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Our Reference:

22 November 2010

Urban Water Inquiry
Productivity Commission
LB2 Collins St East
MELBOURNE VIC 8003

Dear Sir

Re: Productivity Commission Issues Paper – Australian Urban Water Sector

Thank you for the opportunity to provide a submission to the Australian's Urban Water Sector – Productivity Commission Inquiry.

Council submission is to continue to support the recommendations from the Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for non-metropolitan NSW. This was conducted in 2007 with the report that was released in January, 2009 supporting that the water supply business of Goldenfields Water County Council should continue in its present form.

The County Council model is supported by Goldenfields Water County Council with Council continuing to pursue increased levels of co-operation and resource sharing with our neighbouring County Council – Riverina Water County Council, Riverina Eastern Regional Organisations of Councils (REROC) and constituent General purpose council.

Please find attached Council's response to the NSW Government Water Inquiry and Council's submission to that water inquiry.

Council would welcome the opportunity to have direct dialogue with the commission to be able to provide a better insight into how we operate and the issues that relate to a county council model.

Yours faithfully,

Cr ~~Peter~~ Speirs
Chairperson

Goldenfields WATER



County Council

SUBMISSION

Inquiry into secure and sustainable
urban water supply and sewerage
services for non-metropolitan NSW

(March 2008)

Introduction

This submission has been prepared by Goldenfields Water County Council in response to the Inquiry into secure and sustainable urban water supply and sewerage services for non-metropolitan NSW that is being conducted by NSW Government – Department of Water & Energy (DWE). It will generally follow the Terms of Reference as published by DWE in January 2008.

Goldenfields Water County Council (Goldenfields) recommends the County Council model be considered by the Inquiry as an effective structure for delivering the objectives set down in the Terms of Reference whilst maintaining close links with the communities it serves.

Goldenfields believes that the requirements to provide a service that is effective, reliable, affordable and safe is our core activity however, our community expects and deserves the utility provider to be part of the community, be accessible by that community and provide a high level of personal service when required.

This submission will demonstrate to the Inquiry that Goldenfields as a County Council has successfully delivered in an efficient and effective way, both potable and non-potable water to the 45,000 plus people living in the local government areas it serves.

Brief History of Goldenfields Water County Council

Goldenfields is a single purpose county council situated in the northern part of the Riverina area of NSW between the Murrumbidgee and Lachlan rivers. Goldenfields carries out water supply functions within the Local Government areas of Bland, Coolamon, Cootamundra, Harden, Junee, Temora, Young and part of Narrandera. Retail water distribution in Cootamundra Town and the Shires of Harden and Young is undertaken by the local general purpose Councils, with this Council providing a bulk water supply to each.

The Governor's Proclamation, dated 24 April 1997, establishing Goldenfields details the legal operating framework and principal objectives of the Organisation. Goldenfields commenced on 1 July 1997 combining responsibilities of the South West Tablelands Water Supply, operated by NSW Department of Public Works, and the water division of the Northern Riverina County Council which was the dual purpose water/electricity supply authority at the time. Goldenfields covers an area in excess of 22,000 sq km, with more than 2,100 km of pipeline and includes a number of Special Rural Water Supply Schemes that supply farming communities. It has a retail customer base of approximately 10,500 with the Bulk Supply Councils retailing to a further 9,150 connections. Water is drawn from five (5) separate sources utilising surface and groundwater extraction; all of which are located outside Council's area. A complex network of treatment, pumping, storage and pipework installations are operated and maintained by Council in carrying out its functions.

A map showing the area serviced by Goldenfields Water County Council is attached as Appendix 1

Other Recent Inquiries into Water Supply Utilities in NSW and the effectiveness of County Council structures

There have been two relatively recent reviews and task forces that have determined that the County Council model was the most suitable for delivery of potable water to the Goldenfields communities.

In 1992 the Acting Minister for Natural Resources requested that the NSW Water Resources Council review the, then six county councils to ensure that the County Council model was the most appropriate.

The review of these six operations found that *"-county councils have achieved better overall performance with regard to efficiency and effectiveness than general purpose council water suppliers-"* and *"there is no experience in Australia to demonstrate that a change from County Council structure to a water supply authority, a State owned corporation, or private company would result in a more effective or efficient provision of country regional water supply services"*. (Review of Performance & Administrative

Arrangements for Water Supply County Councils, Volume 1, Report on Findings August 1992 prepared for the NSW Water Resources Council.)

In 1995, the dual purpose County Council, Southern Riverina Electricity and Water, prepared a submission for the Electricity Reform Task Force, the Minister for Local Government and the Minister for Land and Water Resources. This submission focused on future structural arrangements for town water supply delivery in the Northern Riverina and Southern Riverina areas.

Both these areas were at the time served by dual purpose, electricity and water County Councils and the impending restructure of electricity distributors in NSW necessitated a review of water supply delivery options.

The NSW Government again determined that the County Council structure was most suitable for the delivery of potable water within the Northern and Southern Riverina areas. Subsequently two County Councils were proclaimed in 1997 – Goldenfields Water County Council and Riverina Water County Council. The boundaries of these County Councils coincided with the previous Northern Riverina and Southern Riverina boundaries respectively.

Supplementary to these reviews Goldenfields is required to report periodically on its own performance. The Governor's Proclamation establishing Goldenfields in paragraph 16 of Schedule C states:-

"The County Council must review the relative efficiencies and economies of the reticulation and distribution of water by the Councils of the areas concerned as referred to in paragraph 15(b) and 15(c) above compared with reticulation and distribution of water within such areas by the County Council and make a report to the Minister for Land and Water Conservation not later than 3 years after the date of constitution of the County Council and thereafter at not more than 3 yearly intervals for as long as the arrangement set out in paragraph 15 above continues"

The most recent review was undertaken in 2006 with a copy attached to this submission as Appendix 2.

The above report was considered by Goldenfields Water County Council at its Meeting of 22 February 2007 where the following was resolved (in part):-

"That it be recommended to the Minister for Energy, Utilities and Sustainability that for the long-term sustainability of Goldenfields Water County Council, the care, control and management of the whole Goldenfields area, as defined in paragraph 2 of the Ministerial Proclamation of 24 April 1997, be undertaken by Goldenfields Water County Council and that the Minister be requested to determine the timeframe and the conditions under which the transition will occur."

Submission to the inquiry into secure and sustainable urban water supply and sewerage services for non-metropolitan NSW

After a consultation period, the report, along with copies of submissions received from the public, were forwarded to the Minister for Water Utilities on 3 April 2007. The reply from the Minister dated 8 January 2008 stated in part:-

"I recognise Council's efforts in preparing the review and providing its recommendations to me.

However, in view of the recently announced review of the water industry in non-metropolitan NSW, I have decided to not vary the present arrangements at this stage.

Council's report will be considered in the course of this review of the water industry in non-metropolitan NSW."

This report again commends the County Council model as an effective instrument of delivering water supply functions to the community.

Objectives of the Inquiry

The stated objective of the inquiry is that any future institutional, regulatory and governance arrangements relating to water and sewerage service delivery in NSW should:-

“Ensure these arrangements are cost effective, financially viable, sustainable, optimise whole-of-community outcomes and achieve integrated water cycle management.”

Other expectations of any new structure for delivery of water supply and sewerage services are that the service providers should:-

- *Respond and plan in advance to the challenges facing the industry*
- *Be financially self sufficient*
- *Be able to comply with appropriate stringent environmental and public health standards*
- *Implement cost effective service standards*

The Governor's Proclamation establishing Goldenfields sets out in paragraph 5 of Schedule D the principal objectives of the County Council. These are:-

- (a) *To be a successful business and, to this end –*
 - (i) *to operate at least as effectively as any comparable business; and*
 - (ii) *to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates;*
- (b) *To protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development contained in section 6(2) of the Protection of the Environment Administration Act 1991; and*
 - *In respect of the supply of potable water, to protect public health by supplying safe drinking water to its customers and other members of the public.*

The County Council structure has been instrumental in allowing Goldenfields to achieve the objectives of the Proclamation and has enabled the establishment of a skilled and dedicated workforce that has been able to build upon its earlier achievements as South West Tablelands Water Supply and Northern Riverina County Council. These achievements demonstrate the advantage of the County Council structure in delivering the desired outcomes of this review.

The success of Goldenfields Water County Council in delivering the outcomes required of this Inquiry is presented below.

Objective 1 – Cost effectiveness

Cost effectiveness is often taken as meaning “lowest cost” to provide a service. Goldenfields is able to provide an effective balance between low cost and meeting customer expectations regarding the level and types of service.

Goldenfields’ Strategic Business Plan Mission Statement is “to meet our communities long term needs of safe reliable water at the lowest sustainable cost”.

Our goals focus on:-

- Customer Service
- Asset Management
- Human Resources
- Financial Policy & Pricing
- Community Service

Our values are:-

- Putting the customer first
- Service dependability
- Good community image
- Good two way communications
- Teamwork
- Innovation
- Continuous improvement
- Sound and ethical business practices
- Care of the environment

While other organizations will strive for these principles, customer focus and corporate citizenship tend to be lost in larger organisations – particularly when they are, in effect, monopoly organisations. Goldenfields is big enough to matter but small enough to care.

Water supply by its very nature must be provided by some form of monopolistic organisation. The infrastructure required is extensive, is non-portable and uneconomical to duplicate.

Local government, by its nature, has a close relationship with its community. This comes about from Councillors being elected by the community, living and working in the community and often being involved in other community based activities. Local Government staff in regional NSW will typically live within the local community and also often participate in other community organizations and activities.

This close link with the community provides Council decision makers and staff with a greater appreciation of what the community expects of the Council when providing a quality water supply service. A truly cost effective service cannot be provided without this appreciation.

The County Council structure of Goldenfields adds to the above mentioned strengths of Local Government in that it facilitates the sharing of water resources across local government boundaries. The County Council structure also facilitates the utilisation of management, engineering, technical and other skills in such a manner that it optimises their cost effectiveness throughout the constituent local government areas.

A water supply authority can consider itself to be cost effective if it has a long term plan to ensure that it is operating on a full cost recovery basis. Goldenfields is currently reviewing its present Strategic Business Plan by preparing a 30 year business plan that ensures all costs associated with operating, augmenting and replacing water supply infrastructure are recovered through its fees and charges. It has in place a 30 year capital works program which identifies new and replacement infrastructure that will be required to meet anticipated future demand and growth.

Objective 2 – Financial viability

Government ownership of essential services such as water, whether it is Federal, State or Local, is paramount in providing communities with fair and reasonable access to such essential services.

Water resources across the state vary considerably in their quantity, quality and distribution. These aspects of water mean that many communities cannot have a financially viable water supply and have relied on some form of subsidy in order to provide a suitable reticulated water system. The NSW Government has recognised this over many years and has provided assistance by way of subsidy to ensure that towns and villages throughout NSW have access to reticulated water systems.

