

12 April 2024

Reference: mm:jb 240412
Enquiries: Ms J Bennett: 0428 690 935

Independent Pricing and Regulatory Tribunal NSW
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Re: Dam Safety NSW Levy Review

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 177,000 people covering an area of more than 51,000sq kms comprising the Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes, Weddin, Central Tablelands Water, and Upper Macquarie County Council.

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 on the CNSWJO website www.centraljo.nsw.gov.au or directly via this link: www.centraljo.nsw.gov.au/content/uploads/051222_CNSWJO-Strategic-Plan-October-2023-Final.pdf

We thank you for the opportunity to provide response to the issues paper on Designing a levy for regulating dam safety in NSW. Where our member councils may provide separate submissions, this response is informed by policy developed in region and endorsed by the CNSWJO Board.

CNSWJO member councils all operate local water utilities (LWUs), so the security, availability and affordability of town water supplies for the communities in Central NSW is core business for the councils in this region. Our councils service 72,314 water connections and manage 14 water treatment plants. In addition, they own and operate a total of eighteen declared dams for the purpose of either town water supply or stormwater detention. Two councils are responsible for one dam each, four for two dams, while two have responsibility for four dams. Of these at least 12 are in the high risk consequence category and one in the extreme category. Four are detention basins for stormwater capture.

Having last week submitted to the NSW Productivity Commission inquiry into alternate funding models for Local Water Utilities (LWUs) and the need to reduce the cost burden on regional communities, the introduction of a dam safety levy is yet another cost shifting exercise to those very same LWUs without regard to the ability of regional communities to pay.

The potential cost of a dam safety levy on regional councils already struggling with financial viability of providing LWU services to their communities will only serve to compound an existing problem.

Our member councils continue to be impacted by the escalating costs of responding to successive natural disasters including the demands of providing water security and water quality under ever

increasing regulatory requirements with already ageing infrastructure. To expect councils to pay for the regulatory function of Dam Safety NSW (DSNSW) will add further cost to the operation of town water supplies. These costs will potentially need to be recovered by way of additional charges to town water supply customers who should not have to pay extra for their essential services as a result of this levy.

As dam owners, each of our councils takes their regulatory responsibility for the safety of their dam(s) very seriously. All participate in a regional Dam Surveillance and Inspection program procured 5-yearly through the CNSWJO and are working to undertake dam safety risk reviews as required under the dam safety legislation.

The risk reviews are just the beginning of the costs to councils with the more significant being the costs associated with implementing any work recommended through these. Where councils do not pay levies to other regulators for audits, for example NSW Health, it seems counterintuitive that at the same time as examining how to alleviate the financial burden on regional communities, there is discussion of a levy for DSNSW to undertake their regulatory function.

The important role that DSNSW plays is acknowledged however, the CNSWJO Board considers that the service it provides is for the public good and that this service should continue to be funded from consolidated revenue. Introduction of the levy would be yet another cost shift from the State Government onto councils.

Aligned with responses from LGNSW and the NSW Water Directorate to the CEO Dams Safety NSW (November 2020) when this levy was first proposed, the CNSWJO Board strongly objects to the introduction of a dam safety levy.

Where a dam safety levy may not be unreasonable for non-Local Government dam owners such as Hunter Water or WaterNSW where the costs can be spread across a larger customer base or mining companies, the CNSWJO Board asks that if this levy is introduced that:

- 1) The levy does not apply to town water supply dams or stormwater detention systems, which are essential local community services, or alternatively
- 2) Smaller communities with lesser ability to pay have the levy waived or capped; and
- 3) That there should be a greater discount for owners of multiple dams.

Further, applying the levy to stormwater detention systems reduces the incentive for councils to implement and maintain flood mitigation structures. Cowra Shire Council, a middling size regional council has four detention basins and should not be impacted by additional cost to maintain these.

We would welcome the opportunity to discuss these alternative approaches at an appropriate time. Please contact Executive Officer Jenny Bennett on 0428 690 935 if you would like to discuss any of the above.

Yours sincerely,



Cr Kevin Beatty
Chair

Central NSW Joint Organisation