and resource intensive distraction from more pressing priorities.

Alternative arrangements under consideration for rapid deployment in Central NSW during the current drought range from bores with pipes to reverse osmosis. These range from 4 months (turning on a pump under the Critical Water Needs Bill) to 10 years (estimates for the upgrade of Wyangala). Few projects, including those with a non-infrastructure solution, are able to be achieved in 12 months in the current regulatory framework.

With many communities facing a "day-zero" for town water supplies, feedback from CNSWJO members is that there is significant frustration across regional LWUs with the delay and lack of value added by some of these processes. This includes where DPIE Water are using a LWUs Integrated Water Cycle Management Plan as the core source of information for a risk assessment to inform their infrastructure prioritisation framework for the funding of projects at a time when Regional Water Strategies are seeing the development of sophisticated new modelling techniques.

Advice through consultation on the development of the Regional Water Strategies is that they *will be underpinned by improved data based on the best and latest methods to understand past climate, and will use plausible climate futures based on existing international, national and State-based climate modelling. This improved data will be used in our hydrologic models to gain a better understanding of the risks faced by water users and the environment within each region, and to investigate the potential benefits and impacts of options identified through the strategy development process.*⁴

While acknowledging the importance of IWCM Plans to a LWU's management of town water supplies, this region continues to advocate for shared data and modelling that can be optimised by Councils in the development of their IWCM Plans.

⁴ Draft Regional Water Strategies Guide- Preliminary Draft March 2020

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It is suggested that a post-mortem on lessons learnt from the drought on water management and emergency response be held within one year and that the CNSWJO and member Councils have a seat at the table.

Resources assessment and allocations

In a recent response to a NSW Legislative Council Portfolio Committee No. 4 inquiry, the CNSWJO provided the following input regarding the provisions of the Water Management Amendment (Water Allocations - Drought Information) Bill 2020 from an urban water perspective.

It is understood that the intent of this Bill is that the inflows from the worst-ever drought should be used in the resource assessment and allocation process, rather than the worst drought of record up to 2004, which is when the Water Sharing Plans first started and what is currently legislated.

A change like this would have varied impacts across the state, depending on the inflow patterns for different rivers and how severe the Millennium drought and the most recent 2017-2020 drought have been. The following comments are largely from a Lachlan perspective:

- Impacts on the Lachlan would be significant because the Millennium drought was worse than pre-2004. Arguably the management of the Lachlan during the Millennium drought failed the communities of Lake Cargelligo and Condobolin.
- The WSP requires that there is sufficient storage reserve, when combined with drought-of-record inflows, to meet essential supplies through a repeat of the drought-of-record. In the Lachlan this means 2 year's supply for towns, S&D, HS and for river operation are required before there can be any water allocated to general security licences.
- If the worst-ever drought up to 2020 was used in the resource assessment it would mean managing for a longer drought (around 3 years) and that more storage reserve was required and therefore GS licences would have less access to water and lower reliability. This would have a flow-on effect for the valley in terms of less production, less economic benefit to the wider community.
- The issue for the Lachlan is ensuring rapid and appropriate response to a worsening situation. Stochastic modelling using NARCLIM climate change data will provide advice on worse case scenarios. A rapid response including the following is the bigger issue:
 - a. The resource assessment is done each month, so you can see well in advance if inflows are lower than budgeted
 - b. Because the water management planning is for a 2-year period looking forward, a shortfall doesn't impact availability immediately
 - c. If inflows remain low (based on modelling as described above) for a prolonged period, it becomes clear there's a looming problem and there is time to put in place measures to ensure supply for high priority needs – LWU, S&D, HS.
 - d. The last 4 years are a good example of this in the Lachlan – major flood in 2016/17, with 1,495,000 ML dam inflows and 900,000 ML released from Wyangala from August-November 2016. However, dam inflows then dropped significantly to way below the Long Term average (720,000 ML/yr). Dam inflows in 2017/18 were 165,000 ML, and in 2018/19 they were 88,000 ML, so by 1 July 2019 measures were put in place to ensure high priority needs were looked after as follows:

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- 100% allocation for LWU and S&D for 2019/20, and DPIE-Water is indicating the same for 2020/21
- 87% new allocation for HS for 2019/20, and DPIE-Water indicating 70% for 2020/21
- Delivery of only 57% of the water remaining in GS accounts at 1 July 2019 was permitted, and 43% was put into a 'drought suspended' sub-account. Delivery of this 43% will remain suspended until further inflows received.
- Some river operational savings made after discussion with local groups – no stock and domestic replenishment flows in effluent creeks, more efficient operation at end of system to reduce operational losses.
- This has all been communicated well in advance, and DPIE-Water are also indicating 273,000 ML additional inflows required before there can be any new allocation to GS.

As stated elsewhere in this submission, the CNSWJO is a staunch advocate for secure and reliable regional water for towns, agriculture and industry in the highly vulnerable Lachlan River Catchment.

Off the back of the Millennium Drought, the region completed its national award winning Centroc Water Security Study which used stochastic modelling to forecast urban demand for the region's towns for a 50-year horizon through to 2059. The region continues to advocate for stochastic modelling.