It is important to recognize that some community water supply systems are not financially viable. The very fact that many systems were established with State Government funding would support this. There is every likelihood that, if a particular water supply scheme was initially financially unviable, it will continue to be financially unviable. This is being revealed where water supply systems are struggling to fund infrastructure replacement programs. If these schemes required subsidy for establishment, then it is almost certain that they will require subsidy for ongoing capital expenditure as the infrastructure ages and comes to the end of its useful life.

Many water supply authorities will cross subsidise various water supply schemes under their jurisdiction and this allows unviable schemes to be funded without reliance on funding from other levels of government. Other water supply authorities are not so

fortunate and struggle to provide the ongoing funding required to meet infrastructure replacement costs and/or increasing regulatory requirements.

The County Council model for water utilities continues to be a very successful structure that has allowed Goldenfields to provide financially viable water supply services to a range of communities spread over eight local government areas. Without the benefit of being able to share costs, as well as many other advantages such as access to professional, technical and administrative resources, many of the smaller communities we serve could not have a financially viable water supply.

In the local government areas serviced by Goldenfields, the County Council structure allows us to deliver water services in a financially viable and effective manner to all our communities. Goldenfields believes that the County Council model would benefit other (but not all) areas of New South Wales. However, what is the appropriate size for a County Council and how is the constituency of a County Council determined? The following comments relate the factors that provide Goldenfields a basis upon which a very effective and efficient water supply utility has been developed. It is important to recognise some natural connection between communities (e.g. source(s) of water, catchment area, etc) when determining the make up of a County Council, yet ensuring that the organisation is not so large as to lose its connection to the community.

So what is the “right size”? It is something that will vary around the state and may or may not cross borders of existing local government areas. It may be that the optimum size organization will not guarantee that all other objectives of the Terms of Reference are met – particularly financial viability. As stated earlier, not all communities can be supplied with a financially viable water supply and some form of cross subsidy is needed to ensure continued success of such systems. It may be that the optimum organisation for a given area will still require additional financial assistance for continued supply of water services to their communities.

Where financial assistance is still required, some difficult decisions need to be made. The funds will have to come from Federal or NSW Government, or from the water industry itself. Given that the Terms of Reference indicate that the NSW Government expects the Town Water Supply (and Sewerage) industry to be financially self sufficient, some new ways of funding the disadvantaged communities is needed.

The means of gathering and distributing funding within the water and sewerage utility industry will be at least as difficult as managing the existing Country Towns Water and Sewerage Scheme (CTWSS). It will most likely be that substantially more money is required and whilst the formation of some additional County Councils may reduce the overall need for some external funding it is unlikely to totally remove such need.

External funding can only come from some form of taxation and if this is not available through existing Federal and State taxations systems, then, as politically unacceptable as it may be, the industry itself will have to develop cost sharing solutions. This could be through a scheme such as CTWSS that is industry funded and distributed. Details of such

a scheme would have to be developed by key players in the industry such as the Local Government and Shires Associations, Water Directorate and Department of Water and Energy. Other forms of mandatory alliances may also be effective.

Objective 3 – Sustainability

Sustainability relates to both the business model and the water resource that we depend upon. The sustainability of the business implies financial viability and this has been discussed above.

Sustainable water supply (i.e. sustainable sources of water) has been a topic of much discussion over the last 6-7 years, during which time most systems have experienced the most severe drought on record.

To reduce the risk associated with single water sources, Goldenfields (and its predecessors) has been developing alternate interconnected water supply sources in order that most of its customers, where practical, have access to more than one source of water.

The original connected water supply system was supplied by treated Murrumbidgee River water at Jugiong via trunk mains to the North and West servicing as far afield as Ungarie, Barellan and Grong Grong. Since the 1970s, alternate bore and surface sources have been developed at Gumly Gumly, Mt Arthur, Mt Daylight and Hylands Bridge. These alternate sources provide three benefits. Firstly they provide drinking quality and/or stock water to areas that previously did not have access to it. They allow peak demands to be better managed and they provide alternate sources should there be failures of any particular source due to drought or other reasons.

The County Council structure of Goldenfields has enabled many different water sources to be used for the benefit of communities across numerous local government boundaries. The alternate water source at, say, Gumly Gumly has benefits to other communities as far away as Binya because it provides an alternative that reduces reliance on the other interconnected sources. The County Council model allows consideration of such benefits to communities that are seemingly so far apart geographically and within other local government areas.

A range of alternate water sources has enabled Goldenfields communities to enjoy water supplies with only minimal and responsible need for restrictions during the last few summers which have corresponded with the worst periods of the drought.

Objective 4 – Optimisation of whole-of-community outcomes

The needs and expectations of communities will vary widely and in order to optimise whole of community outcomes, these needs and expectations must be well understood. Local Government is the closest level of government to communities and as a result is

better able to understand the needs of individual communities, whether they are urban or rural.

As organisations get larger, they tend to lose close contact with their communities. There comes a point where the different needs and expectations of communities become too diverse, not fully appreciated and a “one size fits all” approach becomes the norm.

The benefits of County Councils have been previously promoted and will be further promoted in this submission. However, there is a risk that an ill conceived County Council or other organisational structure could also be too large and lose touch with their communities. Correct size is important for a Local Government body to maintain effective links with their communities. Once this close contact with communities is lost, the net benefit of the County Council structure or any organisational structure is diminished. The net benefit of any new structure for the delivery of water and sewerage must include the social benefits (part of triple bottom line analysis) and it is pleasing to see community outcomes as an important part of the Terms of Reference.

Goldenfields would welcome and invite the Review Panel to visit and inspect their water and sewerage facilities to gain a better insight into what these Councils are offering and providing their communities.

Employment opportunities are extremely important for any community and traditionally local government has been a key employer in regional NSW. Water utilities, whether general purpose councils or county councils, provide a significant employment base for regional communities.

Goldenfields Water County Council provides employment for 59 people offering skills in all areas associated with providing a quality water supply system. This includes management, engineering and other professional services, administrative, numerous trades, construction, maintenance and metering services. The majority of these are based and/or live in rural towns within the County area. Having such an employment base means that Goldenfields is able to provide a comprehensive water supply service to its communities as well as provide employment and training opportunities to the regional population.

Review processes such as this do place a degree of uncertainty in the minds of many employees – particularly in areas where there have been multiple restructures and/or reviews over recent years. It is important for employees and the community in which they live that this review process results in a water and sewerage delivery structure that will deliver the stated objectives well into the future – without the need for any further major revisions. It is this continued uncertainty that inevitably results in skills leaving an industry and in the case of regional centres, these skills are often lost to metropolitan centres.

Local Government utilities not only provide employment opportunity for regional communities they provide training opportunities that help build capacity within the

community. Goldenfields has an extensive training program that includes apprenticeships, traineeships, funding of Engineering and Management Degree Studies, professional and other staff development as well as in-house training providing the required skills and work methods needed in the water supply industry.

By providing and retaining such a skill base within the local region and within a Local Government organisation, appropriate staff, advice and services are readily available to the community as and when required. Our communities value the ability to have “personal” contact with the “right” person, particularly when there is an out of the ordinary situation. Goldenfields (and other County Councils in New South Wales) can boast its ability to provide such “personal” service. I am not so sure that other corporatized or privatised utilities could do the same.

Having qualified and expert staff readily available and accessible is something that the community greatly values.

In the Riverina Area, Councils have been proactive in raising the profile of environmental issues in the local communities. Much of this work is co-ordinated through the Regional Organisation of Councils (ROCs) with Goldenfields being an active member of REROC. Environmental issues include energy use, recycling, and wise water use. Resource sharing is actively encouraged and promoted within REROC in many varied forms. The benefits of such sharing often go unrecognised but are a feature of local government organisations. These formal and informal arrangements facilitated by REROC bring enormous benefits to communities that are often undervalued.

Goldenfields assists when asked to discuss water related issues with local interest groups, service clubs, special interest clubs and schools. These discussions are always of value, particularly because they involve local people discussing local issues, how those local issues fit into the larger catchment or state wide issues and help to cement the close relationships between local government and the community.

County Councils in NSW and in particular Goldenfields Water County Council have demonstrated that they are effective organisations whose current size and structure allow them to optimize whole-of-community outcomes as well as satisfy the other key objectives of the Terms of Reference.

Objective 5 – Integrated water cycle management (IWCN)

The severe drought that NSW has experienced over the last 6-7 years has highlighted the need for water utilities to fully understand all the various sources and uses of water as well as how the various sources interact and can be used to maximum advantage.

It would be fair to say that Goldenfields has only just commenced the process of developing formal IWCN plans with its Constituent Councils and that there is much to be

done on this topic. Having said that, many initiatives have been implemented involving both general purpose councils and the county council.

Some of the initiatives already undertaken in relation to IWCM include:-

- The development of alternate water supply sources (particularly underground sources) over many years throughout Goldenfields area of operation. The ability to interconnect parts of Goldenfields' system to other supply points has provided a back up or contingency plan should reduced output or system failure occur at one source.
- All effluent from Council's Jugiong Water Filtration Plant meets all EPA requirements for return to the Murrumbidgee River. In fact the turbidity level is lower at the point of return to the river than it is when extracted. This water is then available for the use of other water users along the river.
- Ongoing improvement of the metering of both source water and end user consumption, as well as the continuation of an effective mains replacement program has resulted in unaccounted-for water that is very near industry best practice.
- Our general purpose councils have developed effluent reuse systems that predominately provide water for use in public areas.

The development of an effective IWCM plan requires much more than just input from the water utility(s). It is important that all sections of the community are involved and consulted. Local government is well situated to include this community involvement because of its close links with communities. Local Government is in a position that can best understand local conditions relating to water supply and demand.

Equally important in developing effective IWCM plans is the participation of State and Federal Governments. State Government participation is particularly important because State Legislation has a significant impact on the operation of Water and Sewerage services.

Unfortunately State Government departments often appear to have conflicting priorities that actually hinder the development of meaningful planning documents such as IWCM plans. The priorities of Department of Water and Energy, Department of Environment and Climate Change and Department of Planning often appear to contradict one another making it difficult to develop integrated plans. These difficulties are compounded by regular changes of department name, department responsibilities and multiple ministers in charge of multiple departments.

This inquiry should, as well as recommending appropriate structures for the delivery of water and sewer services, also recommend mechanisms by which all the relevant State

Government Agencies can work together with local government to assist in delivering the best integrated outcomes for our communities.

Other Inquiry Expectations

The terms of reference also set out the following expectations of water and sewerage providers:-

- Respond and plan in advance to challenges facing the industry
- Be financially self sufficient
- Be able to comply with appropriate stringent environmental and public health standards; and
- Implement cost-effective service standards

A County Council is well structured to deliver these requirements. Goldenfields ability to meet these expectations is demonstrated below:-

Respond and plan in advance to challenges facing the industry

Goldenfields continually monitors changes to our operating environment so that we can, where possible, be prepared for future challenges through effective short and long term planning.

