

Draft NSW Water Strategy Public exhibition

March 2021



**CENTRAL NSW
JOINT ORGANISATION**

- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Lachlan
- Oberon
- Orange
- Parkes
- Weddin

26 March 2021

Reference: jm:jb 210326
Enquiries: Ms J Bennett: 0428 690 935

Department of Planning, Industry and Environment,
Locked Bag 5022
Parramatta NSW 2124

nsw.waterstrategy@dpi.nsw.gov.au

To whom it may concern,

Re: Draft NSW Water Strategy Public exhibition

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

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here: https://docs.wixstatic.com/ugd/51b46b_31886650ecf546bc916f15e99a733b3e.pdf

The Central NSW Joint Organisation has worked closely with the Department of Planning Industry and Environment (DPIE) Water through the development of the Macquarie-Castlereagh and Lachlan Regional Water Strategies and welcome this opportunity to provide feedback on the over-arching 20-year, state-wide NSW Water Strategy to improve resilience of the state's water resources over the coming decades. This is further to the advice already provided in the following submissions:

- Lachlan Regional Water Strategy Consultation (Response updated from 6 April)
- Marsden Jacob report on Regional water value functions Valuing different hydrological outcomes under Regional Water Strategies – Revised Draft dated 12 August 2020 (14 September 2020)
- Macquarie-Castlereagh Regional Water Strategy Consultation- September 2020- Supplementary Submission (10 December 2020)

We understand that the expected outcome of the NSW Water Strategy will address key challenges and opportunities for water management and service delivery across the state and set the strategic direction for the NSW water sector over the long-term. The strategy will:

- *guide water service delivery and resource management across NSW*
- *build on the progress made from previous reforms and set the direction to keep improving*
- *identify key challenges, opportunities, strategic priorities and actions for the whole of NSW*

- *clearly articulate the water resource management and service delivery framework and policy context for NSW, including how the Murray-Darling Basin Plan and state-wide, regional, metropolitan and local strategic water policy and planning frameworks work together.*

The proposed vision for the draft NSW Water Strategy is sustainable water resources for thriving people, places and ecosystems, both now and for future generations.

Which aspects of water management are most important to you and your local community?

- Firstly, in the context of member Council's ownership of Local Water Utilities (LWU), adopting a regional approach to the reliability, security and quality of town water supplies is core business for Councils. This includes the management of town water for industry as well as the liveability and amenity of communities.
- Secondly, in facilitating sustainable economic growth for the region.
- Thirdly, the enablement of strategic place-based whole-of-government systems-wide conversations and decisions around consumptive, productive and environmental water inclusive of Local Government within the region.

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

Do you support the proposed vision for the draft NSW Water Strategy?

While the proposed vision for a State-wide strategy that puts water on the same footing as other essential state resources and services such as transport, is welcomed we would argue that access to safe, secure and affordable drinking water is a basic human right and requires ***even greater effort and enablers*** in planning and management than that required for transport and other state resources.

The Minister's comments in her foreword that every person in NSW has a right to safe drinking water at home and a secure water supply for their community supports this. As has been well demonstrated through the recent drought, there needs to be significant changes to the way water is managed for inland regional towns not only in times of emergency. We simply cannot afford not to get the legislation, regulation, policy settings and protocols right to support the supply of water for critical human needs. This is discussed in more detail in response to the objectives.

While the state is currently experiencing record breaking rainfall and flooding, the record breaking drought has highlighted challenges from a previous lack of co-ordination of activity and integration of urban water in the strategic water management framework in regional NSW.

The drought has demonstrated challenges, notably for larger settlements, in navigating the strategic, regulatory and funding frameworks for urban water security. This is particularly the case for the towns of Orange and Bathurst on the unregulated Macquarie river system and those such as Oberon that rely on state-owned dams for their town water supplies.

Noting this, the work done to date on place-based Regional Water Strategies, inclusive of urban water and alignment of these with an overarching state-based strategy that seeks to address common issues across the State, has been welcomed.

Given what we have learnt through the impact of the drought on inland communities, a State Water Strategy **must** address the higher order issues around water planning and management informed by the Regional Water Strategies including:

- Improved collaboration
- Better long-term strategic planning
- Improvements to, and alignment with, Council's Integrated Water Cycle Management planning
- Better understanding of future climate conditions and how these may affect river flows, groundwater resources and the supply of water for communities, towns and cities, industry and the environment
- Better understanding of system connectivity
- Measures to ensure high security water for critical human needs are met
- Review of water allocations and water sharing in response to new climate modelling
- Water efficiencies
- Greater certainty for regional business to secure access to water
- Enabling of alternative water sources to supply towns and industry while protecting communities and natural environments
- Sharing of data and modelling to enable better informed decision making and community acceptance

What has been found through the drought is the need for better policy and protocols to underpin the Water Management Act 2000 in a new climate future to ensure water for critical human needs are met as the highest priority.

This includes the need for changes to the existing NSW extreme events policy and regional incident response guides where failure of water supply for critical human needs due to a drought is not specifically defined as an 'emergency' that would mobilise a whole-of-state-government response.