In addition, anecdotal evidence suggests that businesses are not coming to the Lachlan region and that towns are not expanding as a consequence of water security concerns. As a result, investment in this region and development is being stifled.

The recently announced upgrading of Wyangala Dam has the potential to significantly improve catchment reliability and presents an opportunity for the Lachlan Valley region to take advantage of the additional stored water through relatively minor re-allocation of the water entitlements that will result from the upgrade, with no detriment to current water holders. Additional advice on this is provided in response to Information Request 12.

Planning for long term urban water security for the Central West NSW

The long-term reliability of water supply is a major factor in having the confidence to plan ahead, invest and run a profitable business. In the face of the drought, we need this to ensure our communities are sustainable and thrive into the future.

Through the drought, our Councils working collaboratively and with the State Government, have done great work on diversifying our water supplies and planning for the future. Many local solutions including pipelines, bores, recycling and storm water harvesting schemes have been implemented by our Councils, but we still need shovels in the ground for the big-ticket items to drought proof towns in large parts of inland NSW into the future. These extend well beyond an individual Council's remit

The reality is that with the right storage and pipe network there is plenty of water for town water supplies for Central NSW communities and to enable substantive growth in high value agriculture and industry- it's just a matter of getting it to the right place, at the right time and for the right price.

The centrepiece of our work in this area has been the Centroc Water Security Study (MWH 2009). This concluded that the long-term solution revolved around increased storage reserves high in the Lachlan catchment with pipeline linkages to the major urban water supply networks in the region. This is still the endorsed long-term regional strategy.

Our JO board policy is to secure water for our communities from multiple sources, both surface and groundwater as well as stormwater and wastewater, and to manage demand to extend the life of those sources. So far as intra-regional transfers are concerned, several of the linkages envisaged in the Water

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Security Study have since been constructed. Water is transferred in agreed circumstances through bi-lateral water supply agreements between the region's separate local water utilities.

There are still some linkages required to complete the grid network. There is also work underway on additional projects to enhance water security for individual utilities, both infrastructure and non-infrastructure solutions.

For several years we found resistance at the State level to officially recognise our water security study as it was seen as unconnected to the various state agency driven plans and studies. We have lobbied for urban water to be integrated into the regional water planning framework and this is now occurring with the CNSWJO as the voice for town water in Central NSW participating in;

- o WaterNSW's Lachlan Valley Water security study (which has led to the current Wyangala Dam and Lake Rowlands to Carcoar projects);
- o the revision of the Lachlan and Macquarie Water Sharing Plans and importantly contributing to the recent development of Regional Water Strategies for both the Lachlan and Macquarie Valleys;
- o The Central NSW and Orana Regional Drought Taskforce; and
- o The Lachlan Valley Steerco – led by James McTavish, Regional Town Water Coordinator.

The strategic framework is slowly coming into place. In the interests of long-term town water security we must continue to build on this and be in a position to partner with the State in delivering the solutions.

In the Lachlan catchment, the Lachlan Valley Regional Town Water Drought Response Steering Committee has been established to facilitate and guide collaboration between NSW government agencies, Lachlan Valley Councils, and water reliant industries to:

- Oversee the development, alignment and execution of plans and strategies to best utilise available water in Lachlan Valley LGAs and across the region in current drought conditions. This is to include the development of plans and strategies for recovery and recommencement of normal river and groundwater operations;
- Ensure plans and strategies consider the challenges and interests of relevant stakeholders, including commercial and industrial users;
- Ensure these plans and strategies are completed and executed in a timely fashion;
- Reconcile differences of opinion between stakeholders, and resolve issues as may arise;
- Align planning and response activities with longer term strategies in line with the Government's strategic objectives; and
- Inform and support activities supporting other communities in the region.⁵

To date this committee has met once but the opportunity is for the Steering Committee to also support the longer-term development of town water security and quality solutions across the region through the Regional Water Strategy not just to respond to the current drought emergency. The challenge is maintaining the continuity for groups such as this- where the JO is willing to take on a governance and facilitation role.

While recent rains have provided a fantastic boost for the region's agricultural community, unfortunately, many of the water storages are still at critically low levels, with only minimal improvement. It has however allowed a slightly longer time frame for the delivery of current critical water projects.

An additional challenge has been collaboration with the State Government on the methodology used to value different hydrological outcomes under the Regional Water Strategies. This methodology will underpin the funding of critical water security infrastructure state-wide moving forward. Further, it is

⁵ Lachlan Valley Regional Town Water Drought Response Steering Committee – Terms of Reference -June 2020
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understood that a Benefit Cost Ratio approach is being used in line with Treasury Guidelines and the methodology in this report will shape the dollar values that inform the costs and benefits.

Valuing different hydrological outcomes under Regional Water Strategies is not just about assuring water during times of scarcity, it is about investing in growth with opportunities to leverage the upgrade of Wyangala Dam being contemplated.

We cannot lose sight of the need to progress all current and future initiatives for the long-term water security of the Central West. The aim is not only to avoid a situation in the future where major regional towns and vibrant villages are critically short of water for human needs, but water availability is not an impediment to the regional growth for which Central NSW is otherwise well poised.