Some recent challenges that have been met or are planned include:-

- Establishment of a Single Purpose County Council – The legislative, institutional, industrial, operational and jurisdictional hurdles that faced Goldenfields at its commencement were monumental to say the least. Almost eleven years on we have scaled the majority of those hurdles and progressed to an efficient and cohesive organisation.
- Drought – Demand Management strategies have been fast tracked and implemented including construction of additional reservoirs to maintain supply security, varying levels of restrictions imposed to maintain consumption levels within reduced allocations and community publicity and promotion of wise water use. A significant proportion of Council's supply system services rural properties with both domestic and stock water. During the drought the ratio of domestic water to stock water has altered significantly from that of "normal" operating conditions. Council through consultation with our communities has been able to maintain a balance that has continued to supply essential water requirements to all types of customers.
- Growth – Through consultation with our constituent general purpose councils we have been able to identify potential areas of economic growth and/or system

expansion and factor this into our planning strategies. However obtaining additional water allocations from Government to meet this growth is extremely time consuming and costly. Simpler methods of obtaining additional allocations need to be developed given the relatively minimal amount of available water that is consumed by Local Water Utilities.

- Source water quality – The recent drought in particular has impacted on the quality of both surface and groundwater at our extraction points. Innovations in aeration and water retention times have positively impacted on the need for expensive treatment processes
- Skills availability – The ability to attract and retain suitably qualified staff has been a challenge that we are addressing through job redesign, internal promotion, apprenticeships and traineeships and providing opportunities for staff to undertake further vocational training. Goldenfields has and will continue to provide technical advice to our constituent councils upon request and would, where appropriate and by mutual agreement, contract out to those councils professional expertise if requested. Council is confident that such reciprocal arrangements would also be forthcoming from our constituent general purpose councils.
- Aging infrastructure – Given that Goldenfields “inherited” aged infrastructure it was essential that we applied a strategic approach to ascertain the condition of our infrastructure and plan its replacement. This has been completed and resulted in a 30 year Capital Works program identifying \$165M of work required. Council is now preparing a Financial Plan to fund these works.

Be financially self sufficient

Goldenfields has operated since its inception financially independent of Government assistance. Each year we have achieved an operating surplus with all surpluses being placed into Internal Restrictions (or Reserves) for future Capital Works. Council commenced with a \$6.7M Loan carried over from South West Tablelands Water Supply which has now been repaid and Council is “Debt Free”. Capital Works over the past 4 years exceeding \$22M have been self funded from Reserves although Council will need to consider taking out loans and/or seek grant assistance in the next 3 to 5 years if it continues with its current capital works program.

Be able to comply with appropriate stringent environmental and public health standards

Council prides itself in its achievements in this area and has consistently achieved high compliance results in relation to the quality of water provided. Policies and procedures that are in place maintain a strict monitoring regime and allow us to react quickly to any potential problems. The appointment of an officer whose major role is to audit,

investigate, educate and implement compliance with Backflow Prevention requirements is another example of Goldenfields commitment to public safety.

Implement cost-effective service standards

Goldenfields has continued to maintain and improve its high level of service to its customers at a cost-effective price. Price increases have been kept at a reasonable level given the constrictions contained in the Governor's Proclamation that established the organisation. A high proportion of capital expenditure in recent years has been to improve system security and continuity of supply by the construction of additional reservoirs at strategic locations. Coupled with this have been improvements and upgrading of various pump sets and associated telemetry that has curtailed or reduced operating expenses.

High standards have been set and maintained in relation to emergency responses particularly after hours. Unplanned interruptions to supply have declined and the quality of water supplied has been maintained at a very high level.

Provision of Sewerage Services

This submission primarily recommends the County Council model as a successful option for the delivery of town water supply services in non-metropolitan NSW. It demonstrates the success and long term viability of Goldenfields Water County Council as a Water Supply Utility to the numerous communities within its eight constituent Local Government areas.

Council is of the belief that whilst the County Council model can be applied to the provision of sewerage services and may be applicable in certain circumstance, in the case of Goldenfields this function should remain with the constituent general purpose council.

There would appear to be some logic in having water and sewerage utilities managed by the same entity particularly in respect of developing truly integrated water cycle management plans, should they be deemed necessary. However there are so many other community and catchment based considerations in developing IWCM plans that one authority could not realistically manage all aspects. Numerous state government departments, each with their own priorities, need to be involved in the preparation of local IWCM plans. It would appear to Council that our constituent councils are providing sewerage services to their respective communities in an effective and efficient way and to truly embrace IWCM would require significant input from those councils along with input from state government departments.

Conclusion

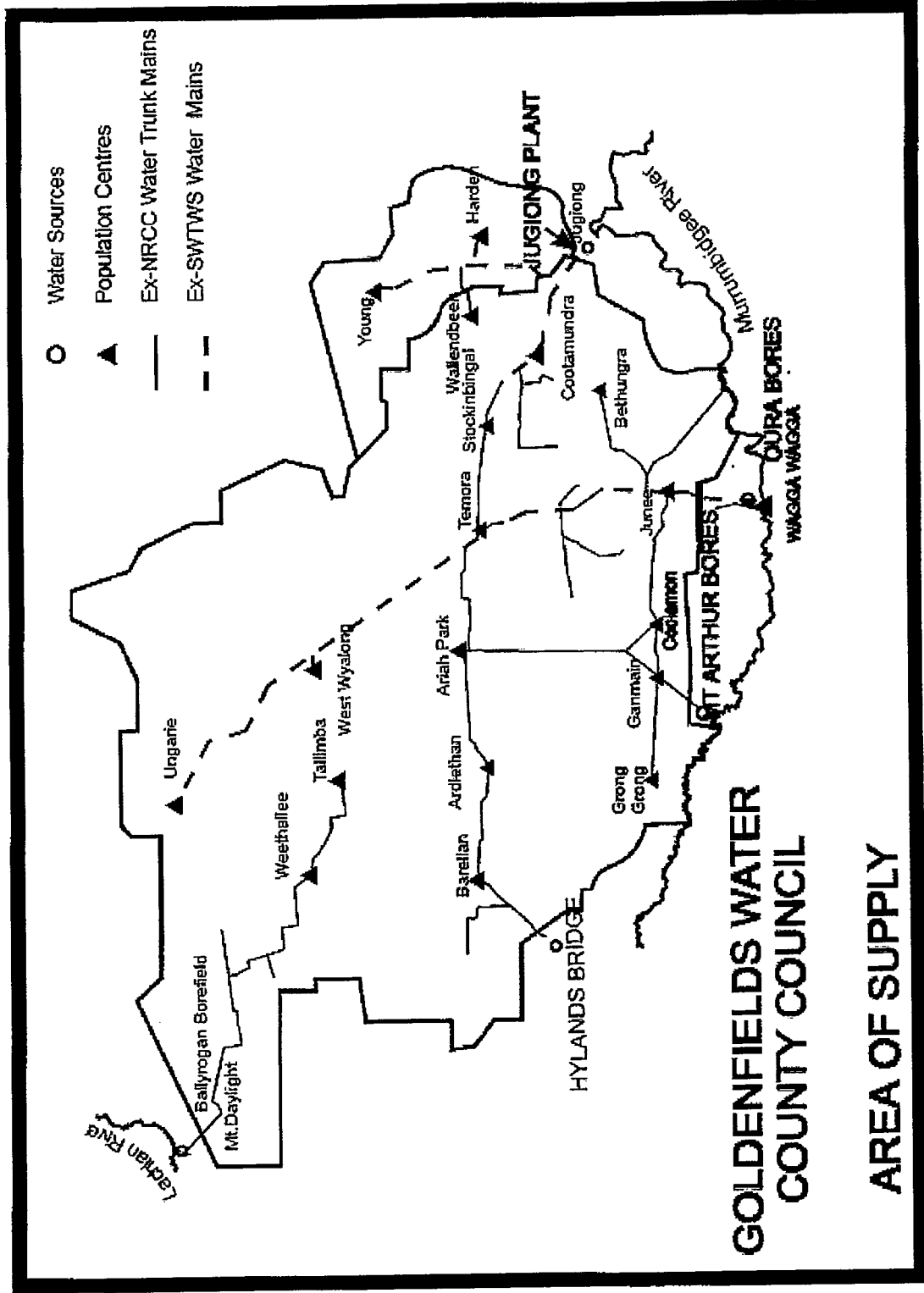
In conclusion Goldenfields Water County Council is an example of how the County Council structure can be used to effectively deliver the services expected of a Local

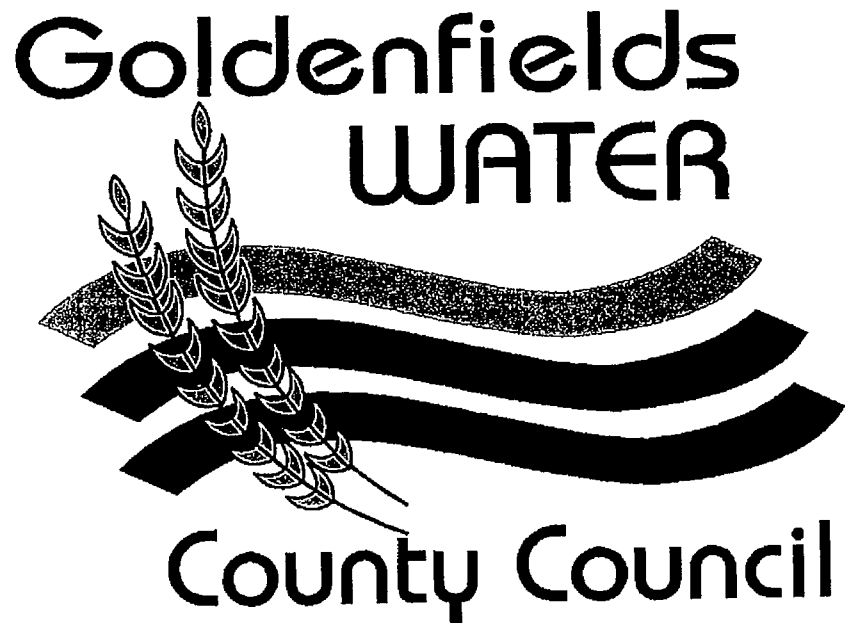
Water Authority. County Councils in NSW and in particular Goldenfields Water County Council have demonstrated that they are effective organisations whose current size and structure allow them to optimize whole-of-community outcomes as well as satisfy the other key objectives of the Terms of Reference.

Whilst this model is effective and efficient in its current locations and may well be applied to other areas of NSW it is emphasised that it may not be appropriate for all areas of non-metropolitan NSW. It is Council's belief that given the diversity that exists across NSW, one size will not fit all and that in some cases the present arrangements are the most cost effective method of providing water and sewerage services.

It is Council's belief that the most appropriate method of delivering these services is with local people making decisions affecting their local area and that Local Government is best positioned to undertake this role. Likewise, it must be acknowledged that in some areas the key objectives of the Terms of Reference cannot be readily met if at all. Many water supplies and sewerage services have historically been provided knowing full well they are not cost effective, financially viable or sustainable without some form of cross-subsidisation whether from within the Local Water Authority or from external sources.

Goldenfields would welcome and invite the Review Panel to visit and inspect our water facilities to gain a better insight into what this Council is offering and providing our communities.