Further, we support the view in the NSW Water Directorate's Submission in response to comments made on page 21 of the Strategy under the heading ***We need to do things differently*** that doing things differently should not *be limited to water sharing arrangements, or an understanding of climate change and identifying the finite limits to water resources. Regulatory challenges include prescriptive, inflexible regulation. Separately, renewed attention is required on affordability and Community Service Obligations for small regional/remote utilities. Regional planning and collaboration needs to be incentivised, as does research and innovation. Cross-entity and multi-disciplinary collaboration is required, supported by more holistic catchment based water management. Non-asset solutions – 'green infrastructure' also needs to be incentivised.*

Our original understanding was that the Strategy would seek to address long running issues with the regulatory framework for Local Government Local Water Utilities (LG LWUs) in NSW. With this process now being addressed through the Town Water Risk Reduction Program (TWRRP), engagement with the sector through this program on a more outcomes-focussed and less prescriptive regulatory framework is essential.

Further to the proposed vision, with respect to commentary made in the opening section of the Strategy (pages 4 to 39) that supports this vision, we support feedback made by the NSW Water Directorate in their submission that:

- there is insufficient linkage with inter-related strategies including Commonwealth initiatives, particularly the National Water Initiative (NWI), and commentary on current reports and position papers by the Productivity Commission and Infrastructure Australia;
- similarly where Council owned local water utilities in regional NSW operate in a complex strategic and regulatory environment with multiple regulating agencies (some with conflicting and unclear

requirements) in **articulating the water management and service delivery framework and policy context for NSW** (pages 8-9) the Strategy would benefit from reference to the legislation affecting water utilities.

- also, there is a need for recognition of the roles played in water management by regional collaborative arrangements between Councils through regional Joint Organisations of councils, water utility alliances and county councils.

Where water involves many agencies across all three levels of Government, its management has suffered through a lack of co-ordinated effort. The Strategy could benefit from the inclusion of mapping out a position/relationship between the State Strategy and broader national Strategies and initiatives and through the leveraging of regional collaborative arrangements. This is dealt with in more detail in response to principles and priorities.

With this said, the State Water Strategy as the over-arching Strategy is supported as an opportunity to get policy and water management settings right particularly in the context of drought for inland communities and to ensure better system-wide coordination of strategic water planning and management across all levels of Government for all water uses- consumptive, productive and environmental.

Which objectives are most important to you?

Please rank the objectives from most important to least important (where 1 is most important and 6 is least important).

- **Protecting public health and safety**
- **Liveable and vibrant towns and cities**
- **Water sources, floodplains and ecosystems protected**
- **Cultural values respected and protected**
- **Orderly, fair and equitable sharing of water**
- **Contribute to a strong economy**

Do you have any comments on any of the proposed objectives?

For Local Government with responsibility for LWUs in regional NSW, access to a secure supply of safe drinking water for continued growth of NSW cities and towns is without doubt the highest priority in the ranking of any objectives around water management.

Access to safe, secure drinking water is a basic human right and the failure of town water supplies socially unacceptable and economically enormously costly.

From this perspective **protecting public health and safety has to be the number one priority.**

The heart of the problem through the recent drought has been the failure of the Water Management Act 2000 to deliver on its mandate of human consumption being the number one priority. This has been shown by the need for the NSW Parliament to pass a Water Supply (Critical Needs) Bill to enable, for example, the Macquarie Pipeline to be turned on for the city of Orange and by challenges for the community of Bathurst on the unregulated Macquarie river system.

The key questions that need to be addressed through the State Water Strategy are:

- What's the definition of critical human needs?
- When there isn't any water how is a high security allocation for a town supply implemented on the ground?
- What are the triggers and policy settings to ensure the basic human right for drinking water are met?

- What are the implications of secure yield modelling for Water Sharing Plans and environmental flows on town water supplies?

The State Water Strategy provides the opportunity to ensure the State Government's policies including triggers for environmental flows and to enable the operation of critical infrastructure are part of the ongoing framework so they can be called on as required and not need legislation to turn the taps. It is noted that these triggers will be reviewed through the State Strategy (page 33) and is welcomed.

The second most important objective for Local Government has to be, more than liveable and vibrant towns and cities, but liveable, vibrant and sustainable towns. This objective is directly linked to objectives relating to a strong economy.

Inland regional towns and cities are not sustainable without a safe, secure and reliable water supply that supports population growth in the region and that will sustain business and industry into the future.

The findings from studies on the impact of long term water restrictions and system failure to all levels of the economy for the larger centre of Bathurst alone are sobering (this input has been provided through Regional Water Strategies development). The Independent Assessment of Social and Economic Conditions in the Murray-Darling Basin details the impact of severe town water restrictions, long periods of little or no general security agricultural water availability and restricted high security on the sustainability of inland towns and communities. This needs to be acknowledged under the heading ***Populations are growing and shifting*** (page 22) where the Independent Assessment has found that population decline in smaller regional towns is partly driven by the socio-economic impact of water reform in the Murray Darling Basin.

Where town water supplies service businesses as well as residents, any objectives relating to town water supplies in regional NSW must recognise the true productive value of quality, secure and reliable town water supplies. Thinking around these objectives must also be grounded in real-world scenarios.

