

Council Reference: ECM 3795464
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Submitted to:

http://www.ipart.nsw.gov.au/Home/For_Consumers/Having_your_say/Lodge_a_submission

Submission: Prices for Water Management Services provided by DPI Water

Tweed Shire Council, along with many other local water authorities has been invited by both IPART and Office of Water (now DPI Water) to make submissions on the Review of Prices for the Water Administration Ministerial Corporation. Council's submission is therefore being forwarded to both IPART and DPI Water.

Tweed Shire Council typically pays DPI Water \$220,000 per year in licence fees. This is made up of access fees of \$7.00 per ML for access to up to 27,500 ML/a plus usage fees of \$3.00 per ML for typically usage is below 10,000 ML/a. Council's primary concern in the matter is that it appears Council receives little value, if any from this expenditure.

Appendix D of the Water Issue Paper June 2015 lists the Service Order outputs of the DPI Water. These are summarised in Office of Water Fact Sheet 1, *An overview of the Office of Water and the 2015/16 IPART price determination process*, with further explanation provided in Water Fact Sheet 2, *The Activities and performance of the Office of Water 201/14*. Further, Appendix D lists the user share of the cost of those outputs and Table 4.2 of DPI Water submission to IPART also list the outputs. Section 4.2 of the DPI Water submission to IPART describes each of the outputs.

Of the outputs, Tweed Shire Council receives few or none of the outputs. Further Tweed Shire Council undertakes many of the activities listed as outputs, at a cost to Tweed Council, many of which are or could be of benefit to DPI Water. The results of these activities could be available to DPI Water if requested. Commentary on each of the outputs, and as to whether Council should contribute to the payment of these items, is given below:

Cost Code	User Share	Title	Council's Comment
C01-01	70%	Surface Water quantity monitoring	Council operates and maintains 35 rainfall sites and 17 river level sites utilising the Bureau of Meteorology's (BOM) automated equipment which logs automatically to BOM's Enviromon System. This Data is then available to all. DPI water only provides flow gauging and rating curves at 3 of these sites. The majority of the data used for quantity modelling is not provided by DPI Water hence payments should reflect their contribution it
C01-02	50%	Surface Water quantity data management and reporting	As above.
C01-03	50%	Surface Water quality monitoring	Council is unaware of any surface water monitoring undertaken by DPI Water. Council undertakes a significant surface water quality monitoring program and the results could be made available to DPI Water. No payments should be made by Council for this item.
C01-04	50%	Surface Water ecology, biology and algal monitoring	Council is unaware of any surface water ecology, biology and algal monitoring undertaken by DPI Water. Council undertakes a significant surface water quality monitoring program, specifically algal monitoring, and the results could be made available to DPI Water. No payments should be made by Council for this item
C01-05	50%	Surface water quality and biological data base management	Council is unaware of any surface water ecology, biology and algal monitoring undertaken by DPI Water and makes no use of DPI Water data base. No payments should be made by Council for this item
C01-06	70%	Surface water monitoring assets management	As Council makes no use of the data collected, Council makes no use of the data produced by the surface water monitoring assets. No payments should be made by Council for this item
C02	100%	Ground Water	The only ground water monitoring required by Council is the monitoring of ground water quality in the vicinity of reuse schemes. This monitoring is undertaken by Council and hence no payments for Ground Water Information Provision should be made for these items.
C03	100%	Surface and Groundwater Metering	Council has provided, operates and maintains metering of water extracted from the natural environment. No payments should be made by Council for this item.

