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moving communities forward

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5 November 2002

Mr Ian Dundas
 Committee Secretary
 House of Representatives Standing Committee on
 Agriculture, Fisheries and Forestry
 Parliament House
 Canberra ACT 2600

Secretary: *A. Dech*.....**RECEIVED****10 FEB 2003**

HOUSE OF REPRESENTATIVES
 STANDING COMMITTEE ON
 AGRICULTURE, FISHERIES
 AND FORESTRY

Dear Mr Dundas

Lgov NSW is pleased to make this draft submission to the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry into future water supplies for Australia's rural industries and communities. This document is based on the Lgov NSW policy statements and will be presented to the Associations' Executive in December 2002. If there are any alterations, we will inform the Standing Committee.

We note that the Standing Committee is to inquire into the provision of future water supplies for Australia's rural industries and communities, particularly:

- The role of the Commonwealth in ensuring adequate and sustainable supply of water in rural and regional Australia
- Commonwealth policies and programs, in rural and regional Australia that could underpin stability of storage and supply of water for domestic consumption and other purposes.
- The effect of Commonwealth policies and programs on current and future water use in rural Australia.
- Commonwealth policies and programs that could address and balance the competing demands on water resources.
- The adequacy of scientific research on the approaches required for adaptation to climate variability and better weather prediction, including the reliability of forecasting systems and capacity to provide specialist forecasts.

Lgov NSW, representing the Local Government Association of NSW and the Shires Association of NSW, represents all 172 local councils in NSW, as well as special purpose county councils, and the 13 NSW Regional Aboriginal Land Councils.

LGov NSW thanks the Committee for its invitation to make a submission. Our comments focus on the first four terms of reference, in particular the role of Local Government and broader key issues on which Lgov NSW has taken a position.

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Introduction

Local Government is the major owner and operator of water supply and sewerage infrastructure in regional and rural NSW. On this basis it should be recognised as a primary partner in the development and implementation of water supply policy and programs.

LGov NSW strongly defends the continued ownership and control of water supply and sewerage assets by Local Government, and actively represents the interest of councils in water related issues. LGov NSW works closely with the NSW Local Government Water Industry Directorate, whose aim is to provide focused, independent technical information to its 91 councils, who are mainly from rural and regional NSW.

Local Government acknowledges that water is a scarce resource that must be managed on a catchment basis, in partnership with the other levels of government, and in consultation with the community and essential stakeholders. The planning and management of water resources and systems needs to be undertaken within an ecologically sustainable development framework, whereby, economic, social and environmental considerations are all given due consideration.

Local Government plays a wide range of roles in water infrastructure, that go beyond the development and provision of local water supplies. These include strategic planning, funding and business performance, plumbing and drainage regulation, public health and environmental standards and providing input into the catchment management processes.

Local Government is the logical implementation vehicle for catchment management blueprints, with its wide statutory powers, as defined in the Local Government Act (1993) and the Environmental Planning and Assessment Act (1979), and its mandate to be accountable to its communities. This approach has been actively pursued by councils, as is particularly demonstrated with the significant commitment through council representation on Catchment Management Boards and Water Management Committees.

1. The role of Local Government

In outlining the above broad roles, there are some key areas that require significantly more recognition within both Commonwealth and State government policy and programs. Only once these issues have been adequately addressed will there be a capacity to better ensure a sustainable supply of water in rural and regional communities and industries across Australia

They include Local Governments' traditional role in town water supply, ways in which Local Government has either been involved in or sought State and Commonwealth leadership in innovative, alternative water management strategies and the need to better recognise Local Government's capacity to contribute to the planning of natural resource management.

Water Supply and Sewerage Services

The provision of water supply and sewerage services to country towns in NSW is the responsibility of Local Government under the Local Government Act (1993). The State Government provides technical, management and financial support to Local Government through the Country Towns Water Supply, Sewerage and Drainage Program, administered by the Department of Land and Water Conservation.

With the assistance of the program, councils aim to provide affordable and well managed water supply and sewerage services in urban areas of country NSW. This service has been recognised as one of the single most important factors protecting the public health of 30 per cent of the states population living in rural areas.

However, with an increasing backlog in capital works and the need to deliver these services in a more financially efficient manner, Lgov NSW has actively sought the strengthening of the Country Towns Water Supply, Sewerage and Drainage program.

Funding for the program was agreed in 1995 at \$85.5 million per year each from State and local Government for ten years. In recent years, the State Government contribution has fallen. In addition, problems exist in the operation and structure of the program. These include issues of uncertainty and lack of transparency which have unnecessarily frustrated councils seeking to provide services.

At a minimum, the simple continuance of these services at their existing usage rates requires adequate committed funding levels that will support their maintenance and upgrade and growth where necessary. In addition it needs to be recognised that emerging, and often unforeseen issues are impacting on these traditional services, such as the growing problem of algae blooms in water storage facilities and concerns about protecting water systems as a matter of national security.