It is anticipated options in the Regional Water Strategies will seek to, not only solve long-term water security for urban communities, but will drive growth and prosperity through increased reliability of supply. The sustainability of inland communities has a lot vested in the successful implementation of options in the Regional Water Strategies and the addressing of higher order issues in the State Strategy.

Key messages are:

- Towns use around 2% of the water stored in dams in NSW.
- There is no water security when there is no high security water.
- Town water supplies service businesses as well as residents.
- The reliability of water supply is a major factor in having the confidence to plan ahead, invest and run a profitable business.

In terms of ranking other objectives, also highlighted through the drought has been the need for a whole-of-government review of the ***orderly, fair and equitable sharing of water to meet the challenges of a more variable water future.***

Rather than ranking the importance of the remaining objectives identified, there needs to be acknowledgment that they are equally important and require effective whole-of-government collaboration and 'systems thinking' to enable broader strategic place-based conversations and decisions around, cultural, productive and environmental water at a regional level.

It is noted that the State Water Strategy (page 9) is designed to contribute to water management outcomes aligned with the objectives and principles of the Water Management Act 2000. It is suggested that these be included in a summary form in the Strategy so that alignment is clear.

Similarly, the objectives and principles of the National Water Initiative should also be reflected and aligned with those in the State Strategy. See comments made in response to the vision regarding linkages with legislation and other strategic documents.

Which principles are most important to you? Please rank the objectives from most important to least important (where 1 is most important and 7 is least important).

- **Healthy environments sustain social and economic outcomes**
- **Water is a limited (although recyclable) resource**
- **Systems thinking to optimise outcomes**
- **Data-enabled planning and decision-making**
- **Transparency and accountability to engender community trust**
- **Forward thinking to build preparedness and resilience**
- **Giving effect to Aboriginal rights and access to water**

Do you have any comments on any of the guiding principles?

It is noted that the Strategy (page 9) is designed to contribute to water management outcomes aligned with the objects and principles of the Water Management Act 2000. Again, it is suggested that these be included in a summary form in the Strategy so that alignment is clear. Similarly, the National Water Initiative principles.

In general, the principles identified are supported. In terms of ranking principles, the question that needs to be asked is how you give effect to these in the Strategy as opposed to how you rank them. They are all equally important and necessary in guiding the long term strategic planning for water resource management in NSW as well as the management of the system.

In keeping with the Water Management Act 2000 and from a Local Government Local Water Utility perspective, water for critical human needs is of the highest priority. Given this **healthy environments sustain social and economic outcomes** has to be the most important principle followed closely by **water is a limited (although recyclable) resource**. See comments made in response to the objectives above regarding town water supplies.

Water and its management is a complex and interlinked space. Water does not recognise planning boundaries but requires a system-wide whole-of-government collaborative and positive approach to ensure the right balance is met for consumptive, productive and environmental water across catchments and between catchments in a new climate future. From this perspective the principle of **Systems thinking to optimise outcomes** is welcomed and supported. How this is enabled and implemented is the key.

Data-enabled planning and decision-making is critical. There needs to be one source of truth. The sophisticated new modelling and data used to inform the Regional Water Strategies has been welcomed but this must be shared with Councils who are required to do local level water planning for town water supplies through the development of Integrated Water Cycle Management (IWCM) Plans under the Best Practice and Integrated Planning and Reporting Frameworks.

This is closely aligned with the principle of **Transparency and accountability to engender community trust**.

It is understood that work is underway to determine the best way to share this data and to make it transparent and usable by others. This is time critical for Local Government where there are huge costs associated with secure yield and other modelling required at the local level not to mention duplication of effort and other inefficiencies. Water does not recognise LGA boundaries and the sharing of this data is needed now particularly given that Councils are currently spending huge sums on IWCM plans to meet funding criteria.

Further to this, engendering community trust in regional NSW requires more than transparency but a willingness for real engagement and enablement at the decision making level.

The key message is that any policy and methodologies with implications for town water in inland regions must be developed in close consultation with Local Government and ground-truthed using real world experiences from regional communities particularly those that have recently faced the threat of day-zero scenarios. It should include environmental, social and economic impacts and recognise the true value of urban water to the local, regional, state and national economies.

Water management requires a whole-of -government response that includes Local Government- the closest level of government to the people in regional NSW. We probably want more than ‘engagement’ – we want ‘marriage’ with shared goals and outcomes. It’s about having the right people at the decision making table at the right time and in the right place.

We totally agree for the need for ***forward thinking to build preparedness and resilience***. What is needed is a new approach.

The Productivity Commission in its draft report on National Water Reform provides some great analysis about the need for new thinking around water planning, sharing and management in the face of a new climate future that takes into account the challenges that the urban water sector and regional utilities specifically are grappling with. This thinking is aligned with that in the State Water Strategy but goes further in recognising the need for effective embedment of lessons learnt and knowledge acquired through effective engagement with regional communities in all aspects of water resource management and water service provision. The challenge is how this engagement is enabled in regions.

The missing piece continues to be effective inter-governmental collaboration at the regional level in strategic water management. It is suggested that an additional guiding principle should relate to working collaboratively with all levels of government. This concept is supported in the Strategy where reference is made to ensuring the right organisational arrangements are in place (see page 7) to optimise opportunities for shared benefits and to do more with less through better inter-governmental collaborative arrangements.