It is very important that methodologies do not undersell the value of growing both urban communities and high value agriculture to regional and national economies.

Increased security in the Lachlan and Macquarie Valley's and completion of the feasibility modelling processes so an action plan can be implemented for Lachlan and Macquarie River management is essential. We look forward to the finalisation of the Regional Water Strategies in anticipation that these will bring together the most up-to-date information and evidence to integrate policy, planning, regulatory and infrastructure solutions.

Covid 19 response

The collaborative Water Utilities Alliance model has been recognised by the Productivity Commission, the Independent Local Government Review Panel and IPART as a model for the delivery of LWUs in regional NSW.

For smaller and more remote LWUs, regional solutions facilitate resource sharing and provide skills and knowledge to assist utilities in the coordination of service planning and delivery to satisfy regulatory requirements.

The strength of a collaborative Water Utilities Alliance has been at the forefront of the region's response to the Covid 19 crisis providing peer support and resources to assist our members with planning and risk management for the supply of essential water and waste-water services to their communities.

The CNSWJO Alliance has devised its own Covid 19 Business Continuity Action Plan – Action Status Checklist which is updated fortnightly. This has been tailored specifically for use by our Alliance members and is being used:

- As a reference point for members to review, share advice and track BCP actions
- To report to the JO Board on actions being taken; and
- To provide regulators with assurance about the region's response.

A depopulated version has been shared with the NSW Water Directorate and other Water Utility Alliances. Registers of available workforce, water treatment chemical supplies and external suppliers have also been developed across member councils in the event that a Covid outbreak jeopardises a town's Local Water Utility operations.

This checklist and fortnightly zoom meetings have served the region well in planning and risk management and is a great demonstration of the value of regional Alliances. A copy of the checklist is available on request.

Water accounting and compliance

INFORMATION REQUEST 5

How could the NWI be amended to support best practice monitoring and compliance across jurisdictions?

Currently LWUs in regional NSW are required to meet multiple reporting and data collection requirements through multiple agencies responsible for regulating LWU that they do not own. Rather than using this as an opportunity to collaborate with LWUs to achieve better results they tend to use this power as a regulatory stick, at worst, wielded inconsistently.

It is understood that the Urban National Performance Report Framework is currently under review and that recommendations are made to extend this Framework to include water service providers with less than 10,000 connected properties.

In the past DPIE- Water's Performance Monitoring data shows assumptions regarding the performance of non-metropolitan LWU to be unsupported by empirical evidence with regional NSW water utilities performing well in terms of national standards.

Councils in regional NSW have made significant progress towards achieving the National Water Initiative's objectives of efficient and sustainable urban water services. This is not always reflected in the current reporting.

Inter-governmental collaboration with Local Government LWUs on co-design of a fit-for purpose regulatory framework that meets the needs of LWUs in managing their businesses, avoids duplication and onerous reporting and that meets the Government's regulatory needs would enable a conversation about how the NWI could be amended to support best practice monitoring and compliance in the urban water space in regional NSW.

Recent experience in working on the Regional Water Strategies has shown the depth of knowledge that Local Government in this region has to inform any reviews of the performance monitoring framework, noting that regional NSW LWU are a very different entity to their larger metropolitan brethren.

Environmental water management

INFORMATION REQUEST 6

Are environmental outcomes specified clearly enough in water plans to guide management actions, monitoring and accountability?

Are institutional and administrative settings effective in supporting these outcomes? Do environmental water managers have the necessary authority, resources and tools to achieve agreed outcomes?

Is environmental water management (including planning for use of held water, delivery of held water, use of markets and compliance with planned environmental water) sufficiently integrated with complementary natural resource planning and management frameworks?

Can environmental outcomes be more cost effectively achieved with greater and more innovative use of water markets and market like mechanisms?

Is the monitoring and assessment of environmental outcomes sufficient?

How effective has adaptive management and planning decision making been during the recent drought?

Do environmental water managers maximise opportunities to achieve social or cultural outcomes alongside environmental watering? How could this be improved?

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The CNSWJO Board's interest in water is at two levels:

- Firstly, in the context of member Council's ownership of Local Water Utilities, adopting a regional approach to town water security.
- Secondly, in facilitating sustainable economic growth for the region.

While urban water needs are of the highest priority for the CNSWJO Board and it is understood that demand for water is subject to an access regime, which sets priorities for various types of demand (i.e. environmental water, town water, high security and general purpose licences), Local Government in this region is interested in ensuring an appropriate balance of socio-economic and environmental water needs has broad based acceptance.

Where the region's focus has historically been on urban water, the Regional Water Strategies, planned Regional Town Water Strategies and raising of Wyangala Dam wall presents an opportunity to develop a Productive Water Policy that takes an integrated long-term approach to all areas of water (social, environmental, economic) to ensure our communities grow and prosper.

We are in the early days of doing work on productive water which is all water excluding environmental water, but it needs to be considered in the context of all water inclusive of environmental water.

Assistance on enabling those stakeholder conversations at the Federal level would be helpful. Noting that if we had inter-governmental collaboration on a catchment basis including with the Federal Government it would make these conversations much easier to navigate.