REPORT

to the Minister for Water Utilities on
Review of Relative Efficiencies and
Economies of the Reticulation and
Distribution of Water

(February 2007)

APPENDIX 2

INTRODUCTION

This report has been prepared for the consideration of Council and dependent on whether it is accepted as prepared or in an amended form will form the basis of the report that is ultimately submitted to the Minister for Energy, Utilities and Sustainability as per legislative requirements. It is suggested that once the Report is finalised (by resolution of Council), it be placed on public display with a call for submissions. Any submissions received along with the Report will then be forwarded to the Minister for his consideration and ultimate determination.

To undertake this process, there is a need to distinguish between the two issues that have arisen in recent times. Firstly, there is the issue of Goldenfields Pricing Structure and the need for this Council to determine its long term objectives and to determine what is the best long term option for Goldenfields with respect to the provision and supply of water to ALL the customers within the Goldenfields area. Secondly there is the requirement for Goldenfields to comply with legislation and endeavour to undertake a comparison between the different service providers within the Goldenfields area. Whilst these issues are separate they are also interlinked and the outcome of one is affected by the other.

Taking the first issue, for Council to be able to develop a viable and transparent pricing structure and to strategically plan for the long term future, there is a need to now make clear definitions on how a pricing structure is to be developed. This of course will effect the classification of customers and the relationship between different types of customers which cannot be avoided. Before this process can begin, it is essential that it be determined whether the current arrangements between Goldenfields and the councils of Cootamundra, Harden and Young (Reticulators) who undertake the reticulation and distribution of water within their respective areas on behalf of Goldenfields is to continue in the long term. At present these arrangements are subject to review every three years thus making it difficult for Goldenfields to undertake any long term planning.

Council will recall that it adopted the following strategy at its meeting of 24 August 2006 (Minute 06/083):-

1. Review the legislative requirements as per the Ministerial Proclamation.
2. Undertake the required review of the relative efficiencies and economies of our reticulation systems and those of our three Bulk Consumer Councils and prepare a report for the Minister.
3. Based on the results of 2 above, make a determination of our future direction.
4. Develop a pricing structure subject to the outcome of 3 above.

Dot point 1 of the strategy has been completed by Council and a formal position in respect of the Ministerial Proclamation has been adopted (Minute 06/085). That review must now be undertaken.

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REPORT

Paragraph 16 of Schedule C of the Ministerial Proclamation establishing Goldenfields requires Council to undertake a review of *“the relative efficiencies and economies of the reticulation and distribution of water”* by the Councils of Cootamundra, Harden and Young *“compared with reticulation and distribution of water within such areas by the County Council”* and report the finding to the Minister.

The previous report to the Minister, submitted in July 2000, in general terms recommended that the status quo remain at least until the next review was undertaken. This recommendation was made on the basis that no conclusive evidence to support change could be drawn from the comparisons made and, at that particular time, Goldenfields was not in a position to accommodate the additional workload associated with the responsibility of managing three extra reticulation systems and approximately 8,000 additional customers/accounts. Since that time Goldenfields has developed as an entity and now has the structure or could relatively easily put in place the structure, to be able to accommodate this additional workload if deemed appropriate.

The review that is now required should be comprehensive and this will not be an easy task. The four entities involved have different pricing structures, different operating procedures and different priorities. The common trait is that all four “Reticulators” (i.e. Goldenfields, Cootamundra Shire Council, Harden Shire Council and Young Shire Council) rely on Goldenfields to supply the bulk water needs of each. This in itself requires that the operations and maintenance of the headworks and trunk infrastructure be carried out efficiently and effectively. In past years the amount of “down time” or extended periods (greater than 1 day) where supply has been severely interrupted has been minimal and this does demonstrate Goldenfields’ commitment and ability to provide efficient and effective water supply operations. However, the issue of whether costs associated with operating the bulk (or trunk) systems are being recouped through the current pricing structure have been a matter of much debate. During the Water Pricing Workshop conducted in February and March 2006, data presented by GWCC staff purported that revenue received was less than costs incurred. This was strongly opposed by the three Reticulator councils citing mainly the method of distribution of Administration and Other Expenses between the Trunk and Reticulation sections of Goldenfields. Any cost apportionment method can, by its nature, be defended or refuted with a degree of validity and ultimately it is left to the individual to determine whether the method used is appropriate in that particular circumstance. From the direction given by Councillors to staff at the March Workshop and the ultimately adopted Management Plan for 2006/07 a clear determination as to how to proceed has not yet been made by Council.

In endeavouring to obtain reliable data to commence the review, the General Managers of Cootamundra, Harden and Young Shire Councils were requested to provide copies of financial and other relevant information pertaining to water supply operations for the past three financial years.

Information has also been extracted from the Department of Energy, Utilities and Sustainability (DEUS) publications Water Supply and Sewerage, NSW Performance Monitoring Report for the 2002/03, 2003/04 and 2004/05 years. This information is

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independently compiled. Whilst not privy to individual circumstances and conditions pertaining to the individual water authorities, it can be argued that they are comparatives based on "a level playing field".

Table 1 below gives a brief overview of the individual organizations in respect of connections, total water consumption, average annual residential water consumption and turnover.

Table 1

| Water Utility | Year | Cootamundra | Harden | Young | GWCC Combined | GWCC Bulk | GWCC Reticulator |
|---|-------------|--------------------|---------------|--------------|----------------------|------------------|-------------------------|
| <i>Water Supply Assessments</i> | | | | | | | |
| | 2002/03 | 2,700 | 1,500 | 3,800 | 17,700 | 17,700 | 10,000 |
| | 2003/04 | 2,820 | 1,530 | 3,760 | 18,800 | 18,800 | 10,200 |
| | 2004/05 | 2,830 | 1,570 | 3,770 | 18,800 | 18,800 | 10,200 |
| <i>Total Water Supplied (ML)</i> | | | | | | | |
| | 2002/03 | 1,120 | 1,010 | 1,690 | 10,700 | 10,700 | 6,860 |
| | 2003/04 | 1,000 | 1,060 | 1,590 | 9,560 | 9,560 | 5,660 |
| | 2004/05 | 900 | 790 | 1,630 | 9,240 | 9,240 | 5,440 |
| <i>Average Annual Residential Water Consumption</i> | | | | | | | |
| | 2002/03 | 308 | 556 | 290 | | | 304 |
| | 2003/04 | 273 | 466 | 264 | 156 | | 335 |
| | 2004/05 | 239 | 418 | 247 | 148 | | 311 |
| <i>Turnover (\$M)</i> | | | | | | | |
| | 1999/00 | 1.14 | 0.94 | 1.84 | 13.47 | 6.88 | 6.59 |
| | 2000/01 | 1.26 | 1.01 | 1.93 | 14.70 | 7.53 | 7.13 |
| | 2001/02 | 1.35 | 1.08 | 1.93 | 16.30 | 8.24 | 8.03 |
| | 2002/03 | 1.41 | 1.27 | 2.16 | 16.90 | | |
| | 2003/04 | 1.30 | 1.20 | 2.20 | 12.80 | 6.70 | 6.10 |
| | 2004/05 | 1.30 | 1.20 | 2.40 | 13.10 | 6.70 | 6.10 |

Of interest from this table is that the Total Water Supplied and Average Annual Residential Water consumption has been on a downward trend in all areas. Whether this is due to customers being more "water wise" or due to increases in price is hard to ascertain from this data. Maybe a combination of both is closer to the mark.

Table 2 details the typical developer charges, typical residential bill and average residential bill. The Typical Developer Charges are common to all demonstrating that those applied by Goldenfields are passed on to new connections within the three Reticulator councils. It would appear from this that the three Reticulator councils are not requiring developer contributions towards their individual existing and/or

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potential infrastructure requirements. It is worthy of note that the developer charge levied on non-reticulated customers of Goldenfields is not reflected in this table.

Table 2

| Water Utility | Year | Cootamundra | Harden | Young | GWCC Combined | GWCC Bulk | GWCC Reticulator |
|---|-------------|--------------------|---------------|--------------|----------------------|------------------|-------------------------|
| <i>Typical Developer Charge (\$/ET)</i> | | | | | | | |
| | 2001/02 | 2,000 | 2,000 | 2,000 | | 2,000 | 2,000 |
| | 2002/03 | 2,000 | 2,000 | 2,000 | | 2,000 | 2,000 |
| | 2003/04 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| | 2004/05 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| | 2005/06 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| <i>Residential Bills Typical Residential Bill (\$/assessment)</i> | | | | | | | |
| | 2001/02 | 357 | 542 | 384 | | | 493 |
| | 2002/03 | 393 | 659 | 419 | | | 514 |
| | 2003/04 | 393 | 684 | 430 | | | 514 |
| | 2004/05 | 320 | 571 | 420 | | | 528 |
| | 2005/06 | 390 | 593 | 549 | | | 534 |
| <i>Average Residential Bill (\$/assessment)</i> | | | | | | | |
| | 2000/01 | 427 | 490 | 553 | | | 406 |
| | 2001/02 | 443 | 517 | 502 | | | 465 |
| | 2002/03 | 463 | 997 | 548 | | | 458 |
| | 2003/04 | 446 | 909 | 530 | | | 513 |
| | 2004/05 | 415 | 894 | 551 | | | 457 |

The figures pertaining to the Typical Residential Bill and Average Residential Bill are not as definitive as different tariff structures are used by all four entities. The DEUS reports focus mainly on Residential use and less on Non Residential use. The mix between Residential and Non Residential users within the Goldenfields Reticulator category is significantly higher than within the other three given the larger percentage of rural connections which are classified by DEUS as Non Residential. This does distort the comparisons.

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Table 3

| Water Utility | Year | Cootamundra | Harden | Young | GWCC Combined | GWCC Bulk | GWCC Reticulator |
|--|-------------|--------------------|---------------|--------------|----------------------|------------------|-------------------------|
| <i>Operating Cost (OMA)(c/kL)</i> | | | | | | | |
| | 1999/00 | 62 | 66 | | | 41 | 91 |
| | 2000/01 | 59 | 68 | 61 | | 38 | 80 |
| | 2001/02 | 58 | 69 | 60 | | 39 | 83 |
| | 2002/03 | 86 | 116 | 82 | 65 | | |
| | 2003/04 | 101 | 88 | 94 | 73 | | |
| | 2004/05 | 100 | 108 | 84 | 69 | | |
| <i>Cost Recovery OMA + Depreciation (\$/prop)</i> | | | | | | | |
| | 2000/01 | 312 | 737 | 318 | | 246 | 632 |
| | 2001/02 | 356 | 692 | 318 | | 272 | 682 |
| | 2002/03 | 524 | 1,083 | 568 | 593 | 294 | 564 |
| | 2003/04 | 564 | 1,107 | 629 | 652 | 323 | 620 |
| | 2004/05 | 350 | 766 | 405 | 609 | | |
| <i>ERRR (%)</i> | | | | | | | |
| | 2000/01 | 2.7 | -6.7 | 0.3 | | 3.5 | -2.0 |
| | 2001/02 | 0.5 | -3.7 | -1.3 | | 4.0 | -1.7 |
| | 2002/03 | 4.8 | -2.3 | 1.9 | 0.8 | 2.2 | -1.7 |
| | 2003/04 | 2.4 | -2.6 | 1.6 | -0.3 | -0.4 | -0.7 |
| | 2004/05 | 1.8 | -3.8 | 6.4 | 0.4 | | |
| <i>Residential Revenue from Usage (% of residential)</i> | | | | | | | |
| | 2001/02 | 19 | 13 | 30 | | 67 | 65 |
| | 2002/03 | 23 | 52 | 33 | 14 | | |
| | 2003/04 | 23 | 42 | 30 | 21 | | |
| | 2004/05 | 20 | 42 | 32 | 63 | | |

Table 3 above shows the comparison in operating costs and economic real rate of return. To draw comparisons is difficult as "GWCC Reticulator" figures include small village reticulations at various locations within our area which are normally not in close proximity to one of our depots (e.g. Barellan, Weethalle, Ungarie, Grong Grong etc). The operating costs also include our rural schemes which once again make comparisons difficult. "GWCC Combined" figures recognize the connections within the three Reticulator councils when doing the calculation but do not take into consideration the 'internal' reticulation costs of those councils.