The above issues have been raised in all consultations and advocacy through the development of the Regional Water Strategies in the Central NSW JO region. The messages are the same for the State Water Strategy.

The draft NSW Water Strategy outlines seven strategic priorities for action, focused on meeting the core objectives based on the NSW Water Management Act 2000. These strategic priorities are:

- 1. Build community confidence and capacity through engagement, transparency and accountability**
- 2. Recognise Aboriginal rights and values, and increase access to and ownership of water for cultural and economic purposes**
- 3. Improve river, floodplain and aquifer ecosystem health, and system connectivity**
- 4. Increase resilience to changes in water availability (variability and climate change)**
- 5. Support economic growth and resilient industries within a capped system**
- 6. Support resilient, prosperous and liveable cities and towns**
- 7. Enable a future focused, capable and innovative water sector.**

Under each priority the draft strategy identifies several opportunities and challenges, and a total of 41 proposed actions to improve water management across the state.

Do you have any comments on the seven strategic priorities identified?

We broadly agree with the seven priorities identified while summarising feedback provided in response to the Strategy's overarching principles that to address these there needs to be:

- fit-for-purpose mechanisms including co-designed governance and implementation plans to enable delivery of these within regions and to ensure alignment with the Regional Strategies
- appropriate Local Government representation at the decision making table
- transparent, shared modelling and data to inform decision making at all levels
- recognition and embedment of lessons learnt, and knowledge gained by inland regional communities
- the ground-truthing of policies, methodologies, regulations and legislation through the lived experience of inland regional communities.

Do you have any comments on any of the proposed actions identified?

In its current format, the Strategy is very high level and missing the implementation details. As is the case with the Regional Water Strategies, the success of the State Strategy in addressing the proposed actions lies in how its implemented on the ground.

We welcome and support the majority of actions noting that the Strategy will be reviewed and updated at least every five years. With regard to specific actions.

Priority 1 – Build community confidence and capacity through engagement, transparency and accountability

1.1- improve engagement, collaboration and understanding

c. test community interest in each region of NSW to be involved in oversight of the implementation of each of the 12 regional water strategies.

Where many of the actions have implications for Local Government management of town water supplies and are to be informed by the bottom up Regional Water Strategies on an on-going basis, in order for the Strategy to be responsive to place based issues, fit-for-purpose mechanisms are needed to enable this within regions with appropriate regional Local Government representation at the decision making table.

Strategies that are place-based means just that 'in place' and not Sydney based for the place. Water management for regional communities needs the right people at the table at the right time to implement the strategies. More than engagement or oversight, we need enablement of a system wide whole of government approach with an appropriate Governance and Implementation Plan to support delivery of the Strategy that include Local Government at the table.

Again, early consultation to co-design the Governance and Implementation Plan with appropriate representation from Local Government in regional NSW is sought.

1.2 Increase the amount and quality of publicly available information about water in NSW

1.3 Enhance modelling and capabilities and make more data and models openly available

As identified good decision making comes from having the best data readily available. There needs to be one-source of truth when it comes to data and modelling. As detailed in feedback on the Strategy's principles, new modelling and data used to inform the Regional Water Strategies has been welcomed but this must be shared with Councils who are required to do local level water planning for town water supplies through the development of IWCM Plans.

There is an opportunity to build capacity for local water utilities through the provision of water security and water quality intelligence for a particular community. It is agreed with NSW Water Directorate that this is a state role as individual councils/LWU's/communities in most cases do not have responsibility for the whole catchment.

This premise extends to water quantity and water quality modelling on a whole-of-catchment basis. Local water utilities/councils should not have to duplicate the effort that could be provided by the state.

There continues to be concerns at the regional level about the lack of transparency around, for example, secure yield modelling that informs the Water Sharing Plans and the implications of this for water storages created for town water supplies.

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

A clear action that seeks to address this specific need for shared data and modelling with Local Government for local level water planning is needed in acknowledgement of the duplication and expense of the current arrangements for local water utilities.

Further it is suggested that the State Strategy needs to show greater integration of the NSW Government's open data model.

Priority 3 – Improve river, floodplain and aquifer ecosystem health, and system connectivity

3.4 Invest in long term and effective monitoring, evaluation, reporting and research

There is a need for better, factual, transparent data on system connectivity and environmental water to inform system wide management and to address gaps in management practices that were highlighted by the drought. As detailed above, this needs to be readily available to Local Government Local Water Utilities to enable informed decision making around water management at the local and regional level.

3.6 An enhanced state-wide focus on sustainable groundwater management

The drought and increased reliance of inland communities on groundwater has highlighted an urgent need for more research and a better understanding of groundwater and the relationship between groundwater and surface water. A more wholistic approach is needed.

We agree with the NSW Water Directorate view that there is a disconnect between urban and rural management of groundwater in regional NSW. The experience in some parts of NSW is that councils curb extraction of water for town uses through self-imposed water restrictions while irrigators continue to irrigate without restrictions. The result is that town water restrictions have little impact on the objective of conserving groundwater during drought conditions.

Again, given the reliance by many inland regional towns on groundwater for town water supplies (page 78) this data needs to be shared with Local Government LWUs to assist with local level water management. Councils also seek to be engaged in the development of a NSW Groundwater Strategy and Action plan.