Local Government supports a 'whole of water cycle' management principle. Currently, Local Government is responsible for provision of drainage (stormwater) infrastructure for all urban centres in regional NSW. The Local Government Act currently allows councils (where they are the water authority) to raise water and sewerage charges based on the cost of service provision, but it separates drainage charges as an item for inclusion in general income. This means that provision and maintenance of drainage infrastructure must be funded from general rates, which are subject to the NSW Minister's annual rate cap. Local Government strongly supports the removal of drainage charges from capped general income, and legislative change to enable councils to levy a realistic charge for the "whole of water cycle" cost of provision of water supply, sewerage and drainage services.

Alternative Options

Lgov NSW has identified a range of principles and project proposals that should be adopted in examining alternative systems and approaches to water management. These include:

- a) Assessment of sewage management options

Criteria used in assessing sewage management options should include:

- Minimising health risk
- Optimising the benefits and costs, and
- Facilitating development that meets community derived water quality and river flow objectives in a manner consistent with ecologically sustainable development

To assist in promoting innovative solutions, the performance outcomes expected of each sewage management option should be identified and used as the principle objective, rather than imposing the process requirement of always having to meet prescribed technical water quality criteria.

Assessment of sewage management options should include an evaluation of the impact that treated sewage discharges have on the receiving environment, including the positive benefits appropriately treated discharges can contribute to ecological, social and economic flow requirements.

b) Re-use of Sewage Effluent

In relation to the re-use of sewage effluent, Lgov NSW has called on the State Government to consider wastewater as a resource for suitable purposes and requested the State Government to urgently fund a study into the options for urban re-use of sewerage effluent, including in the study an assessment of liability considerations.

Lgov NSW also supports the introduction of volumetric credit arrangements for council sewerage systems discharging high quality effluent into rivers where land-based effluent disposal is not feasible.

c) On-site sewage management

Lgov NSW supports the State Government's initiative to minimise pollution from septic systems, and calls for adequate resources to be made available to allow councils to implement these initiatives. In addition, the State Government needs to provide financial assistance to property owners to upgrade outdated systems or to connect to existing urban infrastructure.

Lgov NSW also seeks the amendment of legislation relating to on-site sewerage management so that registration and inspection charges are treated in the same manner as sewerage rates, by being charged on the land and therefore subject to Pensioner Rate Rebate Schemes.

d) Run off

The State Government should investigate the use of phosphates and nitrate fertilizers for domestic and commercial purposes with the view to developing legislation that restricts their use. Councils have the primary responsibility for the control of sediment, acid run off and silt from construction sites at the development stage but there is little control on the use of fertilizers and subsequent high nutrient runoff when development is complete.

e) Water Conservation

Local Government supports and encourages the conservation of water, and recognises a range of roles it can actively adopt. These include encouraging the use of water efficient appliances and fittings, supporting the use of rainwater storage tanks within appropriate health and safety regulations and encouraging their provision with all new dwellings.

f) Education

Local Government believes that the community should be educated on a range of issues that impact on the delivery and preservation of effective urban water infrastructure systems. The State Government should continue to expand the development and provision of resources to assist in this process. Education strategies should include, but not be limited to, urban stormwater runoff, and improper disposal of materials within both sewerage and stormwater management systems.

Strategically planning for natural resource management

Local Government since its inception has played a core role in natural resource management (NRM).

The NSW Local Government Act 1993 gives councils a clear NRM charter. Section 8 of the Act empowers councils "to properly manage, restore, enhance, and conserve the environment...in a manner that is consistent with and promotes the principles of ecologically sustainable development".

Councils have not always used the language of NRM to describe their activities, but they are an integral part of the NRM landscape and provide efficient and affordable NRM services to their communities.

Beginning with the Environmental Planning and Assessment (EP&A) Act in 1979, a suite of NRM tools has been developed. In addition to the EP&A Act, these tools include:

- Local Government Act 1993, especially management planning and State of the Environment reporting
- Catchment Management Act 1989
- Threatened Species Conservation Act 1995
- Native Vegetation Conservation Act 1997
- Water Management Act 2000

The proposed Plan First, aims at clarifying and strengthening integration of NRM within the land use planning system, and the opportunity must not be lost to fully utilise the role that Local Government can play in an integrated planning system.

The development of integrated NRM tools and increasing community involvement has, however, resulted in a diminution, in perceptions at least, of the level of Local Government responsibility for NRM. In reality councils are doing more than ever before. To the core NRM functions listed above, councils have now added participation in NRM Board and Committee processes, and significantly expanded monitoring and reporting functions, and are exploring options like regional alliances for NRM funding and implementation purposes.

The expanding role of the State and Commonwealth Governments in NRM, particularly in areas like coordination, funding and priority setting, and the exclusion of Local Government from an equal partnership with the other spheres of Government in performing these functions, have distanced Local Government from the core role across the spectrum of NRM activities - from strategy to implementation to performance reporting - which it might have expected to retain and expand.

