

16 April 2024

Mr Chris Salkovic
CEO
Dams Safety NSW
By email to: ipart@ipart.nsw.gov.au

Dear Mr Salkovic,

Re: Issues Paper - Designing a levy for regulating dam safety in NSW

Thank you for the opportunity for Central Tablelands Water (CTW) to provide a submission in response to the Issues Paper – Designing a levy for regulating dam safety in NSW.

As background information, CTW is a County Council proclaimed in 1944 which currently provides quality drinking water to 15,000 consumers across 8,000km² in the local government areas of Blayney, Cabonne, Weddin, Cowra and Bland. An emergency bi-directional pipeline has also been commissioned linking CTW and Orange City Council water filtration plants to further assist in regional water security and resilience.

CTW owns and operates Lake Rowlands Dam, a “High C” consequence category dam for the sole purpose of town water supply.

Designing a levy for regulating dam safety in NSW

1. How would this levy impact your operations and ongoing delivery of services?

- The addition of a levy for regulating dam safety on local water utilities will further exacerbate the challenge to remain financially viable. Local water utilities are already being significantly impacted financially by:
 - Climate impacts on water usage – both drought and extended wet weather has an impact on water consumption and therefore the ability to generate revenue.
 - High fixed costs – depreciation, servicing borrowings. The replacement of ageing assets brings with it rising depreciation expenses over a long period of time. Assets are also fully revalued every 5 years and indexed annually adding to the asset value and increasing the depreciation expense of local water utilities.
 - Recovery from bushfire and flooding – water infrastructure damaged or destroyed by natural disasters are not eligible under Disaster Recovery Funding

Arrangements (DRFA) as they derive an income through fees and charges. However, with the income volatility of local water utilities due to climate change impacts (i.e. droughts and floods), smaller local water utilities do not have the scale and capacity to absorb the repair and replacement costs of these affected assets.

2. Does DSNSW conduct any activities that are broader than dam safety and therefore should sit outside the levy?

- Not sure.

3. Do you expect that the regulatory support you require from DSNSW will reduce as dam owners get more familiar with the new regulatory regime?

- No – small local water utilities generally face the constant challenge of attracting, training and retaining skilled staff, especially in rural and remote areas.

4. How the levy should be apportioned between different dams or dam owners?

- The dams that are utilised only for town water supply should not be charged a levy for regulating dam safety, as the sole purpose of the dam is to provide an essential service of drinking water to their respective communities.

5. Is your dam's primary purpose to serve the broader community beyond your customers/ratepayers?

- The dam's primary and only purpose is to provide quality drinking water to approximately 15,000 consumers across three (3) local government areas. The current water supply network serviced by the dam also has the ability to supply potable water to neighbouring local water utilities for emergency situations. If the dam is augmented, this would enable the opportunity to provide drinking water to those neighbouring local water utilities on a regular basis under normal operations and potentially beyond through additional bidirectional pipelines.

6. How can dam owner regulatory performance be recognised in the levy over the longer term?

- A discount on the levy to be applied to dam owner's who meet continuous improvement recommendations from prior year/s.

7. How we can minimise issues of affordability and disruption during implementation (for instance, a gradual levy phase-in)?

- Only charge a levy if the local water utility has made a reasonable profit/surplus over the previous 3 to 5 years.

8. Should the levy be subject to periodic independent review?

- Yes – this will ensure the regulatory requirements are reviewed for adequacy and relevance, and the dam owners are receiving value from paying the levy.

CTW is a member of the NSW Water Directorate and holds associate membership with the Central NSW Joint Organisation and Local Government NSW. As a result of these memberships, CTW supports the submissions provided by these organisations for this issues paper.

On behalf of CTW, I would like to thank Dams Safety NSW and IPART for once again inviting CTW to provide a response to the Issues Paper – Designing a levy for regulating dam safety in NSW.

Yours faithfully,



Gavin Rhodes
General Manager