Indigenous water use

INFORMATION REQUEST 7

What progress are States and Territories making on including Indigenous cultural values in water plans, and how are they reporting progress?

How could a refreshed NWI help Indigenous Australians realise their aspirations for access to water, including cultural and economic uses?

The CNSWJO has no policy relating to indigenous water use and is not in a position to comment.

Metropolitan water services

INFORMATION REQUEST 8

Are the institutional arrangements for metropolitan water service providers fit for purpose? Is there evidence of inefficient pricing or investment decisions?

As a Regional Joint Organisation of Councils who own and manage local water utilities in regional NSW, the CNSWJO Board is not in a position to comment on institutional arrangements for metropolitan water service providers.

Best practice pricing

INFORMATION REQUEST 9

How can small regional providers best balance affordability with longer term service quality? Are there barriers to effective local planning?

Is there scope for greater collaboration between small providers? When might government support be warranted, and how should it be provided?

Local Water Utilities in regional NSW have a responsibility to cover all costs and provide a positive return on investment to their local Council owner. The level of return is a matter between the water utility and the Council. This varies from community to community but is typically well below what would be required by the private sector.

The CNSWJO Board policy is that Councils can determine their own rates. The bigger problem is pricing and affordability for communities to pay for services. The answer is not to have communities living with constant boil water alerts as is the case in other States but rather to carefully manage assistance to communities that need it. Arguably the provision of quality secure water is a universal service obligation that needs to be recognised by all levels of Government.

This region supports the collaborative Alliance model for delivery of LWU services in regional NSW and continues to find success in delivering longer-term service quality for its members through its programming. Our member's LWUs and the communities they serve have realised significant cost benefits and efficiencies from collaborative programming. More detail can be provided on request.

Where this region can continue to deliver incremental value to the smaller LWUs and the communities they serve, the bigger value to be realised is through inter-governmental collaboration, not between our utilities but further up the Government management chain. This has been demonstrated through our work on Regional Water Strategies. See response to information request 1 and 11.

Barriers and solutions to effective local planning have been dealt with elsewhere in this submission. We refer to our response to information requests 2 to 5 specifically.

Safe and reliable water supply

INFORMATION REQUEST 10

Do water service providers supply high quality water services in regional and remote areas? Are there examples of poor water quality, service interruptions, or other issues? Have regional water service providers adequately planned for extreme events?

Are there sources of data that could be used to benchmark smaller providers' water service levels (with fewer than 10 000 connections)?

There can be no doubt that our local water utilities have been challenged by a series of extreme events over the past three years – severe drought, storm events and the covid pandemic have all challenged the delivery of essential water services in our communities. Faced with day-zero in many communities, it has been a testament to Council's planning and resilience that for the most part they have rallied together to support each other and worked with the NSW Government and their communities to reduce water usage and deliver alternate water supply arrangements.

CNSWJO member Councils learned a great deal in the last drought around multi-sourced supply and demand management and continue to implement initiatives aimed at reducing consumption in their communities and have achieved some amazing results in reducing usage. Communities like Orange at the top of the catchment for example, got down to between 130- 140 litres per person per day compared to Sydney where usage is around 210 litres.

As responsible managers experienced in planning and managing large scale infrastructure projects and urban water supplies, some great alternate water supply projects and water saving initiatives have been investigated, planned and implemented to ensure communities do not run out of water.

The work by Orange City Council to shore up supplies, notably in storm water harvesting, is a prime example of this : <https://www.orange.nsw.gov.au/water/stormwater/> as is work by Parkes Shire Council to proactively work towards future-proofing water security for the Shire. <https://www.parkes.nsw.gov.au/environment/water/water-security-management/>

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As detailed in this submission, off the back of the millennium drought Central NSW Councils have undertaken extensive work collaboratively on water security for the region through the Centroc Water Security Study, development of regional Demand, Drought and Integrated Water Cycle Management Plans and identification of water infrastructure priorities that informs a deep knowledge of the region's water needs and an integrated approach to region-wide water security planning.

Central NSW Councils all operate local water utilities so the security and availability of town water supplies for their communities is core business for the councils in this region.

Where challenges lie is in having the voices of the region heard in the strategic water management framework. See detail provided in response to information request 4 - Planning for long term urban water security for the Central West NSW.

Supply of high-quality drinking water

The supply of quality drinking water to Central NSW communities is of the highest priority for CNSW JO member Councils who are supported in achieving this through the collaborative efforts of the CNSWJO Water Utilities Alliance with the following:

- A Drinking Water Quality Working Party which acts in an advisory capacity monitoring progress to achieving regional compliance with the Public Health Act and Australian Drinking Water Guidelines (ADWG).
- Implementation of a process for monitoring and reporting progress on Drinking Water Management Systems operation and co-ordinating regional response to issues.
- Training procured on a regional basis through accredited industry specialists for Water Treatment Operators and Managers to ensure best practice and compliance-based delivery of safe, quality drinking water.
- Implementation of a bi-monthly process for communication by NSW Health at a regional level on issues regarding compliance and other State managed programming relating to drinking water quality.
- Capacity building through shared learning at bi-monthly WUA meetings where members are encouraged to share advice on specific water quality issues, technologies implemented to improve water quality and tools such as templates or protocols developed for water quality management.
- Regional analysis of drinking water quality data to benchmark the performance of WUA member Councils in drinking water quality management across the region and against relevant benchmarks and to inform collaborative programming.
- Regional Microbial Best Practice program to optimise the operation of CNSWJO member Council's water treatment plants (WTPs).
- Collaborative work with NSW Health to develop a shared understanding and alignment of communication in the compliance framework. Specific considerations are incident management and boil water alerts.