Cost Code	User Share	Title	Council's Comment
C04	100%	Surface Water and Groundwater analysis	Council undertakes its own sampling and analysis of surface water and groundwater sources. The results could be made available to DPI Water. No payments should be made by Council for this item.
C05-01	50%	Water Sharing / Management Modelling	As part of environmental assessment processes and prior to the granting of a licence to use surface water sources, Council has been required to undertake water sharing/management modelling including environmental flow monitoring. This work has been managed at 100% cost to Council. Typically the results of this work have been made available to DPI Water at no cost and used in water sharing/management modelling. No payments should be made by Council for this item or in the alternate payment could be made to Council for the work undertaken and provided to DPI Water.
C05-02	30%	Resource Assessments	Council, as part of environmental assessments and seeking licenses undertakes resource assessment when developing water supplies. This is not undertaken by DPI Water. No payments should be made by Council for this item.
C05-03	100%	Water Balances / Accounting	Council, as part of environmental assessments and seeking licenses undertakes water balances and accounting, at Council's cost, to ensure no adverse impact of proposed schemes. Again the results of this work are available to DPI Water. No payments should be made by Council for this item.
C05-04	100%	Groundwater modelling	Council has no involvement with ground water except for that outlined in C0-02. No payments should be made by Council for this item.
C06-01	100%	Systems operation and water availability management	S59 of the WMA does not require a review of all plans annually. Water for domestic and town use has priority over all other uses. As such the review of the implementation of water sharing plans has little relevance to Council. No payments should be made by Council for this item.
C06-02	100%	Trading and Accounts Management	Council does not undertake trading. No payments should be made by Council for this item.
C06-03	50%	Plan Performance and Monitoring	Council has never received results of the performance monitoring and reporting hence no payments should be made by Council for this item. If Council were to receive such reporting, Council can evaluate the use of the report prior to being charged for the report.

Cost Code	User Share	Title	Council's Comment
C06-04	50%	Blue Green Algal measurement	Council undertakes monitoring of blue green algae outbreaks in accordance with protocols established by DPI Water and others. Council undertakes the monitoring at its own expense and has never received the results of such modelling from DPI Water. The results of Council's monitoring could be made available to DPI Water. During an event these results are provided to the North Coast Regional Algal Coordination Committee (NCRACC). No payments should be made by Council for this item.
C07-01	70%	Water Sharing Plan Development	As part of environmental assessment processes and prior to the granting of a licence to use surface water sources, Council has been required to undertake water sharing/management modelling including environmental flow monitoring. This work includes inter agency and stakeholder negotiations, scientific and socio-economic studies. This is undertaken at 100% cost to Council. Typically the results of this work have been made available to DPI Water at no cost and used in water sharing plan development. No payments should be made by Council for this item or in the alternate payment could be made to Council for the work undertaken and provided to DPI Water.
C07-02	75%	Operational Planning	The items listed under this category are not applicable to Council, except for water use planning. Council manages its water use planning through items such as demand management undertaken at 100% cost to Council. No payments should be made by Council for this item.
C07-04	50%	Cross Border and national commitments	To the extent to which they are relevant, Council undertakes its own cross border negotiations with SEQ Water and Gold Coast City Council. DPI Water has no involvement in these matters and as such no payments should be made by Council for this item.
C07-05	50%	Water Industry Regulation.	This matter is solely within the province of development and implementation of policy, regulation and legislation. Only those users who avail themselves of a service provided by DPI Water in this area should be charged for it, and that charging should be on a user pays basis. Council, unless it avails itself of the service should not pay for the service.
C08-01	50%	River Management Works	None of the 30km of river bank managed by DPI Water is within Tweed Shire. No payments should be made by Council for this item.