3.7 Work with communities to better understand and improve system connectivity

In particular we welcome and support actions 3.7 b and c.

The recent water security crisis in inland regional NSW has highlighted a need to review system connectivity to solve water security problems and leverage growth through inter-catchment connectivity. The reality is that with the right storage and pipe network there is plenty of water for town water supplies and to enable substantive growth in high value agriculture- it's just a matter of getting it to the right place, at the right time and for the right price.

Commentary regarding the need for mechanisms, including decision-making support tools to better inform water sharing decisions across connected resources in times of water supply crisis is detailed in feedback on the Strategy's principles.

Priority 4 – Increase resilience to changes to water availability (variability and climate change)

4.1 New actions to improve and apply our understanding of climate variability and change.

This action is supported particularly 4.1b, c and e.

We support the NSW Water Directorate position that 4.1b. which proposes to provide access to climate risk information is a critical item for local water utilities. Presently this is not the case. Councils continue to be advised to seek consultancy of the order of tens to hundreds of thousands of dollars in secure yield modelling to address the Best Practice requirements of the NSW government for local water utilities. We are aware that climate modelling including paleoclimate data is available within the NSW government.

Commentary on data, modelling and the sharing of this with Local Government for local level water planning and management is highlighted in response to action 1.2 and 1.3.

4.2 Review water allocation and water sharing in response to new climate information

This action, notably 4.2a is critical and of the highest priority. While there is a need to ensure environmental water (planned or held) is managed efficiently and effectively to deliver agreed environmental outcomes, in times of drought, critical human needs to take precedence under the Water Management Act. This means that agreed triggers need to be put in place that may override environmental water concerns for the duration of any water supply crisis.

This is particularly the case where there is evidence to suggest that some town water supplies may have a lower than expected secure yield due to the operation of the Water Sharing Plans where environmental flows will be expected out of urban water storages.

4.3 Improve drought planning, preparation and resilience

We strongly support the action to improve drought planning, preparation and resilience.

Feedback has been provided by the CNSWJO to the Department of Regional NSW on the Future Ready Regions Strategy. This Strategy and the proposed NSW Drought Plan must, as identified in 4.3 a, be informed by the lived-experience of inland regional communities in managing through the millennium and more recent drought.

Actions 4.3 a, b, c & d are all welcomed and supported noting the following.

- *Lessons from the previous drought were not well embedded in strategic water management planning and need to be.*

It is critical that:

- relaxing of the urgent crisis as a result of rain does not detract from the need to address challenges in navigating State Government regulation and water management identified at the peak of the drought and in infrastructure development. Notably for the unregulated Macquarie system and towns like Oberon that rely on state-owned dams.
- policy and methodologies developed to manage urban water in regional NSW are ground-truthed using real world experiences from regional communities that have recently faced the threat of day-zero scenarios.
- water demand management policy that has implications for regional NSW LWUs must be developed in close consultation with Local Government, particularly in inland regions.

- This is particularly the case for any investigation of options for a more consistent approach to water restrictions across NSW, including the development of common principles.
- Definitions of water restrictions need to be carefully considered and documented, reflecting the reality of the lived experience of non-coastal communities in regional NSW. This should include environmental, social and economic impacts. While the concept of a standardised water restrictions policy is supported it when they are switched on should remain a decision for individual communities depending on their own circumstances.
- o *There needs to be more storage and a change in how the Murray Darling Basin Plan is administered to sustain growth, particularly in the context of drought for inland communities.*

4.4 Better integrate land use planning, development approvals and water management.

These actions are supported, particularly 4.4 a and b. noting that Local Government must be engaged at the regional and local levels.

Priority 5 – Support economic growth and resilient industries within a capped system

5.1 Provide greater certainty to regional businesses that rely on secure access to water

5.1 a and b are supported noting comments above about representation of Local Government at the decision making level in the prioritisation of options and in the implementation of the strategies. Special Activation Precincts are a great idea but their delivery within the region need to be enabled by collaboration across multiple State agencies supported by fit-for-purpose governance structures with decentralised decision-making within the region.

Further, there needs to be a review of water sharing and dam management in light of new modelling and data. Infrastructure management could benefit from a review of optimal models for operation of cross-boundary water grids. It is anticipated that these arrangements will be addressed through the Regional Water Strategies.

5.2 Invest in R&D and new technologies to lift water productivity in NSW industries.

With respect to 5.2a where town water supplies service businesses as well as residents, more work is needed to quantify the true productive value of quality, secure and reliable town water supplies for inland regional towns and cities that draws on the lived experience through the drought and is grounded in real-world scenarios.

Long-term water security projects such as the Wyangala Dam wall raising project together with the Lachlan Regional Water Strategy presents an opportunity to consider, not just urban water, but water for productive uses including manufacturing and business, agriculture and mining in a whole of catchment approach.

5.4 Identify infrastructure and operational options for each region of NSW

As detailed in response to the Strategy's principles, where great inroads have been made through the Regional Water Strategies we continue to advocate that more work is required to more explicitly address secure yield analyses and how the regional water strategies interface with local water utility IWCM planning and that this work must be done cooperatively with Local Government in regional NSW. A more integrated planning approach would reduce conflict and duplication between plans.