Benchmarking of smaller providers

Local Water Utilities in regional NSW provide performance data annually to the NSW DPIE with the data shared on a website available to the public. LWU larger than 10,000 connections have their data provided

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to the Bureau of Meteorology by NSW DPIE for the National Performance Report. See response to information request 5 for more detail.

The CNSWJO Water Utilities Alliance has just completed a second round of independent audit of performance reporting for water supply and sewerage, as required by the Department of Planning, Industry and Environment - Water (DPIE - Water) for Local Water Utilities serving over 10,000 connected properties. There are some councils participating in this process who have less than 10,000 connections but have participated as it demonstrates good practice. This is a mandatory program for members of the Alliance.

The audit examines:

- Processes – the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls.
- Integrity of performance reporting – the completeness and accuracy of the utility’s performance reporting.
- Presentation – whether the reported information is prepared in accordance with the definitions handbook and meets the rating system thresholds for publishing the data, in all material respects, as set out in the audit template; and
- Identifies, areas where improvement is required and recommends corrective action if necessary.

As per requirements set by the NSW Department of Planning, Industry and Environment – Water (DPIE - Water), the audit is to be carried out on a selected 37 indicators for the 2018-19 data to be reported in the National Performance Report (NPR) using the Audit Findings Template and the Short Form of Audit Report.

The audit is undertaken as specified in Attachment 1 of this RFQ - NSW Standard Brief for Auditing of National Performance Report Indicators – July 2019 and informs future programming by the Alliance in improving performance monitoring.

Urban water supply planning and integrated water cycle management

INFORMATION REQUEST 11

What steps have been undertaken to address the priority areas for urban water reform identified in 2017?

Is further guidance on implementing an integrated water cycle management approach for delivering water supply, wastewater and stormwater management services required?

How does jurisdictional urban water service planning interface with urban land use planning at different scales? Are the roles and responsibilities clearly set out?

Is the role of water in delivering amenity and liveability outcomes clear? How are the trade offs with other NWI outcomes considered? Is it clear how the level and type of amenity delivered by urban water services will be funded?

Urban water reform

The reform of the regulatory framework for the management of Local Government LWUs in regional NSW has been on the agenda for the past decade. While the CNSWJO LWUs generally support regulation, it is widely recognised that the current NSW Best Practice Framework for Water and Sewerage is in need of review particularly as utilities have matured in their management through implementation of Integrated Planning and Reporting.

It is understood that the NSW Government is developing a State Water Strategy that is hoped will address challenges that continue to exist with the regulatory framework where there is an historic lack of alignment and inefficiencies in their implementation. This has been particularly noticeable in the current drought where a business as usual approach has not enabled a nimble response in times of crisis or acknowledged

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the maturity, expertise and knowledge of our Councils in planning and managing large scale infrastructure projects and urban water in Central NSW.

Joint Organisations and the Regional Organisations of Councils before them have been advocating about water for decades. The missing piece is effective collaboration on water management at the regional level.

With decades of successful inter-Council cooperation delivering value to its member Councils through the Water Utilities Alliance, the CNSWJO can offer shared value to both its members, the JO network and other levels of government in advocating for solutions to these challenges with the outcome being quality secure water and sewerage services to sustain and grow regional NSW. This will meet the needs of the regions while delivering on the Government's policy of decentralisation.

At their meeting on 6 August 2020 the NSW JO Chairs received a report on potential areas of collaboration on urban water and identified the following areas for advocacy :

- A regional approach to dealing with a number of Local Government entities and multiple water sources;
- Continuity across regional NSW in knowledge sharing about the resource, capacity building around the operation of water utilities and access to resource sources in regional NSW;
- Financial savings by identifying potential duplication and enhancements in the data collection, assessment and analysis;
- Facilitated aggregated procurement to create savings for the NSW Government;
- Better application of solutions in implementation; and
- The ability to assess and analyse solutions across traditional boundaries, systems and regions.

With the enabling of JOs there is an opportunity for regional NSW to do business differently with the State and Federal Governments.

Inter-governmental collaboration with Local Government LWUs on co-design of a fit-for purpose regulatory framework that meets the needs of LWUs in managing their businesses, avoids duplication and onerous reporting and that meets the Government's regulatory needs is needed. This would enable a conversation about how the NWI priority areas could be better addressed.