The current policy of Lgov NSW is to seek an enhanced role for Local Government in NRM. The Associations promote Local Government as a logical implementation vehicle for NRM at a local and regional level because:

- Local Government has a strong existing local presence and is accessible to local communities
- Local Government offers a simplified 'one-stop' NRM service when compared with the complex array of State agencies with NRM responsibilities
- Local Government has long standing experience and expertise in NRM
- Local Government has wide statutory NRM responsibilities
- Local Government is democratically accountable to local communities

Further, the Australian Local Government Association (ALGA) has adopted the 'Harnessing Opportunity' Business Paper which aims to increase the involvement of Local Government in NRM over a 10 year timeframe through a strategy of embracing integrated NRM on a regional basis, committing resources, and applying its current NRM powers to NRM problems, in partnership with the other spheres of Government.

Local Government has achieved some success in expanding its role. The ALGA has been invited to represent Local Government on the Natural Resource Ministerial Council which oversees national policy development for programs like the National Action Plan for Salinity and the Natural Heritage Trust.

The April 2002 Communiqué of the Council of Australian Governments (COAG) conveyed the agreement of COAG to supporting arrangements that include adequate:

- Local Government representation on regional bodies
- Local Government involvement in the development of integrated natural resource management regional plans
- Awareness of regional objectives in local planning

Local Government continues to be a significant and respected player in various regional and state level NRM forums including the State Catchment Management Coordinating Committee, the Water Advisory Council, the Native Vegetation Advisory Council, Catchment Management Boards, Water Management Committees, and so on.

However, Local Government's ability to influence decisions by NRM forums, and particularly to expand its role in strategic decision making is limited by both its under representation on these forums, and its exclusion from the highest levels of decision making at the State level. The outcomes of the various NRM forums are referred to State government departments for review and advice to State Ministers for final decision making. As a responsible sphere of Government with statutory responsibilities, Local Government is at best a junior partner in such decision making, and more generally accorded an implementation role only.

For example, the Catchment Blueprints, which set overarching targets for NRM in each catchment, describe substantial responsibilities and funding commitments from Local Government according to plans made by NRM forums, but ultimately finalised by departmental and Ministerial processes from which Local Government is excluded.

The question of the role of Local Government in natural resource management remains unclear while integrated NRM tools continue to be developed and implemented. The trend of decreasing Local Government involvement in decision making also continues. Local Government will always play a substantial role in implementing NRM, but given both the increasing costs of NRM and the rising expectations of the community, without an ability to influence NRM decision making, an implementation role alone will subject Local Government and the communities it represents to decisions made at the State level by players remote from and often unfamiliar with the local communities impacted by their decisions.

In the light of the delivery of funding grants through the Natural Heritage Trust 2 and the National Action Plan for Salinity there is a need to rapidly and significantly review Local Governments' role in both decision making and implementation, in equal partnership with State and Commonwealth Governments, which best serve local communities

Support and recognition from the Commonwealth for the following is essential

- a) the costs to Local Government in the providing water and sewerage services in rural NSW need to be more adequately shared with other levels of government.
- b) Local Government requires financial and resource support to actively embraced the opportunities of participating in projects that examine innovation in the delivery of alternative approaches to water management. This includes providing councils with the capacity to raise dedicated funds for improved catchment management .
- c) Local Government should be far more effectively integrated into the consultation, development and implementation of the range of natural resource management planning strategies.

2. Other key issues

In addition, Lgov NSW policy supports

- compensation being paid to the holders of existing water entitlements who have those entitlements altered or restricted by the Government's water reforms.
- the methodology for providing water allocations within river valleys, be revised to adequately account for drought declaration.
- the principle of water property rights
- the continuation of any managed flows into streams throughout NSW without first consulting with and obtaining the agreement of those affected, and without having first carried out a socio-economic impact study into the State Government' water reform proposal.
- the management of salinity through partnership between the community and all spheres of government
- the setting of realistic water quality and river flow objectives

Conclusion


In outlining the broad roles Local Government has, does and can play in the future of Australia's rural water supplies, there are some key areas that require significantly more recognition within both Commonwealth and State government policy and programs. Only once these issues have been adequately addressed will there be a capacity to better ensure the sustainability of a supply of water for the future of rural and regional communities and industries.

These must include Local Governments' traditional role in town water supply, the ways in which Local Government has either been involved in or sought State and Commonwealth leadership in innovative, alternative water management strategies and the need to better recognise Local Government's capacity to contribute to the planning of natural resource management.

It would be appreciated if you could keep LGov NSW informed about the deliberations of the Inquiry. In the event of a public hearing being called for the Inquiry, Lgov NSW Executive members will be available to personally provide further information.

If you require any further information please do not hesitate to contact, Stephanie Smith, Policy Officer-Environment Team, phone 9242 4070.

Yours faithfully



 Brenton (Alby) Taylor
Executive Director