The economic real rate of return figures are of concern, particularly in the case of Harden and GWCC. The "raw" operating results of Goldenfields have been of concern to its Auditors and General Manager in recent years and were part of the catalyst that commenced the pricing review process.

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Attachment 1 is a summary of Special Schedule 7 which reports on the condition of infrastructure assets. In looking at this in detail the following comparisons can be made:-

- Depreciation Rates – Goldenfields (for a number of years) has been using the DEUS NSW Reference Rates Manual which is generally accepted as the industry benchmark. Cootamundra rates may be viewed by some as slightly conservative whilst Harden rates could be described as optimistic.
- Cost / Valuation – Cootamundra and Young appear to have used the historical cost method for valuing their assets. This, whilst accepted within the industry does give an undervalued view of the assets. Harden uses a combination of At Cost and Valuation and has undertaken a revaluation at some time during or prior to 2002/03 which has provided a more accurate assessment of its asset base. Likewise, Goldenfields uses a combination of At Cost and At Valuation and does undertake a revaluation each year. Again the DEUS Reference Rates Manual is used as a guide for this process which arguably provides a more accurate assessment of asset values.
- Estimated Annual Maintenance Expense/Program Maintenance Works for current year –All are generally allocating close to or above sufficient funds to maintain their assets (for the current year at least).

What is not evident from this data is the actual condition of the infrastructure in each area. Goldenfields invested a lot of time in its early years assessing the condition of its assets which has lead to the development of our 30 year Capital Works program. Whether a similar review has been undertaken by the bulk councils is unknown.

Attachments 2, 3 and 4 are reproductions of the 2004/05 Operating Results for the three Reticulator councils with the bottom section (outside the border) a simple calculation of cost per connection and cost per kilolitre of the Reticulation Costs **ONLY**. These three reticulations are supplied from Goldenfields Jugiong system which is the only potable system within Goldenfields that is sourced from surface water. This has been done so that a comparison with similar reticulations within Goldenfields can be carried out. Administration and Other Costs (Engineering & Supervision, Depot Expenses, Debt Servicing etc) have been deliberately omitted. Goldenfields Operating Results for the same periods are provided in Attachment 5. Attachment 6 gives similar information for 4 reticulations within Goldenfields' Oura and Mt Arthur schemes. What is evident from the figures in Attachment 6 is that reticulations close to the source of supply (i.e. Junee and Coolamon) do have higher operating costs. Due to the water quality at the extraction point of this groundwater, nearby towns do require additional maintenance particularly in the area of mains flushing thus driving the cost upwards. Reticulations such as Temora and West Wyalong, whilst having (to a lesser extent) similar water quality issues as Junee and Coolamon, have a similar operating cost to those of the three Reticulator councils. Goldenfields has in recent years focused on reticulation maintenance within specific towns as part of its maintenance programs.

The combined reticulation costs of Stockinbingal, Wallendbeen and Springdale are also presented (Attachment 7) to give a comparison of other reticulation systems on the Jugiong scheme. They are combined as Goldenfields accounts for expenditure collectively for these three villages.

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Fees and Charges applicable for the 2006/07 year for each of the four entities (extracted from the individual Management Plans) are presented in Attachment 8 and show the diversity of charges customers are subject to within the entire Goldenfields area (as defined in the Proclamation). Table 4 below extrapolates these charges using a standard 20mm Residential connection with consumptions varying from 300 to 600 kilolitres per annum and shows what customers can expect to pay depending on who their retail supplier is.

Table 4

ANNUAL RESIDENTIAL BILL

| | Cootamundra | Harden | Young | GWCC |
|---------------------------------|--------------------|----------------|----------------|---------------|
| 300 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 411.00 | 330.00 | 375.00 | 330.00 |
| Total Charge | 521.00 | 610.00 | 550.00 | 534.00 |
| 350 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 479.50 | 385.00 | 460.00 | 385.00 |
| Total Charge | 589.50 | 665.00 | 635.00 | 589.00 |
| 400 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 548.00 | 460.00 | 545.00 | 440.00 |
| Total Charge | 658.00 | 740.00 | 720.00 | 644.00 |
| 450 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 616.50 | 535.00 | 630.00 | 495.00 |
| Total Charge | 726.50 | 815.00 | 805.00 | 699.00 |
| 500 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 753.50 | 610.00 | 715.00 | 550.00 |
| Total Charge | 863.50 | 890.00 | 890.00 | 754.00 |
| 550 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 890.50 | 685.00 | 800.00 | 605.00 |
| Total Charge | 1,000.50 | 965.00 | 975.00 | 809.00 |
| 600 Kilolitres per annum | | | | |
| Access Charge | 110.00 | 280.00 | 175.00 | 204.00 |
| Consumption Charge | 1027.50 | 760.00 | 885.00 | 660.00 |
| Total Charge | 1137.50 | 1040.00 | 1060.00 | 864.00 |

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It has only been in the last two years that the Reticulator councils have removed land values from their water pricing structure with Harden Shire Council doing this for the 2006/07 year. By comparison, Goldenfields has had a "two part" tariff system since its inception. Goldenfields has completed its Corporate Plan (2003/04), 30 Year Capital Works Program (2004/05) and Development Servicing Plan (2005/06). The process of reviewing our Strategic Business Plans and Financial Plans, prepared in 1997, has commenced (stage 1 being review of our pricing structure).

Table 5 below lists a number of strategic planning processes that should be undertaken by water authorities as part of "Best Practice" and whether they have been undertaken by the four Reticulators. Whilst this table gives a definitive 'Yes' or 'No' response, information provided does indicate that in some cases the task has been partially completed.

Table 5

| Type of Plan | Cootamundra | Harden | Young | GWCC |
|-------------------------------|--------------------|---------------|--------------|-------------|
| Management Plans | Y | Y | Y | Y |
| Audited Financial Statements | Y | Y | Y | Y |
| Strategic Business Plan | N | Y | Y | Y |
| Financial Plan | N | Y | Y | Y |
| Development Servicing Plan | Y | N | Y | Y |
| Drought Management Plan | N | N | Y | N |
| User Pay System | Y | Y | Y | Y |
| Asset Management Plan | N | N | N | N |
| Water Loss Management Plan | N | N | N | N |
| Water Quality Management Plan | N | N | N | N |
| Adopted Levels of Service | N | N | N | Y |

From all the above information it is evident that all four Reticulators are generally operating efficiently and effectively (as far as reticulating expenses are concerned). Comparison of Administration Expenses, Depreciation, Other associated expenses and Infrastructure replacement/upgrading could not be conducted reliably given the information available. It would also appear evident, from data collected for the February and March Workshops that the relationship (if one ever existed) between Trunk and Reticulation water production costs has been eroded over time since the formation of Goldenfields. Attachment 5 detailing Goldenfields operating result for 2004/05, whilst still reporting a healthy surplus and a downward movement in Operating Expenses, does highlight its reliance on Interest Income to maintain such surpluses. Earlier reports have drawn this to the attention of Council citing the impact that its adopted 30 Year Capital Works Program and in particular the program over the next five (5) years will have on funds that will be available for investment.

For Goldenfields to be able to remain sustainable for the long term there is an urgent need to review its pricing structure and/or its supply arrangements. As referred to earlier in this report, Goldenfields has resolved (Minute 06/083) to review the supply

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arrangements prior to reviewing the pricing structure. Were this review to result in the reticulations of Cootamundra, Harden and Young returned to the care and control of Goldenfields the financial results can be broadly demonstrated in Table 6.

Table 6

| | | |
|-------------|--|-----------------|
| | Expenses | (\$'000) |
| | Operating Expenses per GWCC Statements | 11,728 |
| <i>Plus</i> | Combined Operating Expenses of 3 Bulk Councils | 4,606 |
| <i>Less</i> | Purchase of Water costs of 3 Bulks Councils | -2,905 |
| | Total Operating Expenses | 13,429 |
| | Revenue | |
| | Operating Revenues per GWCC Statements | 13,066 |
| <i>Less</i> | Revenues from Access and Usage Charges | -10,368 |
| <i>Plus</i> | Access Revenue as Single Authority (18,800 x \$204) | 3,835 |
| <i>Plus</i> | Usage Revenue as Single Authority (9,240,000 x \$1.06) | 9,794 |
| | Total Operating Revenues | 16,328 |
| | Operating Result | 2,899 |

Figures used for this table have been derived from the 2004/05 Financial Statements, Special Schedule 3 and 2004/05 Fees & Charges of Goldenfields. It assumes that Goldenfields would incur similar expenses in operating the reticulations as those of the combined expenses of the three Reticulator councils. However, it can also be assumed that savings in some areas could be achieved. The combined Management Cost of the three councils (\$298,000) would be more than required for Goldenfields to undertake this function. Whether operating costs could be reduced is unknown as the levels of service that the three councils provide are unknown. Goldenfields have set relatively high levels of service and should be justly proud of its achievements in this area. Depreciation expenses could in fact be higher under Goldenfields as alluded to earlier in this report

Table 6 also assumes that the total consumption is that of Goldenfields "Combined" as reported to DEUS. It can be seen that were this scenario to occur, then after excluding the Interest Income (\$1.645M) Goldenfields operating surplus would be approx \$1.254M or 9.34% of Total Operating Expenses which is significantly less than that recommended by DEUS in Best Practice Management of Water Supply and Sewerage, (8 September 2006) of 40% but is considerably better than the present GWCC Combined of 0.4%.

