

16 April 2024

Independent Pricing and Regulatory Tribunal NSW

Submitted via website: [Have your say | IPART \(nsw.gov.au\)](https://www.ipart.nsw.gov.au)

Response to Issues Paper – Designing a levy for regulating dam safety in NSW

The NSW Water Directorate is the peak industry body for 87 out of 90 local government owned water utilities (LWU's) in regional NSW. Further information about us can be found at: <https://www.waterdirectorate.asn.au/AboutUs.aspx>.

The Water Directorate relies upon its submission to Dam Safety NSW dated 30 October 2020, which we understand that IPART will have reviewed during the preparation of the Issues Paper. We continue to object to the introduction of a dam safety regulation levy. The levy would represent yet another example of cost shifting from state government to local government without regard for the ability of regional communities to pay. Local Government NSW in their latest cost shifting report¹ was released in November 2023, highlighted a total cost shift to councils of \$1.36 billion in 2021-22, which is the equivalent of more than \$460 per ratepayer annually.

The introduction of the levy appears to contradict the recognition in the NSW government that there are serious burdens on council owned local water utilities and local government more generally that threaten the financial sustainability of councils. This is evidenced in concurrent reviews in NSW such as the NSW Productivity Commission's *Review of funding models for Local Water Utilities*² and the *Inquiry into the ability of local governments to fund infrastructure and services*³ by the NSW Legislative Council Standing Committee on State Development. Regional communities already require significant financial assistance to support safe and affordable water supplies.

Local Water Utilities are staffed by much smaller teams, and yet they must operate in the much the same complex web of governing legislation with the same responsibilities as Sydney Water or Hunter Water:

- **Public Health Act 2010** with regard to maintaining a Drinking Water Management System for safe drinking water
- **Protection of the Environment Operations Act 1997** with regard to holding Environmental Protection Licences Pollution Incident Response Plans (PIRMP's)
- **Environmental Planning and Assessment Act 1979** with regard to determining approvals to construct water and sewerage infrastructure and ensure appropriate servicing plans for land.
- **Dams Safety Act 2015** – to ensure that any risks from dams owned by councils are managed to an acceptable level
- **Work Health and Safety Act 2011** – to ensure the safety of water and sewerage workers
- **Water Act 2007 (Commonwealth)** – with regard to national performance reporting requirements for water utilities

¹ Available at: https://lgnsw.org.au/common/Uploaded%20files/Cost_Shifting/ML_Report-LGNSW-Annual_Cost_Shifting.pdf

² More information: <https://www.productivity.nsw.gov.au/local-water-utilities-funding-models-review>

³ More information: <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3040>

Apart from dams for drinking water supply, applying the levy to stormwater detention systems reduces the incentive for Councils to implement and maintain flood mitigation structures.

If Dams Safety NSW intends to proceed with the levy, we ask that either:

- 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

Dams Safety NSW should also consider introducing a greater discount for owners of multiple dams. Effectively where there is one dam safety management system the discount currently proposed does not appear to reflect the reduced regulatory workload.

The Water Directorate has seen and acknowledges the submissions of Local Government NSW and Clarence Valley Council and fully supports their submissions.

Thank you for the opportunity to make this submission. Should any further information be required, I can be contacted on [REDACTED].

Yours sincerely

Brendan Guiney
Executive Officer | NSW Water Directorate

Our ref: 30102020

Chief Executive Officer
Dams Safety NSW
Locked Bag 5123
Parramatta NSW 2124

Attention: Mr Chris Salkovic
By email: communications@damsafety.nsw.gov.au

30 October 2020

Dear Chris,

Re: 2020 Reform – Proposed Dam Safety levy

Thank you for the opportunity to provide feedback on Dams Safety NSW's proposed dams safety levy. The NSW Water Directorate represents 89 local water utilities in regional NSW. Of this number, 36 local water utilities (Councils and County Councils) own and operate 74 declared dams in non-metropolitan NSW, for the purposes of either town water supply or stormwater detention.

The Water Directorate objects to the introduction of a dams safety levy. The levy would represent yet another example of cost shifting from state government to local government without regard to the ability of regional communities to pay. The timing is particularly poor in the wake of the worst drought in the instrumental record of 120+ years, and one of the worst fire seasons on record.

Regional communities, assisted by the NSW government, have needed to urgently invest in water security infrastructure, representing significantly increased operating costs to service borrowings and depreciation, whilst revenue has reduced due to water restrictions and the financial and social impacts of the COVID pandemic. Regional communities are in recovery and should not have to pay extra for their essential services as a result of this levy.

In addition, applying the levy to stormwater detention systems reduces the incentive for Councils to implement and maintain flood mitigation structures.

If Dams Safety NSW intends to proceed with the levy, we ask that either:

- 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

Dams Safety NSW should also consider introducing a greater discount for owners of multiple dams. Effectively where there is one dam safety management system the discount currently proposed does not appear to reflect the reduced regulatory workload.

We would welcome the opportunity to follow up with you to discuss these alternative approaches at an appropriate time. I can be contacted on [REDACTED]

Yours sincerely,

[REDACTED]

Brendan Guiney
Executive Officer
Water Directorate