Priority 6 – Support resilient, prosperous and liveable cities and towns

6.2 Work collaboratively with local water utilities to reduce risks to town water supplies

It is understood that the purpose of the inter-agency assessment of town water and sewage systems (page 115) has been to determine funding priorities for the State Government under the Safe and Secure Water Program where there is a limited amount of funding. However, it is not appropriate for this assessment to be used to describe the extent of the challenges and issues that confront Local Government Local Water Utilities in regional NSW for policy and strategy development.

Further, through the development of the Regional Water Strategies, the CNSWJO has continued to question the basis of the risk assessments for towns in the Central NSW region where the risk ratings are not aligned to priorities identified by the region's Councils. The methodology used for this assessment has not been transparent and greater alignment with regionally identified priorities and recognition of the knowledge and expertise of councils in identifying these is sought.

We agree that LWU performance varies but we do not support the views that 'poor risk management' can be inferred for remote/regional water utilities as a consequence of the differences in scale and capacity between metropolitan water utilities and local water utilities. It is true that smaller regional LWU's invariably need to work harder to provide a similar level of service to a metropolitan water utility, and assistance would be welcomed without removing local autonomy/decision making. With this said we wholeheartedly welcome the opportunity the action to Work collaboratively with local water utilities to reduce risks to town water supplies, including the stated outcomes.

6.3 A new town water risk reduction program

Announcement of the TWRRP has been welcomed and is supported. On-going feedback is being provided into the implementation of the Program through representation by a JO Executive Officer and a LG NSW representative with a deep knowledge of the Central NSW region's priorities.

The CNSWJO continues to advocate for the structural/governance element of having people in the region who can work in partnership with Local Government, optimise the implementation of the Regional Water Strategies and manage the drought (and flood) response. It is suggested that this be included as a focus area of the program.

It is important that the program addresses fundamental problems with the regulatory and support framework together with broader issues relating to the funding framework as detailed in the NSW Auditor General's report.

The current problem is not just inefficiently targeted funding but also inadequate funding to deliver on community service obligations. Quality secure water requires a funding framework that recognises that it is a basic human right. The TWRRP needs to explore opportunities for better value and more efficiencies. Spending money more wisely in planning, data, prioritisation and design will reduce infrastructure costs.

6.4 Continue to deliver the Safe and secure water program

This is supported but Local Government in regions needs to be engaged in any assessments and prioritisation of town water risks as they apply to their region. The JOs have a strategic planning role under the Local Government Act and are well placed to provide this support to the NSW Government. The challenge and risk continues to be that the knowledge and expertise of Local Government in planning and managing water for their communities in regional NSW is recognised.

JO member Councils are responsible managers experienced in planning and managing large scale infrastructure projects and urban water. It is critical that Local Government in regional NSW are active partners at the decision making table in the development and implementation of plans and policies and prioritisation of options that will influence infrastructure (and non-infrastructure) solutions and funding for communities into the future.

6.5 A new state-wide Water Efficiency Framework and Program

This is supported. JO member Councils learned a great deal through the millennium and more recent drought around multi-sourced supply and demand management and continue to implement initiatives aimed at reducing consumption in their communities. In fact, communities such as Orange and Bathurst could provide good case studies on water efficiency where at the peak of the drought consumption per person in Orange got down to as low as 120 litres per person per day.

Water demand management policy that has implications for inland regional NSW LWUs must be developed in close consultation with Local Government. This is particularly the case for any investigation of options for a more consistent approach to water restrictions across NSW, including the development of common principles.

Definitions of water restrictions need to be carefully considered and documented, reflecting the reality of the lived experience of non-coastal communities in regional NSW. This should include environmental, social and economic impacts. While the concept of a standardised water restrictions policy is supported, when they are switched on should remain a decision for individual communities depending on their own circumstances.

6.6 Proactive support for water utilities to diversify sources of water

This is supported particularly the need to progress regulatory reform to enable the operation of stormwater and recycled water schemes where currently, as identified, Councils are disabled by issues with State Government regulations and approval processes to operate these systems.

The experience with Orange City Council's innovative stormwater harvesting projects to supplement drinking water is that licencing and approvals for innovative projects such as stormwater harvesting can be difficult and slow.

A multi-source approach to the supply of emergency water that enables options to be switched on or off as needed with these to be linked to State and local based triggers is needed. Council local water utilities need support from all of the water regulating agencies in the NSW government, and cannot progress water source diversification without this support.

6.7 Investigate and enable managed aquifer recharge

This is supported where consultation with the CSIRO in the Central NSW region has identified some potential opportunities to explore Managed Aquifer Recharge as part of the region's multi-source approach to water security over the recent drought.

6.8 Promote and improve Integrated water cycle management

We support the promotion and improvement of IWCM. This has been the subject of on-going advocacy by the CNSWJO and the NSW Water Directorate. Issues with the IWCM framework and its management have been well documented by the NSW Auditor General and the Productivity Commission.

It is noted that the Government will work with Councils to revamp their approaches to IWCM through the TWRRP. This is welcomed.

In summary we seek to work with DPIE water to co-design a less prescriptive, fit-for-purpose framework that meets the needs of LWUs in managing their businesses, reduces costs, avoids duplication, onerous reporting and that meets the Government's regulatory needs.