Another alternative for consideration for the long term benefit of Goldenfields is to increase the price to both our Retail and Reticulator customers. Prior to the formation of Goldenfields, the Reticulator price was reviewed annually and determined by the then Minister for Land and Water Conservation. The last determination by the

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Minister was conducted in 1996 (effective 1/01/1997) in which reference was made to Consumer Price Index (CPI) increases being applied annually. Were these CPI increases applied annually (as was the intent of the State Government) then the 2006/07 price applicable to the "Reticulator" councils would be a fixed charge of \$8.8695 per kilolitre (currently \$6.7728) and a usage charge of \$0.6890 per kilolitre (currently \$0.5940) up to the predetermined monthly consumption ceiling. Likewise, the Retail fixed charge would be \$240.96 per annum (currently \$204) and the consumption charge would be \$1.2676 per kilolitre (currently \$1.10). Using the 2004/05 consumption figures and applying the applicable charges at that time Table 7 below details the additional revenue that would have been generated if CPI increases had been applied.

Table 7

| | Cootamundra | Harden | Young | GWCC Retic | Total |
|--|--------------------|----------------|------------------|-----------------------|-------------------|
| GWCC Charges | | | | | |
| 2004/05 Access Charge | 338,640 | 265,200 | 461,040 | 1,942,223 | 3,007,103 |
| 2004/05 Consumption Charge | 504,643 | 438,169 | 843,487 | 5,574,877 | 7,361,176 |
| Total | 843,283 | 703,369 | 1,304,527 | 7,517,100 | 10,368,279 |
| CPI Increases | | | | | |
| Access Charges | 420,463 | 327,961 | 571,830 | 2,175,358 | 3,495,613 |
| Consumption Charges (based on 2004/05 consumption) | 587,970 | 516,107 | 1,064,879 | 7,114,656 | 9,283,612 |
| | 1,008,433 | 844,068 | 1,636,709 | 9,290,014 | 12,779,225 |
| Additional Revenue | 165,151 | 140,699 | 332,182 | 1,772,914 | 2,410,946 |

Were this scenario applied then the operational result for Goldenfields (excluding Interest Income for the 2004/05 Year would have been a \$2,293,000 surplus as opposed to a deficit of \$118,000 (excluding Interest Income).

Numerous alternative pricing structures could be developed and implemented that would result in Goldenfields enhancing its sustainability and Council will recall at least six that were considered at the March Workshop (with none being adopted for various reasons).

A further option is also worthy of consideration. This option would require amendment of the legislation proclaiming Goldenfields. The amendment would entail removal of references to "the arrangement" in paragraph 16 effectively transferring the care and control of water within the areas defined in paragraph 15 to the councils of Cootamundra, Harden and Young permanently. This would eliminate the need for three yearly reviews, eliminate the potential for one or all of the councils to "hand back" their systems to Goldenfields at some time in the future and would make the

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councils concerned solely responsible for their own reticulations. Were this to occur, then the structure of Goldenfields governing body would also require amendment but it would place all its customers on a "level playing field" and remove a number (but not all) of the current perceived inequities.

CONCLUSION

In conclusion, this review has, with the information available, undertaken a comparison of the 4 Reticulators (as defined in the Proclamation establishing Goldenfields) that are supplied by Goldenfields. It has focussed on Residential customers but it must be remembered that other Non-residential uses such as Rural and Commercial customers are supplied with water. The review is unable to identify specific inefficiencies in the reticulation of water by the four Reticulators. It does confirm that the levels of service provided by Cootamundra, Harden and Young councils is seen as satisfactory and similar to that provided by Goldenfields given the different delivery standards to customers and the variations in price within the whole Goldenfields Water County Council area that customers are subject to. It demonstrates that, based on the present (2006/07) pricing structure, for a Residential customer consuming 350 kilolitres or more per annum the cheapest water supplier is Goldenfields.

There is a lack of knowledge within Goldenfields in relation to the operations, condition of infrastructure and future planning/asset management within the areas of Cootamundra, Harden and Young. Varying levels of forward planning have been undertaken by all four Reticulators. However, Goldenfields has commenced to address this issue (30 year Capital Works program) that will see the construction of new infrastructure and the replacement of aged and deteriorating infrastructure that will help to ensure the sustainability of the organisation in the long term and place it in the position to continue to provide a quality product at a reasonable price to its customers.

It also highlights Goldenfields vulnerability (under the present legislation) of "inheriting" water supply systems from one or all three "Reticulator" councils should they either individually or collectively decide to relinquish their water supply operations at some time in the future. This places a degree of uncertainty on Goldenfields if the current arrangements continue. The present arrangements do not allow Goldenfields to have input into the present and future management of water supply in the 3 areas that are, as per the Proclamation, within the Goldenfields area. The present makeup of the Goldenfields governing body does raise some probity issues. Councillors from within the five Shires that Goldenfields "retail" to represent customers within their respective areas while the Councillors from the three "bulk" Shires are in fact representing their councils who then "on sell" water to their customers.

Goldenfields is capable of, through normal economies of scale, improving the efficient delivery of water to all its customers and consolidate supply security whilst continuing to enhance demand management strategies within its entire area. It can provide the benefits that adopted levels of service and uniform, equitable pricing can provide to customers of a unitary water authority. Goldenfields is in a position to

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manage infrastructure replacement and growth for the long term sustainable development of the entire service area (as defined in the Proclamation).

For the long term sustainability of Goldenfields as an efficient organisation delivering water to its customers, the following options are put forward for the consideration of Council to form the basis of the recommendation(s) to accompany this report to the Minister for Water Utilities:-

- The Status Quo remain
- Present arrangements continue with previously foregone CPI increases in “retail” and “bulk” prices to be applied over a predetermined period.
- Care and control of the 3 areas concerned revert to Goldenfields as per the original intent of the Proclamation.
- The legislation is amended to discontinue present arrangements thus giving the care and control of the 3 areas to the respective shire councils.

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ADDENDUM

The above report was considered by Goldenfields Water County Council at its Meeting of 22 February 2007 where the following was resolved:-

1. That the report presented to the February 2007 meeting of Council entitled 'Review of Relative Efficiencies and Economies of Reticulation and Distribution of Water' be adopted subject to the inclusion of any resolutions of Council determined at this meeting.
2. That it be recommended to the Minister for Energy, Utilities and Sustainability that for the long-term sustainability of Goldenfields Water County Council, the care, control and management of the whole Goldenfields area, as defined in paragraph 2 of the Ministerial Proclamation of 24 April 1997, be undertaken by Goldenfields Water County Council and that the Minister be requested to determine the timeframe and the conditions under which the transition will occur.
3. That were the above recommendation not acceptable to the Minister then the present arrangements will continue with previously foregone CPI increases in "retail" and "bulk" prices to be applied over a period to be determined by Council.
4. That the above report be placed on public exhibition for comment for 28 days from 26 February 2007 to 26 March 2007.
5. That the report along with copies of submissions received be forwarded to the Minister for Water Utilities for consideration.

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Attachment 1

| | Asset Class | Asset Category | Depreciation Rate (%) | Depreciation Expense ('000) | Cost ('000) | Valuation ('000) | Accumulated Depreciation ('000) | Carrying Value ('000) | Asset Condition * (see Notes attached) | Estimated Cost to bring to a Satisfactory Standard ('000) | Estimated Annual Maintenance Expense ('000) | Program Maintenance Works for current year ('000) |
|--------------|----------------------------|----------------------------|---|-----------------------------|-------------|------------------|---------------------------------|-----------------------|--|---|---|---|
| Cootamundra | Water | Treatment Plants | 2.0% | 14 | 566 | | 111 | 455 | | 45 | 30 | 35 |
| | | Water Connections | | | | | | | | | | |
| | | Bores | | | | | | | | | | |
| | | Reservoirs | | 10 | 515 | | 112 | 403 | | 60 | 20 | 30 |
| | | Pipelines | | 50 | 2,422 | | 590 | 1,832 | | 180 | 70 | 60 |
| | | Pump Stations | | | | | | | | | | |
| | Total Classes - All Assets | | | 74 | 3,503 | - | 813 | 2,690 | - | 285 | 120 | 125 |
| Harden | Water | Treatment Plants | 1.25 - 4.0% | 12 | 52 | 232 | 218 | 66 | 3 | | 25 | 26 |
| | | Water Connections | | | | | | | | | | |
| | | Bores | | | | | | | | | | |
| | | Reservoirs | | 12 | | 1,195 | 331 | 864 | 3 | | 20 | 22 |
| | | Pipelines | | 230 | 202 | 10,356 | 6,936 | 3,622 | 3 | | 130 | 125 |
| | | Pump Stations | | | | | | | | | | |
| | Total Classes - All Assets | | | 254 | 254 | 11,783 | 7,485 | 4,552 | | - | 175 | 173 |
| Young | Water | Treatment Plants | 3.99% 10.00% 2.00% 1.26% 0.00% 4.00% | 1 | 19 | | 5 | 14 | U | 5 | 1 | - |
| | | Buildings | | 77 | 769 | | 571 | 198 | U | 45 | 35 | 6 |
| | | Water Connections | | | | | | | | | | |
| | | Bores | | | | | | | | | | |
| | | Reservoirs | | 39 | 1,948 | | 233 | 1,715 | U | 100 | 60 | 25 |
| | | Pipelines | | 55 | 4,411 | | 587 | 3,825 | U | 266 | 118 | 130 |
| | | Other | | - | 42 | | - | 42 | S | - | - | - |
| | | Pump Stations | | 7 | 185 | | 75 | 110 | U | 6 | 4 | 4 |
| | | Total Classes - All Assets | | 180 | 7,373 | - | 1,470 | 5,903 | | 423 | 217 | 165 |
| Goldenfields | Water | Treatment Plants | 2.0% 4.0% 1.0% 1.5% 2.0% | 302 | | 15,138 | 4,543 | 10,595 | 4 | | 100 | 74 |
| | | Water Connections | | | | | | | | | | |
| | | Bores | | 47 | 1 | 1,269 | 544 | 726 | 4 | | 140 | 105 |
| | | Reservoirs | | 317 | 92 | 32,768 | 12,896 | 19,964 | 4 | | 200 | 237 |
| | | Pipelines | | 3,011 | 5,047 | 220,427 | 105,476 | 119,998 | 4 | | 1,250 | 1,122 |
| | | Pump Stations | | 355 | 19 | 14,943 | 6,834 | 8,128 | 4 | | 310 | 363 |
| | | Total Classes - All Assets | | 4,032 | 5,159 | 284,545 | 130,293 | 159,411 | | - | 2,000 | 1,901 |

APPENDIX 2

* Asset Condition (from individual financial reports)

| | | |
|--------------|---|--|
| Harden | 3 | Deterioration Evident - Ranges from Fair to Marginal |
| Young | U | Unsatisfactory |
| | S | Satisfactory |
| Goldenfields | 4 | Average Condition |