Implementing an integrated water cycle management approach

In terms of the broader planning framework for town water security in regional NSW, this is happening across two tranches with a third proposed:

- Integrated Water Cycle Management
- Regional Water Strategies
- Regional Town Water Strategies (proposed)

There is considerable cross-over in the scope of works required to develop each of these plans and significant opportunities for alignment and optimisation of the modelling, data collection and planning for water security solutions that arise from these plans. The JO network continues to advocate for a regional approach to the development of regional IWCM Plans/Regional Town Water Strategies.

Regional IWCM proposal

The JO network in NSW is advocating for a collaborative catchment-based approach to water planning in NSW leveraging the JO network and incentivised by value to both Local and State Government.

Where the CNSWJO has advocated for shared modelling throughout the development of the Lachlan and Macquarie Regional water Strategies, a scope of work for delivering updated IWCM, Regional Town Water
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Strategies and actions from the Regional Water Strategy, codesigned and delivered under the auspices of the implementation of the Regional Water Strategies by Joint Organisations partnered with State agencies, will deliver outputs that inform all three strategies.

The table below provides a comparison of Regional Water Strategies, JO Regional Town Water Strategies and LWU IWCM Plans.

	IWCM	RWS	RTWS
What is it?	Strategic assessment and planning for individual LWU including town water supply and sewerage. Includes consideration of regional options. Key planning framework for strategic town water supply and sewerage service water planning by LWUs.	Long-term strategies to identify and assess water security risks and consider policy, management and infrastructure options to address these risks to ensure the secure supply of water to communities, the environment and Aboriginal cultural values while supporting regional economic prosperity. Key planning framework for water resource management in NSW to set a forward state-wide work program that will form part of the State's Water Strategy.	Strategic assessment of and planning for regional solutions to town water supply and treatment across and/or beyond individual council local water utilities (LWU) boundaries. Informs LWUs' IWCM strategies and regional water strategies on regional town water security considerations.
Proponent	LWUs	NSW Government	JOs (with in-principle agreement by benefiting LWUs)
Geographic Area Covered	It covers Individual LWU area of operation.	12 major NSW catchments/regions	Constituent LWUs (across 2 or more LWU boundaries, where value of such a study is evident)
What is the focus?	Assess, plan and manage the short and long-term town water supply and sewage management needs of each urban community within the LWU's area of operation, including identifying and evaluating non-infrastructure and infrastructure options to address water security, water quality and sewage management risks in the LWU's town water supply and sewerage systems.	Assess and plan a regions short and long-term water needs for all water users Better understand current and future water needs of catchment/region to improve resilience and manage risks to water availability and security. Provide public and water users with directions about how long-term water needs can be met through policy, planning and infrastructure options	Assess and plan interconnected urban water supply systems across LWU boundaries for 2 or more LWUs to meet the urban communities short and long-term town water supply needs, including identifying and evaluating regional efficiency measures and across LWU boundaries interconnected infrastructure options to address as a whole the water security risks in each town water supply system

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Typical Scope of Work	Individual LWU/local system demand analysis and secure yield analysis, strategic options analysis and solutions identification to address local water security, quality and sewerage service needs/risks in accordance with DPIE Water's 2019 IWCM Checklist. Includes scenario building and Triple Bottom Line (TBL) assessment of options.	Establish metrics for outcomes at regional level. Develop priority options, including options assessment process and determining whether any options need to be accelerated; e.g. for drought response	High level demand assessment and secure yield analysis, including for individual LWUs if needed, to assess regional options and solutions, including, regional secure yield and options analysis and consideration of regional water security, supply and treatment opportunities.
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Source: TABLE-COMPARISON OF REGIONAL WATER STRATEGIES, JO REGIONAL TOWN WATER STRATEGIES AND LWU IWCM STRATEGIES- DPIE Water – September 2019

The Project

Our ideas regarding the approach, which can be fleshed out in greater detail should they have merit in the States' eyes are:

- Audit members for their needs where they are at varying stages in the IWCM journey.
- From this audit, develop a “program” approach using tranches of prioritised data sets and other activities in producing IWCMs. For example, a regional approach to secure yield that leverages multiple sources, LGAs and catchments will add value to a group procure and would be required very early in the piece to inform other potential activities.
- Provide direction and oversight of a program manager from within industry in region to provide support. This would preferably work in with the engineering placement calendar offered through universities such as Charles Sturt or Sydney. The intention here is to provide support to two streams of activity at a lower cost than using tier one consultancies to deliver program management:
 1. Inhouse IWCM data capture and capacity building where the data sets across the region are “apples with apples” enabling benchmarking. Key outcomes here would be a regional approach to integration of IWCM into the Integrated Planning and Reporting Framework.
 2. Procurement of data sets unable to be generated in house which:
 - a. Offer cost savings as an aggregated procure
 - b. Enable a regional data-set and inform potential regional activity to optimise outcomes.
- Institute the support arrangements to optimise the above – e.g. workshops for members, steering committees, project reference groups, procurement support. Ideally these would include representation from State and Local government.
- The deliverables include IWCM for each Council, a regional report providing advice to the State, Councils and the region on challenges and opportunities. Ideally the heads of consideration for this report would be codesigned with the State. Included in this report is advice to inform better future practise.

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Advocacy with the NSW government on this project is on-going.