A number of JOs continue to advocate to pilot a different approach to IWCM planning with our member Councils and DPIE Water that will see less duplication, cost savings and a better outcome for Councils and

their communities, regions and Government. This approach leverages the JO network and is incentivised by value to both Local and State Government.

For example, the steps that have been considered for this potential approach are:

- Audit JO member Councils for their needs where they are at varying stages in the IWCM journey.
- From this audit, develop a “program” approach using tranches of prioritised data sets and other activities required for IWCMs. Where secure yield requirements in IWCM are duplicated by regional scale water security assessments in the NSW regional water strategies. Work to improve IWCM planning must be supported with modelling and data shared with Councils. This could be linked to priority 1.3.
- Provide direction and oversight of a program manager from within industry in region to provide support. This would preferably work in with the engineering placement calendar offered through universities such as Charles Sturt or Sydney. The intention here is to provide support to two streams of activity at a lower cost than using tier one consultancies to deliver program management:
 1. Inhouse IWCM data capture and capacity building where the data sets across the region are “apples with apples” enabling benchmarking. Key outcomes here would be a regional approach to integration of IWCM into the Integrated Planning and Reporting Framework.
 2. Procurement of data sets unable to be generated in house which:
 - a. Offer cost savings as an aggregated procure
 - b. Enable a regional data-set and inform potential regional activity to optimise outcomes.
- Institute the support arrangements to optimise the above – e.g. workshops for members, steering committees, project reference groups, procurement support. Ideally these would include representation from State and Local government.
- The deliverables include IWCM for each Council, a regional report providing advice to the State, Councils and the region on challenges and opportunities. Ideally the heads of consideration for this report would be codesigned with the State. Included in this report is advice to inform better future practise.

A scope of work for delivering updated IWCM, Regional Town Water Strategies and actions from the Regional Water Strategy, codesigned and delivered under the auspices of the implementation of the Regional Water Strategies by Joint Organisations partnered with State agencies, will deliver outputs that inform all three strategies.

6.9 Enable private sector involvement in the NSW water sector

It is noted that Government will work on key reforms that focus on amongst other things the last resort arrangements for private companies to build and operate recycled water and sewerage schemes under the Water Industry Competition Act 2006. Concerns have been expressed in the past by LG LWUs that where these schemes fail, there are economic and resourcing ramifications for LG in having to pick up the operation of these schemes. From this perspective consultation with Local Government on any reform is sought.

6.10 Foster the circular economy in our cities and towns

This is supported and partnership by the NSW Government with Councils and their water utilities in achieving objectives aimed at reducing their carbon footprint welcomed. It must be noted that regional councils have a different operating environment to metropolitan utilities and setting, scale, capacity and

affordability are all areas that some councils could benefit from assistance with through well targeted sustainability programs for local water utilities, delivered on a regional basis.

The CNSWJO Water Utilities Alliance has experience working to support its member Councils to optimise treatment systems and reduce energy usage delivering a multi project Nexus between Water and Energy project with funding from the Commonwealth Energy Efficiency Program in 2013. We welcome any opportunities to pilot work in this area in the Central NSW region.

Priority 7 – Enable a future focussed, capable and innovative water sector

7.1 Pilot new technologies to increase water options

This is supported and welcomed. LG LWUs in regional NSW have different levels of maturity and capability in the adoption of new technologies such as smart metering. It is a fast moving area and Councils field a lot of approaches from companies seeking to market their technology. What is needed is well informed, place-based, independent advice to enable Councils to make the right decisions about technology given their own specific locations and associated challenges.

Having said this, LG LWUs have demonstrated that regional water utilities can develop innovative, leading edge technology in water management that may be of interest to metropolitan state owned corporations, for example, the Orange stormwater harvesting system. It could be a two-way street.

7.3 Invest in water sector workforce and capability.

We support developing local skills and capability but the issue that needs to be addressed as a priority is the training framework for water operators.

Where water and wastewater operators are the front line of public health and safety in regional NSW towns, accessing training is of the highest priority in managing risk in drinking water quality.

We need a registered training sector able to support the delivery of quality, accredited and certified training for water operators in regional NSW. Also, the need for a training package that provides the units of training needed to qualify operators to operate treatment plants and manage treatment processes for their communities. The current training system is unprepared and inadequate to provide this training, particularly in regional NSW.

Also, regional and remote councils (in particular) need support to meet registration requirements for engineers. Engineers remain the area of greatest skill shortage in local government. Currently, many councils are forced to offer short-term contracts to help cover for longer term positions that can be difficult to fill with appropriately qualified and skilled staff. This is costly and unsustainable. While pooling of council expertise in regions or across Joint Organisations may be beneficial, it is not likely to be a long-term solution to the problem.

There is a need for renewed efforts to target rural and regional areas for skilled training and employment programs. This could include education and training incentives as well as opportunities for government funded internships and scholarships to help attract and retain skilled workers.

It is anticipated that the Town Water Risk Reduction program will work to address this.

Are there any additional opportunities, risks and challenges that should be considered in the draft strategy?