APPENDIX 2

Attachment 2

Special Schedule 3

| Expenditure | 2002/03 | 2003/04 | 2004/05 |
|---|----------------|----------------|----------------|
| | ('000) | ('000) | ('000) |
| Management | 124 | 127 | 151 |
| Operations | 55 | 145 | 112 |
| Purchase of Water | 955 | 892 | 843 |
| Depreciation | 72 | 84 | 87 |
| Other | 63 | 34 | 64 |
| Total Expenses | 1,269 | 1,282 | 1,257 |
| Revenue | | | |
| Residential Access Charges | 877 | 925 | 925 |
| Residential User Charges | 256 | 280 | 229 |
| Non-Residential Access Charges | 39 | 26 | 22 |
| Non-Residential User Charges | 140 | 31 | 26 |
| Extra Charges | 14 | 3 | 2 |
| Interest | 13 | 13 | 13 |
| Other Revenue | 17 | 6 | 14 |
| Pensioner Rebates | 36 | 38 | 39 |
| Developer Provided Assets | | | 48 |
| Other | 20 | 13 | |
| Total Revenues | 1,412 | 1,335 | 1,318 |
| OPERATING RESULT | 143 | 53 | 61 |
| <i>No of Connections (DEUS)</i> | 2,820 | 2,790 | 2,800 |
| <i>Cost per Connection (Operating costs ONLY)</i> | 19.50 | 51.97 | 40.00 |
| <i>Consumption (ML)</i> | 1,120 | 1,000 | 900 |
| <i>Cost per Kilolitre (Operating costs ONLY)</i> | \$ 0.0491 | \$ 0.1450 | \$ 0.1244 |

APPENDIX 2

Attachment 3

Special Schedule 3

| Expenditure | 2002/03 | 2003/04 | 2004/05 |
|---|------------------|------------------|------------------|
| | ('000) | ('000) | ('000) |
| Management | 89 | 76 | 78 |
| Operations | 174 | 188 | 166 |
| Purchase of Water | 782 | 701 | 771 |
| Depreciation | 290 | 276 | 290 |
| Other | 52 | 46 | 79 |
| Total Expenses | 1,387 | 1,287 | 1,384 |
| Revenue | | | |
| Residential Access Charges | 515 | 555 | 566 |
| Residential User Charges | 551 | 408 | 417 |
| Non-Residential Access Charges | 146 | 145 | 159 |
| Non-Residential User Charges | | | |
| Extra Charges | 10 | 11 | 11 |
| Interest | 12 | | 24 |
| Other Revenue | 12 | 8 | 24 |
| Pensioner Rebates | 20 | 20 | 21 |
| Developer Provided Assets | | | |
| Other | | | |
| Total Revenues | 1,266 | 1,147 | 1,222 |
| OPERATING RESULT | - 121 - | 140 - | 162 |
| <i>No of Connections (DEUS)</i> | 1,500 | 1,500 | 1,500 |
| <i>Cost per Connection (Operating costs ONLY)</i> | 116.00 | 125.33 | 110.67 |
| <i>Consumption (ML)</i> | 820 | 1,060 | 790 |
| <i>Cost per Kilolitre (Operating costs ONLY)</i> | \$ 0.2122 | \$ 0.1774 | \$ 0.2101 |

APPENDIX 2

Attachment 4

Special Schedule 3

| Expenditure | 2002/03 | 2003/04 | 2004/05 |
|---|------------------|------------------|------------------|
| | ('000) | ('000) | ('000) |
| Management | 69 | 71 | 69 |
| Operations | 200 | 241 | 220 |
| Purchase of Water | 1,394 | 1,351 | 1,291 |
| Depreciation | 209 | 212 | 215 |
| Other | 143 | 154 | 170 |
| Total Expenses | 2,015 | 2,029 | 1,965 |
| Revenue | | | |
| Residential Access Charges | 1,125 | 1,179 | 1,280 |
| Residential User Charges | 659 | 597 | 698 |
| Non-Residential Access Charges | 215 | 224 | 225 |
| Non-Residential User Charges | | | |
| Extra Charges | 14 | 9 | 3 |
| Interest | 59 | 98 | 118 |
| Other Revenue | | | |
| Pensioner Rebates | 42 | 43 | 41 |
| Developer Provided Assets | 48 | 5 | 38 |
| Other | 5 | 41 | 37 |
| Total Revenues | 2,167 | 2,196 | 2,440 |
| OPERATING RESULT | 152 | 167 | 475 |
| No of Connections (DEUS) | 3,800 | 3,910 | 3,900 |
| Cost per Connection (Operating costs ONLY) | 52.63 | 61.64 | 56.41 |
| Consumption (ML) | 1,690 | 1,590 | 1,630 |
| Cost per Kilolitre (Operating costs ONLY) | \$ 0.1183 | \$ 0.1516 | \$ 0.1350 |

APPENDIX 2

Attachment 5

Special Schedule 3

| Expenditure | 2002/03 | 2003/04 | 2004/05 |
|---|------------------|------------------|------------------|
| | ('000) | ('000) | ('000) |
| Management | 1,806 | 2,010 | 1,563 |
| Operations | 5,179 | 4,990 | 4,979 |
| Purchase of Water | 4,097 | 46 | 56 |
| Depreciation | 3,493 | 4,525 | 4,222 |
| Other | 691 | 910 | 908 |
| Total Expenses | 15,266 | 12,481 | 11,728 |
| Revenue | | | |
| Residential Access Charges | 3,661 | 2,376 | 2,370 |
| Residential User Charges | 614 | 4,257 | 4,030 |
| Non-Residential Access Charges | 7,157 | 616 | 637 |
| Non-Residential User Charges | 3,420 | 3,040 | 3,331 |
| Extra Charges | 59 | 46 | 39 |
| Interest | 1,320 | 1,514 | 1,645 |
| Other Revenue | 132 | 113 | 247 |
| Pensioner Rebates | 98 | 93 | 94 |
| Developer Charges | 458 | 724 | 705 |
| Other | 74 - | 46 - | 32 |
| Total Revenues | 16,993 | 12,733 | 13,066 |
| OPERATING RESULT | 1,727 | 252 | 1,338 |
| No of Connections (DEUS) | 18,800 | 18,800 | 18,800 |
| Cost per Connection (Operating costs ONLY) | 275.48 | 265.43 | 264.84 |
| Consumption (ML) | 10,700 | 9,560 | 9,240 |
| Cost per Kilolitre (Operating costs ONLY) | \$ 0.4840 | \$ 0.5220 | \$ 0.5389 |

APPENDIX 2

Attachment 6

| EXPENDITURE | | 2002/03 | 2003/04 | 2004/05 |
|-------------------------------|---|-------------------|-------------------|-------------------|
| WEST WYALONG / WYALONG | | | | |
| 2813-002 | Mains - Operating Expenses Retic - Wyalong - West Wyalong | 7,595.05 | 12,929.30 | 5,950.96 |
| 2853-002 | Mains - Maintenance Expenses Retic - Wyalong - West Wyalong | 75,533.10 | 71,004.97 | 105,125.58 |
| 2853-020 | Bland Shire - Repair 2 Services | 1,424.42 | | |
| 2853-025 | Bland Shire - Lower Services Creswell St | 696.63 | | |
| 2853-100 | Bland Shire - Relocate Quota Drive | - | - | - |
| | | 85,249.20 | 83,934.27 | 111,076.54 |
| | No of Connections | 1,644 | 1,644 | 1,695 |
| | Cost per Connection | \$ 51.85 | \$ 51.05 | \$ 65.53 |
| | Consumption (kL) | 749,315 | 687,147 | 639,471 |
| | Cost per kL | \$ 0.1138 | \$ 0.1221 | \$ 0.1737 |
| TEMORA | | | | |
| 2819-002 | Mains - Operating Expenses Retic - Temora Town | 10,634.98 | 21,670.28 | 8,328.92 |
| 2859-002 | Mains - Maintenance Expenses Retic - Temora Town | 105,102.02 | 81,618.56 | 112,421.83 |
| 2859-003 | Retic - Relocate Pipe Temora Aerodrome | - | - | 57.93 |
| 2859-004 | Repairs - Vesper/Twynam Streets (Temora Shire) | - | - | 849.40 |
| 2859-005 | Main Relocation - Young Rd Waratah St | 5,531.85 | - | 574.17 |
| | | 121,268.85 | 103,288.84 | 122,232.25 |
| | No of Connections | 2,149 | 2,149 | 2,169 |
| | Cost per Connection | \$ 56.43 | \$ 48.06 | \$ 56.35 |
| | Consumption (kL) | 707,670 | 712,434 | 688,530 |
| | Cost per kL | \$ 0.1714 | \$ 0.1450 | \$ 0.1775 |
| JUNEE | | | | |
| 2813-003 | Mains - Operating Expenses Retic - Junee Town | 11,185.95 | 15,818.81 | 25,633.53 |
| 2853-003 | Mains - Maintenance Expenses Retic - Junee Town | 119,884.63 | 127,094.36 | 89,164.66 |
| 2853-004 | Raising Water Mains - Commins St Junee | 694.08 | 218.18 | |
| 2853-005 | Mains Adjustment - Edgar St Junee | - | 163.94 | - |
| 2853-006 | Repairs to Potable Standpipe | - | - | 270.68 |
| 2853-008 | Repairs to Services - Junee | 56.73 | | |
| 2853-009 | Retic - Junee Swabbing Program | 16,870.36 | 39,813.56 | 48,355.89 |
| 2853-010 | Junee Shire - Repairs to Homestead | - | 562.71 | |
| 2853-011 | Junee Shire - Repair Main - Main Street | - | 165.15 | |
| 2853-012 | Junee Shire - Repair to Joffre Street | - | 165.60 | |
| | | 148,691.75 | 184,002.31 | 163,424.76 |
| | No of Connections | 1,670 | 1,670 | 1,713 |
| | Cost per Connection | \$ 89.04 | \$ 110.18 | \$ 95.40 |
| | Consumption (kL) | 608,988 | 607,576 | 583,107 |
| | Cost per kL | \$ 0.2442 | \$ 0.3028 | \$ 0.2803 |

APPENDIX 2

| COOLAMON | | | | |
|----------|-------------------------------------|------------------|-------------------|-------------------|
| | Mains - Operating Expenses | | | |
| 2821-001 | Retic - Coolamon | 11,084.90 | 12,597.97 | 9,425.67 |
| | Mains - Maintenance Expenses | | | |
| 2861-001 | Retic - Coolamon | 79,455.55 | 122,592.55 | 94,499.80 |
| | | 90,540.45 | 135,190.52 | 103,925.47 |
| | No of Connections | 733 | 733 | 761 |
| | Cost per Connection | \$ 123.52 | \$ 184.43 | \$ 136.56 |
| | Consumption (kL) | 300,307 | 297,636 | 303,757 |
| | Cost per kL | \$ 0.3015 | \$ 0.4542 | \$ 0.3421 |