CNSWJO feedback on urban water supply planning has been addressed in our response to information requests 1,2 and 4.

Investment in new water infrastructure

INFORMATION REQUEST 12

Are there examples of projects that have not met the NWI criteria for new water infrastructure investment?

What principles should inform government funding or financing of new water infrastructure?

On 11 May 2020, the NSW Government announced \$245 million to commence Stage 1 of the delivery of the Wyangala Dam and Dungowan Dam projects in NSW and investigations into a third dam on the Mole River.

All three projects have been declared Critical State Significant Infrastructure and the funding will contribute to final business cases, pre-construction and preliminary works for the Wyangala Dam Wall raising and the new Dungowan Dam. All three dams are part of the NSW Government's \$1 billion water infrastructure package announced last year, co-funded with the Australian Government.

While design for the Wyangala Dam upgrade has commenced before a business case has been finalised, numerous studies from the Centroc Water Security Study through to the WaterNSW Lachlan Valley Water Security Investigations have identified the need for additional storage for the Lachlan catchment.

Water security has historically been a challenge in the Lachlan Valley and is limiting economic growth for the region. The valley has been subject to severe town water restrictions with long periods of little or no general security, agricultural water availability and restricted high security water.⁶

Wyangala Wall Raising Project

Funding support from the NSW and Federal Governments for the Wyangala Dam wall raising project presents an opportunity for a step change in water management in the Lachlan Valley that has the potential to not only solve long-term water security for urban communities but also to drive growth and prosperity in the Lachlan valley through increased reliability of supply.

Studies over the past decade including the Centroc Water Security Study and the NSW Government's Lachlan Valley Water Security Investigations have identified the need for improved water security and reliability for the highly vulnerable Lachlan river valley.⁷

A report from the WaterNSW investigations was prepared for the NSW Government. The investigation found raising Wyangala Dam wall and construction of a pipeline between Lake Rowlands and Carcoar Dam could provide improved water security for the region.

Raising the wall at Wyangala was shown to be superior to construction of a new dam near Cranky Rock on the Belubula River in terms of cost, hydrological modelling, construction risk and environmental sustainability.

Over the last 20 years there has been increased year to year variability – in 2016/17 there were 1,495,000 ML inflows, with 900,000 ML of this released between August - November 2016. If 600,000 ML of that

⁶ <https://www.watarnsw.com.au/projects/infrastructure-studies/belubula>

⁷ <https://www.watarnsw.com.au/projects/infrastructure-studies/belubula>

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could have been retained, the Lachlan would not be in the situation we're currently facing, and some of the flood damage of 2016 could have been reduced.

WaterNSW estimates that the upgrade will provide an additional 21,050 ML/year for general security usage, as well as significant flood mitigation benefits. The project Fact Sheet can be found here: https://www.watnsw.com.au/__data/assets/pdf_file/0020/149051/Wyangala-Dam-Raising-Fact-Sheet-14.10.2019.pdf



Water released from Wyangala Dam 2012

Principles that should inform government funding or financing of new water infrastructure

A key consideration that should inform funding or financing of new water infrastructure is the value that is placed on urban water and the economic effects of water restrictions on the regional economy.

Notably, infrastructure that provides additional storage is not about *more* water, it's about more *reliable* water, not just towns, but to underpin regional growth, new industries, high value-add industries, new mining developments, activation precincts etc. The reliability of water supply is a major factor in having the confidence to plan ahead, invest and run a profitable business.

Central NSW Councils have been involved both individually and collectively in valuing water for decades. Working collectively, advice has been developed on water restrictions where most communities in Central NSW are consistently on a low level of restriction reflecting the scarcity of water and its importance to industry.

Where a number of our communities have contemplated "Day Zero" including the closure of industry in their response to drought, the challenge for this region is to access water for its larger communities during drought. While the Water Act identifies human consumption as having primacy, the mechanisms are not in place to deliver quality secure water. The need to adopt the "Critical Water Needs" Bill is a demonstration of the failure of the existing system.

Any genuine cost benefit analysis **MUST** take into account the productive value of water and the potential costs of industry closure. Our members have done work that contemplates the economic cost of this to NSW and the nation. This has included work undertaken by Treasury and DPC to go to the Expenditure Review Committee. The communities of Bathurst and Orange provided extensive detail into this process. This needs to be reflected in any cost benefit methodology used to assess the merit of water infrastructure projects.

Communities in Central NSW typically have a multi sourced approach to water supply where the more expensive options for ensuring water come into play as a drought continues and water restrictions increase. Financial modelling should take into account the added costs of the implementation of alternative supply arrangements, such as development of bores and water treatment infrastructure to provide access to groundwater resources or the development of a new surface water sources (dam or weir) .

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Other issues

INFORMATION REQUEST 13

Are there any areas for future reform of the NWI that have not been raised in this issues paper that should be investigated for inclusion?

Productive Water

With consideration to our response to information request 12 on the principles that should inform government funding or financing of new water infrastructure, specifically the value of urban water in regional communities. This region is considering the development of a position paper focused on productive water.

