



OUR REF: #5420835

27 April 2017

Productivity Commission
National Water Reform Inquiry

Dear Ms Horsfall,

National Water Reform Inquiry Submission

Cairns Regional Council appreciates the opportunity to make a submission on the National Water Reform Inquiry. This submission addresses elements of the issues paper that are most relevant to the role played by Cairns Regional Council, as a regional urban water supplier in Far North Queensland.

The Cairns Regional Council local government area encompasses 1687km² of land on a narrow coastal strip between the Great Dividing Range and the Coral Sea and an estimated population of 160,000 people.

The region is part of Australia's Wet Tropics and is framed by the lush World Heritage listed Wet Tropics rainforest to the west and north and the Coral Sea and World Heritage listed Great Barrier Reef Marine Park to the east. These attributes make the region a world renowned tourist destination.

Cairns Regional Council is actively involved in a number of regional collaboration initiatives including the Queensland Regional Water Alliance Program (QWRAP) and is committed to developing a stronger region through this collaboration.

Cairns Regional Council provides the comments below in response to the issues paper released.

Should you have any further enquiries or require additional information, please contact Council's Manager Business Development and Compliance, Mark Wuth, on the above phone number.

Yours sincerely

Graham O'Byrne
General Manager Water and Waste

Assessing Progress	
data and information sources that might be useful for assessing progress	National Performance Reports QLD Water Service Provider KPI's (DEWS) QLD Water Directorate WSAA Benchmarking reports AWA BOM
Developing future reform priorities	
priority areas for water reform	Regional water service provision and the long term sustainability of these services. Especially when the needs and / or solutions for long term water sustainability cross Council boundaries. To deliver the large infrastructure required, as is in our region our water security strategy has identified Nullinga Dam as a potential for the long term water security for our region, the pathway through the governmental processes should be clear.
Key contemporary and future drivers of water reform.	Some Regional and remote communities in Queensland are not capable of meeting current or future demands from a service provision, asset management or capability perspective. Programs such as the Queensland Regional Water Alliance Program (QWRAP) are providing a valuable mechanism; however the funding available is not sufficient to realise the significant gains necessary to provide a basic level of service to some communities, in particular the indigenous.
Water Planning	
What are the key areas of water planning where further progress is required to achieve the objectives and outcomes of the NWI?	Establish a clear position on how long-term shifts in climate will be - or could be - managed from a planning process perspective.
Is there scope to streamline water planning processes to reduce unnecessary costs on planners and participants?	Yes. Interdependent and co-related processes for acquiring Cwth and State water approvals could be streamlined.
Are processes for reviewing water plans sufficiently robust, transparent, open, and timely?	Mostly yes. Experience with review of Qld Water Resource Plans would appear to be so. In some cases, scientific robustness of review outcomes and underlying detail could be better communicated or at least a better ability to access if required.
Is there scope to improve how water plans deal with long-term shifts in climate affecting resource availability? Are there recent examples of leading practice?	Yes. Accepted examples of leading practice would be difficult to agree on, but some emerging ones may be present.
How can the interests and needs of Indigenous people be better accommodated and represented in water planning processes?	Genuine appreciation and recognition of water-dependent values of relevance to Indigenous peoples and culture. For example, can be story places and mythical beings that may not necessarily be tied to measurable or quantifiable indicators that "fits" in the traditional management framework concept. Facilitation of inter community collaborative approaches to dealing with water planning and management, such as the underfunded QWRAP (as previously mentioned). The lack of a strategic, cross generational, approach to this issue is a significant concern for Far North Qld.
Urban Water Services	
What policy and institutional arrangements are needed in the urban water sector to improve the efficiency of service provision?	National consistency in regulation of water service providers. This will improve efficient operation of the water services and good long term decision making regarding water security, asset purchase, renewal and replacement.

<p>What approach should be taken to price regulation in the urban water sector? Is there a need for greater consistency in price setting approaches across different jurisdictions? Do current pricing practices promote investor confidence?</p>	<p>Ensuring all urban water service providers are utilising a methodology for full cost pricing. With this information a clearly defined price path can be derived and communicated to the community, with the appropriate consistency in what would be a regulated methodology (by each state) - In Queensland this is not regulated sufficiently. While the price paths may differ between providers and / or regions the commitment to full cost pricing will provide the confidence for investors. The current situation is too inconsistent from a National perspective to provide investor confidence.</p>
<p>Is there a case to increase the involvement of customers in regulatory decision making, as is commencing in Victoria? If so, what is the best way to do this?</p>	<p>As it is likely that the predominant service provider situation for a community will remain a monopoly (at least for the immediate future) there is an obligation for service providers to improve engagement with customers. The complexities of water / health regulation within Qld makes engagement on the inform side of the spectrum more appropriate. Involving customers in establishing the regulatory framework and then regulatory decision making being in the hands of the regulator in accordance with the framework would be preferred - soliciting input and feedback from the customers which is then taken into consideration through an independent forum is preferable.</p>
<p>How can the level of competition in the provision of urban water services be increased?</p>	<p>New large areas of development could enter into partnerships or have a contract with the Council/utility as the water service provider.</p>
<p>Do water and wastewater services delivered to regional and remote communities, including Indigenous communities, comply with relevant public health, safety and environmental regulations? If not, what policy remedies might improve performance?</p>	<p>There are numerous regional and remote communities within North Queensland that struggle to meet health and environmental regulatory conditions. To remedy what is a very significant issue will require a bipartisan approach that supports the solution over the long term. Many short term approaches have been attempted in the past either through building new infrastructure or providing training - but where long term support has not been established these solutions have been largely unsuccessful. Any policy solution has to provide a cross-council (in Qld's case) / cross-boundary solution that combines the short term needs of infrastructure improvement and training with the long term support to ensure that these improvements are established within the communities themselves. Building the capacity and capability of our regional communities, supported by larger service providers in proximity, is the only viable long term solution. The larger regional providers can be hubs for the provision of "on the ground" support and access to specialist expertise. The solution could capitalise on the benefits realised by programs such as the Queensland Regional Water Alliance Program (QWRAP).</p>
<p>Do the processes for determining public health, safety and environmental regulations applying to urban water providers promote cost-effective and targeted regulations? Do the various policy-making and regulatory bodies have clear roles and responsibilities?</p>	<p>Not yet, there is definitely progress on this front and there has been industry engagement to improve this. In Queensland there is still some confusion regarding the roles of the regulators in relation to a health based incident. There is also a lack of desire of the regulator to actually regulate, in particular with the small remote communities - fully realising that to do so, would expose the significant need for investment in lifting capability and capacity in a sustainable manner.</p>
<p>What is the importance of integrated water cycle management? Are roles and responsibilities in relation to this clear?</p>	<p>For the majority of Regionally based Queensland Water Service Providers the integrated water cycle management is not even on the agenda.</p>

<p>How can demand management approaches such as water restrictions and water-use efficiency measures best contribute to the efficiency of urban water services?</p>	<p>Demand management activities can significantly reduce non-revenue water and make better use of the limited resource. Communication is a significant aspect of demand management activities and is closely associated with changing established behaviours and assumptions. In regional areas the capacity to fund such communication campaigns is low. The messaging can be confusing for customers in regional areas as well due to media messaging that crosses council boundaries</p>
<p>Achieving Reform</p>	
<p>Should further water reform be pursued through an improved NWI?</p>	<p>Yes</p>
<p>How can policy impetus be best generated?</p>	<p>A transparent identification of the challenges facing the remote regional Nth Qld communities, in particular the indigenous, is needed. Many of these communities would not even rate urban water security or supply as an issue.</p>