The challenge, risk and opportunity continues to be that the knowledge and expertise of Local Government in planning and managing water for their communities in regional NSW is recognised with Local Government at the regional level included as active partners at the decision making table in the

development and implementation of plans and policies and prioritisation of options that will influence infrastructure (and non-infrastructure) solutions and funding for communities into the future.

With the release of the Auditor-General's report in September 2020, DPIE has acknowledged that a greater emphasis on strategic planning for town water supplies is needed and opportunities exist to improve DPIE's support for councils' strategic urban water service planning, including planning for town water supply infrastructure. This is welcomed.

There are opportunities to improve communication, inform strategic work and support a more coordinated regional approach to a multi sourced strategy for longer term water security through a more collaborative whole-of-government approach by WaterNSW and DPIE Water that sees Local Government more actively engaged.

JOs can offer shared value to both their members and other levels of government in developing and implementing a clear policy and regulatory approach to support LWUs with town water planning, investments and sector engagement for DPIE for regional NSW.

Opportunities include to work more collaboratively with Local Government LWUs in regional NSW and to leverage the JO network in water management by LWU in regional NSW in:

- piloting a regional approach to IWCM through the TWRRP
- the structural/governance issues to enable the delivery of Regional and State Water Strategy action in regional NSW
- work on the funding framework (which can only really be addressed in the context of the strategic and regulatory frameworks.) including investigation of the community service obligation concept
- work on the value of urban water in inland regional NSW
- work on the value of street trees and green spaces in determining the willingness of people to pay to ensure these survive in times of prolonged drought.

What actions should be prioritised for immediate implementation and how should they be implemented?

1.1- improve engagement, collaboration and understanding

c. test community interest in each region of NSW to be involved in oversight of the implementation of each of the 12 regional water strategies.

As the purpose of JOs under the Local Government Act is to provide strong cohesive leadership that aligns all tiers of government to deliver region's community derived strategic priorities, the ideal is for long-term regional water security and management solutions to be developed and implemented in cooperation with the State Government.

To enable this the need for a strategic committee has been identified by the CNSWJO to provide an on-going forum for inter-governmental cooperation on water planning and the implementation of actions from the Regional and State Water Strategies for the Central NSW.

During the drought emergency it was proposed to establish the Lachlan Valley Regional Town Water Drought Response Steering Committee with the secretariat function to be undertaken by the Department of Regional NSW. The intention was that the membership of this committee would comprise appropriate officers from relevant state agencies, the region's Councils and the JO with input from other stakeholders, including water reliant industries to be sought through relevant members at the direction of the chair.

The Role of the Steering Committee was to:

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

It was suggested that working groups may be developed and convened to consider and advise on issues as they arise.

The CNSWJO region is interested in testing this as a potential mechanism for the delivery of options under the Regional and State Water Strategies for its region which includes the Lachlan and the unregulated section of the Macquarie River.

It is suggested that this committee and working parties comprising identified stakeholders could also be used to inform and ground truth other priorities including:

1.3 Enhance modelling and capabilities and make more data and models openly available

4.1 New actions to improve and apply our understanding of climate variability and change.

3.7 Work with communities to better understand and improve system connectivity

4.2 Review water allocation and water sharing in response to new climate information

5.4 identify infrastructure and operational plans for each region.

6.2 Work collaboratively with local water utilities to reduce risks to town water supplies

6.5 A new state-wide Water efficiency framework and program

<p><i>Do you have any other comments on the draft NSW Water Strategy?</i></p>
--

It is noted that the Final Strategy (page 142) will be accompanied by an implementation plan that will outline roles and responsibilities and time frames for implementation of actions. This is imperative. As is the case with the Regional Water Strategies, the success of the State Strategy will be in how it's implemented on the ground, particularly how it is 'enabled' in regional NSW.

In conclusion, we strongly support the principles of collaboration and co-design and seek early engagement with Local Government in regional NSW in the finalisation of the NSW Water Strategy and co-design of a Governance and Implementation Plan to enable the delivery of many of these actions in place in regional NSW.

The State Water Strategy as the over-arching Strategy is supported as an opportunity to get policy and water management settings right particularly in the context of drought for inland communities.

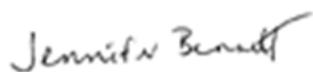
The Strategy presents great opportunities to improve communication, inform strategic work and support a more coordinated regional approach to a multi sourced strategy for longer term water security through

better system-wide coordination of strategic water planning and management across all levels of Government, inclusive of Local Government, for all water uses- consumptive, productive and environmental.

JOs can offer shared value to both their members and other levels of government in developing and implementing a clear policy and regulatory approach to support LWUs with town water planning, investments and sector engagement for DPIE for regional NSW. Opportunities include to work more collaboratively with Local Government LWUs in regional NSW and to leverage the JO network in water management by LWU in regional NSW.

Please feel free to contact either CNSWJO's Water Utilities Alliance Program Manager, Meredith Macpherson on 0427 451 085 or Executive Officer Jennifer Bennett on 0428 690 935 should you wish to discuss further.

Yours sincerely,

A handwritten signature in black ink that reads "Jennifer Bennett". The signature is written in a cursive, slightly slanted style.

Jenny Bennett
Executive Officer
Central NSW Joint Organisation (CNSWJO)