Where the region's focus has historically been on urban water, the Regional Water Strategies, planned Regional Town Water Strategies and raising of Wyangala Dam wall presents an opportunity to develop a similar strategy and position paper as that done by the Riverina and Murray Joint Organisation of Council's (RAMJO) that takes into consideration, not just urban water but water for productive uses including manufacturing and business, agriculture and mining in a whole of catchment approach.

The RAMJO Water Security Sub-Committee, made up of Mayors, General Managers and expert Council staff, has worked together over the last twelve months to develop a Water Position Paper that provides a strategic overview of the issues RAMJO believes are hampering the delivery of an optimal water regime, and suggests actions to enable a more effective delivery of water resources.

We have come together to share common concerns of our communities, but more importantly to offer solutions to address these matters. RAMJO's point of difference is that many of our townships, schools, manufacturers and businesses rely either directly on irrigated agricultural outputs, or indirectly on the industries which support them.

Source: RAMJO Water Position Paper, Executive Summary p.1.

To view the Position Paper in detail:

<https://ramjo.nsw.gov.au/wp-content/uploads/2020/06/Riverina-And-Murray-Joint-Organisation-Water-Position-Paper.pdf>

Where anecdotally the Central NSW region has been viewed as restricted by a deficit of water, particularly through the recent drought, the opportunity exists through the development of large scale regional water security infrastructure and options in the Regional Water Strategies to look at high value water uses and how a change in the water regime could be used to strategically grow the region's economy. See response to information request 12.

Infrastructure development and productivity – A Case Study

The Wyangala Dam wall project together with the announcement of Parkes as the first Special Activation Precinct (SAP) in NSW presents a real opportunity for a Government-led strategy for sustainable agriculture similar to the Dutch national commitment to produce twice as much food using half as many resources.

Special Activation Precincts are dedicated areas in regional NSW that have been identified by the NSW Government as places where businesses in many sectors will thrive. These precincts will create jobs, attract businesses and investors, and fuel economic development in regional NSW to ensure regions are well placed to grow and meet future economic needs. All Special Activation Precincts will be delivered as part of the \$4.2 billion Snowy Hydro Legacy Fund.

The two principal investment opportunities that have been identified for the Parkes SAP is Freight and Logistics and High-Value Agriculture. A 5,600-ha area just west of Parkes has been identified as the principal region to locate the activities of the SAP and a master plan is being developed.

To ensure the additional water security created by the Wyangala Dam upgrade project is optimised, it is suggested that modelling needs to be done of the impact of converting a portion of General Security to High Security. If the modelling supports High Security conversion, a component of the water security improvement could be attributed to increasing High Security and town water. This has the potential to catalyse a range of high value industries, creating jobs and wealth for the Lachlan region. If the improved security is apportioned to existing users, there will be only a modicum of change.

In addition, there is a need to ensure policy and water management settings are right. There needs to be more storage and a change in how the Murray Darling Basin Plan is administered to sustain growth, particularly in the context of drought.

The Wyangala Dam upgrade, Parkes SAP and review of the Water Sharing Plan presents the opportunity to potentially address long-term water needs for Lachlan Valley towns and communities while delivering an economic driver through increased high security water.

It is suggested that future reform of the NWI should include investigation of the true value of water to regional economies, in particular the economic impact of changes to water supply and long-term water restrictions on regional and the national economy.

While towns only use around 2% of the water stored in dams in NSW, it is critical to the sustainability of the region's towns that it is not overlooked and that water security infrastructure projects such as the raising of the Wyangala dam wall are optimised in the longer-term planning processes.

These projects present the opportunity for a review of higher order issues around water management including:

- o High security raw water networking
- o Water sharing and water use productivity
- o Managed Aquifer Recharge
- o Groundwater modelling.

By tackling these challenges from the position of having a deep knowledge informed from Councils/Local Water Utilities through the core functions of advocacy, intergovernmental cooperation and regional strategic planning, there is a profound opportunity for Joint Organisations to support their member Councils and through them their communities in the delivery of quality secure water supplies to sustain and grow communities in regional NSW.

Central NSW Councils continue to advocate for early engagement in the development of business cases for regional water infrastructure projects such as the Wyangala Dam wall raising and WaterNSW Lake Rowlands to Carcoar Dam Pipeline project currently in development in the hope of optimising the project's outcomes for town supplies and high value uses. We would welcome the opportunity to brief the Commission on these opportunities.

Conclusion

Local government is the front line of regional communities and a part of the solution for a sustainable region is a safe, secure and reliable water supply that supports population growth in our region and that will sustain business and industry into the future.

Our key message is that the missing piece is effective inter-governmental collaboration at the regional level in strategic water management.

We would welcome the opportunity to talk to you about the work this region has done on integrating urban water into the Lachlan and Macquarie-Castlereagh Regional Water Strategies and the opportunity to deliver significant benefits in water management through inter-governmental collaboration.

Thank you for considering the information provided in this submission. Please contact Ms Jenny Bennett, the Executive Office of the Central NSW JO should you wish to discuss further.

Yours sincerely,

Jenny Bennett
Executive Officer
Central NSW Joint Organisation (CNSWJO)