APPENDIX 2

Attachment 7

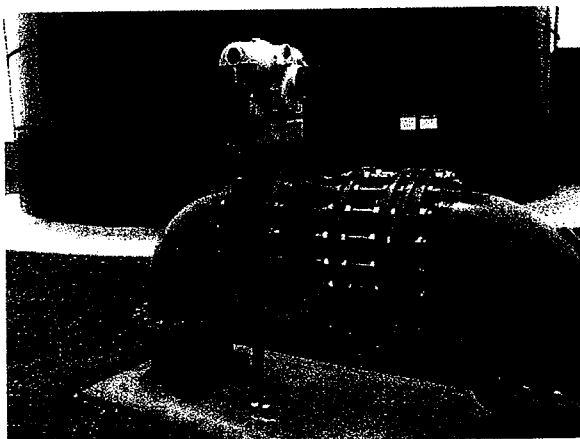
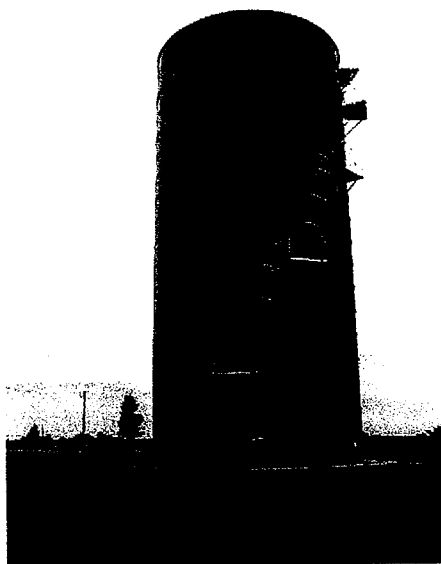
| EXPENDITURE | | 2002/03 | 2003/04 | 2004/05 |
|--|-------------------------------------|------------------|------------------|------------------|
| WALLEND BEEN, STOCKINBINGAL & SPRINGDALE | | | | |
| | Mains - Operating Expenses | | | |
| 2805-000 | Retic - Stock, S/dale, W/been | 2,923.54 | 3,696.91 | 627.87 |
| | Mains - Maintenance Expenses | | | |
| 2845-000 | Retic - Stock, S/dale, W/been | 14,348.07 | 20,573.10 | 19,584.78 |
| | | 17,271.61 | 24,270.01 | 20,212.65 |
| | No of Connections - Stock | 142 | 142 | 143 |
| | No of Connections -Wallendbeen | 97 | 97 | 99 |
| | No of Connections - Springdale | 37 | 37 | 37 |
| | Total Connections | 276 | 276 | 279 |
| | Cost per Connection | \$ 62.58 | \$ 87.93 | \$ 72.45 |
| | Consumption (kL) - Stock | 38,855 | 39,218 | 33,080 |
| | Consumption (kL) - Wallendbeen | 26,185 | 23,555 | 24,969 |
| | Consumption (kL) - Springdale | 36,310 | 28,685 | 48,474 |
| | Total Consumption (kL) | 101,350 | 91,458 | 106,523 |
| | Cost per kL | \$ 0.1704 | \$ 0.2654 | \$ 0.1897 |

APPENDIX 2

Attachment 8

| | Cootamundra | Harden | Young | GWCC |
|--|-------------|----------|---------------|--------------------------|
| Residential Access Charges (\$ per annum) | | | | |
| 20mm | 110.00 | 280.00 | 175.00 | 204.00 |
| 25mm | 172.00 | 280.00 | Not available | 204.00 |
| 32mm | 282.00 | 280.00 | Not available | 204.00 |
| 40mm | 440.00 | 1,120.00 | Not available | 204.00 |
| 50mm | 688.00 | 1,750.00 | Not available | 204.00 |
| 75mm | 1,547.00 | | Not available | 204.00 |
| 80mm | 1,760.00 | 4,480.00 | Not available | 204.00 |
| 100mm | 2,750.00 | 7,000.00 | Not available | 204.00 |
| Unconnected | 110.00 | Nil | 175.00 | Nil |
| Non-Residential Access Charges (\$ per annum) | | | | |
| 20mm | 201.00 | 280.00 | 175.00 | 204.00 |
| 25mm | 314.00 | 438.00 | Not available | 204.00 |
| 32mm | 515.00 | 717.00 | Not available | 204.00 |
| 40mm | 804.00 | 1,120.00 | Not available | 204.00 |
| 50mm | 1,256.00 | 1,750.00 | Not available | 204.00 |
| 75mm | 2,827.00 | | Not available | 204.00 |
| 80mm | 3,216.00 | 4,480.00 | Not available | 204.00 |
| 100mm | 5,025.00 | 7,000.00 | Not available | 204.00 |
| Unconnected | | Nil | 175.00 | Nil |
| Non-Residential Community Access Charges (\$ per annum) | | | | |
| 20mm | 100.50 | | | Nil for first connection |
| 25mm | 157.00 | | | Nil for first connection |
| 32mm | 257.00 | | | Nil for first connection |
| 40mm | 402.00 | | | Nil for first connection |
| 50mm | 628.00 | | | Nil for first connection |
| 75mm | 1,413.00 | | | Nil for first connection |
| 80mm | 1,608.00 | | | Nil for first connection |
| 100mm | 2,513.00 | | | Nil for first connection |
| Residential Usage Charge (\$ per kL) | | | | |
| < 300kL | | | 1.25 | |
| > 300kL | | | 1.70 | |
| < 350kL | | 1.10 | | |
| > 350 kL | | 1.50 | | |
| < 450 kL | 1.37 | | | |
| > 450.kL | 2.74 | | | |
| > 0 kL | | | | 1.10 |
| Non-Residential Usage Charge (\$ per kL) | | | | |
| >0 kL | 1.16 | 1.10 | 1.25 | 1.10 |
| Non-Residential Community Usage Charge (\$ per kL) | | | | |
| >0 kL | 0.93 | | | |

SUBMISSION to the
REPORT of the INDEPENDENT INQUIRY into
SECURE AND SUSTAINABLE URBAN WATER
SUPPLY AND SEWERAGE SERVICES for
NON-METROPOLITAN NSW




Submitted by:

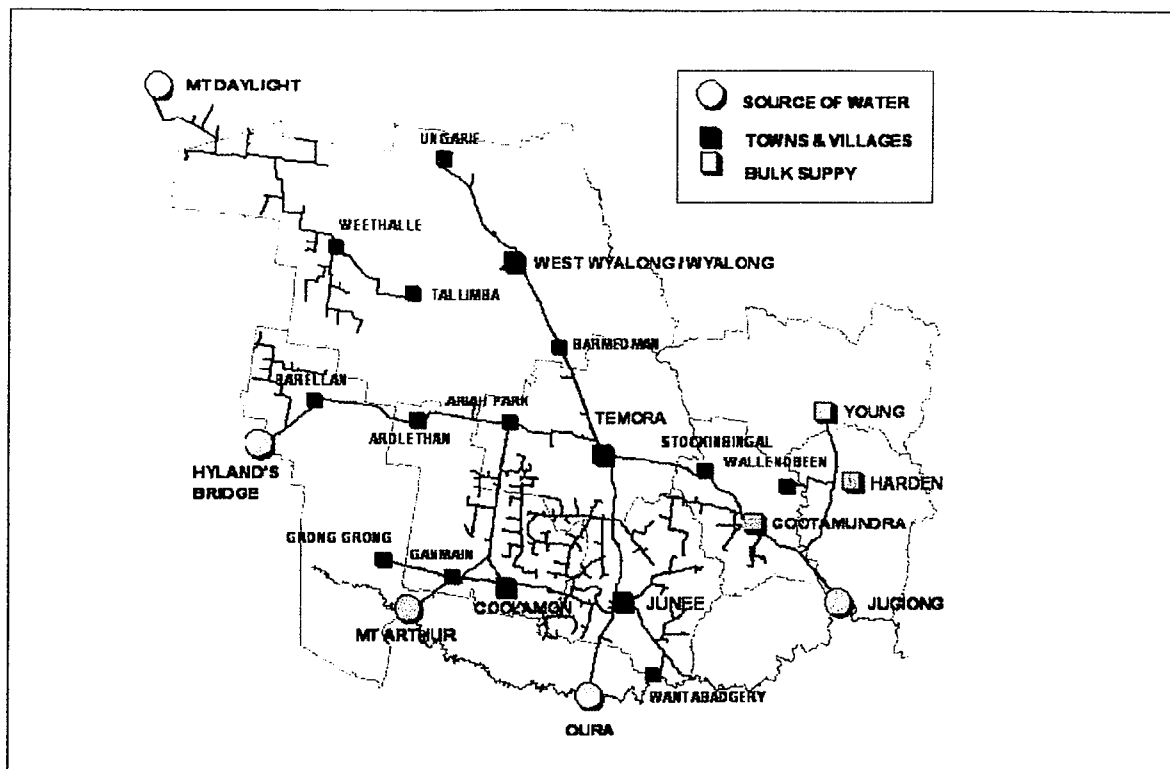


10th March 2009


Clr. Peter Speirs
CHAIRPERSON


Paul Wearne
GENERAL MANAGER

Goldenfields Water County Council – Supply Area



Submission

Thankyou for the opportunity to provide a response to the Report of the Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-metropolitan NSW.

Council at its Meeting on 25th February 2009 Council discussed the Independent Report and concurred with the report recommendation that the current structure arrangements for the Goldenfields Water supply area continue by resolving the following:-

"That Council make a submission to the report which is to include the following points:-

- That council congratulate Messrs Armstrong and Gellatly on the comprehensive nature of the report.*
- That in general Council commend the report to the NSW Government as providing options for consideration to improve the delivery of water supply and sewerage services in Non-Metropolitan NSW.*
- That Council raise no objections to the recommendations made within the report relating to water supply arrangements within the Goldenfields area.*
- That the submission reiterates Council's view that the "County Council" model should be considered as a suitable model in certain areas.*
- That in relation to the proposed changes to sewerage services within the Goldenfields area, Council offer itself to be included in any dialogue or discussions to assist with the process only if deemed appropriate by the majority of General Purpose councils involved."*

In considering the report Council concurs with the recommendations made relating to the provision of water supply within the Goldenfields area that being that Goldenfields Water County Council continues to provide these services. Since its inception Goldenfields Water has continually delivered a safe, reliable and affordable water supply to its customers. The structural arrangements for this delivery continue to be the most appropriate for our area.

Council's submission of March 2008 to the Inquiry provided an overview of our business and the benefits the County Council Model has provided for consumers in the Goldenfields Water area. The County Council Model shows that it is the best option for our area and as pointed out in our submission it could be considered for other areas of the State. However, the benefits of the County Council model could have been further explored in the recommendations contained within report. The governance structure of county councils is closely aligned with the Local Government structure and as such provides consumer and community representation into the provision of a community service.

In respect of the provision of sewerage services by our constituent councils, it is submitted that cooperation and dialogue is already happening between these councils and that this will be ongoing. Goldenfields Water is prepared to continue in this manner and is willing to assist wherever possible if requested. This collaboration and cooperation of councils in the area has and will continue to mitigate the impact of the skills shortage currently being experienced particularly in non-metropolitan NSW. Such cooperation will only assist any future joint arrangements that may occur where benefits for the communities served are identified. Organisations such as the Riverina Eastern Regional Organisation of Councils (REROC) of which Goldenfields is a member, have successfully facilitated resource sharing projects on a voluntary basis for some time and this demonstrates again the resilience of rural and regional communities in NSW to develop practical solutions to the challenges facing them.

Council thanks you for the opportunity to provide this submission and looks forward to continuing to provide a cost effective, safe and reliable water supply to the communities within its area. Council invites and would welcome the Minister to visit the Goldenfields Water County Council area when the opportunity arises.