Cost Code	User Share	Title	Council's Comment
C09-01	100%	Licence Administration	It is agreed that licence administration applies to Tweed Shire. As the licences are a requirement of DPI Water and that the licences are made after consideration of societal values such as environmental flows, it is not agreed that 100% of the cost should be met by Council. Further Council should only be charged for the true cost of administration based the activities undertaken to administer its licence.
C09-02	100%	Licence conversion and entitlement specification	Licence recording and conversion is a matter of societal interest and as such should not be funded from licence fees. The ongoing establishment of entitlements for town water supplies is required due to changes in legislation and as such should be funded by Government. Water licences for new entitlements are established after Council has undertaken a range of environmental and social assessment processes at Council's cost. Few if any costs associated with the assessment of new licences have been met by DPI Water. As such Council should not incur further costs from DPI Water in this matter.
C09-03	100%	Compliance	The detailed description given does not indicate 100% of licences will be audited. Council has never been audited and should not bear costs associated with others being audited.
C09-04	100%	Consent transaction overhead	There is no adequate description of this item and it can only be assumed that it is an alternate to administration. Further explanation of the charge is required.
C10-01	100%	Water Act 1912 consent transactions	As Council does not have any operations under the Water Act 1912, Council should not incur charges for these activities
C11-01	100%	Metering and billing water usage	At 4.7% of user share revenue, this appears very high when compared to similar activities within water utilities.
C11-02	70%	Business Development	It is not understood why these functions should be charged to Council. The items listed appear to have little or no relevance to Council and hence Council should not be charged for these items.

Office of Water (Now DPI Water) publishes Fact Sheet 3, Proposed Pricing Structure and Activities of the Office of Water for 2016/20. These activities proposed are also described in Section 6 of DPI Water submission to IPART.

As with the activities described above, Tweed Shire Council doubts it will receive any of the proposed outputs stated. In general Tweed Shire Council could and in some cases would provide many of the outputs claimed by DPI Water to DPI Water.

Of the items listed in Fact Sheet 3 and described in Section 6 of DPI Water submission to IPART, Council makes the following commentary:

Cost Code	Title	Council's Comment
W01	Surface Water monitoring	The data used by Council for quantity modelling is not provided by DPI Water hence no payments should be made for it.
W02	Ground Water Monitoring	The only ground water monitoring required by Council is the monitoring of ground water quality in the vicinity of reuse schemes. This monitoring is undertaken by Council and hence no payments for Ground Water Information Provision should be made for these items.
W03	Water Take Monitoring	Council undertakes its own water take monitoring and report the outcomes of the monitoring to DPI Water. As Council undertakes this monitoring, Council should not incur costs from the DPI Water for this activity.
W04	Water modelling and impact assessment	As part of environmental assessment processes and prior to the granting of a licence to use surface water sources, Council has been required to undertake water sharing/management modelling including environmental flow monitoring. This work includes inter agency and stakeholder negotiations, scientific and socio-economic studies. This is undertaken at 100% cost to Council. Typically the results of this work have been made available to DPI Water at no cost and used in water sharing plan development. No payments should be made by Council for this item and in the alternate payment could be made to Council for the work undertaken and provided to DPI Water.
W05	Water management implementation	As above
W06	Water management planning	As above
W07	Water management works	DPI Water has undertaken no water management works to reduce erosion and salinity or restore river banks. Where required this work has been undertaken by Council. No payments should be made by Council for this item
W08 and W09	Water regulation management and water consent transactions	The development, operation and management of licences held by Tweed Shire Council is minimal as the licences are not amended. Any costs associated with this to be recovered from Council would be minimal. Similarly as Council has existing consents and does not participate in trading, Council has no requirement for consent transactions. No payments should be made by Council for these items.
W010	Business and Customer Service	As Council does not draw on the services of DPI Water and DPI Water draws on work undertaken by Council at Council's cost, it is considered unreasonable that Council fund activities to improve business and customer service from DPI Water. No payments should be made by Council for this item

Section 7 of the DPI Water submission to IPART details DPI Water's revenue needs and contains an indication of revenue sources. Section 8 further develops information on revenue sources. As indicated above, in many situations water users undertake the items listed in Section 6 of the DPI Water submission to IPART and no recognition is given to that work nor does it appear to be understood by DPI Water that the work is undertaken and available.

Prior to determining revenue requirements based on activities to be undertaken it is suggested an audit of available information be undertaken to assess the extent of information gaps that need to be addressed. Again it is suggested that prior to determining revenue requirements DPI Water should consider how best gaps can be filled in lieu of assuming expenditure by DPI Water is required. Where activities are undertaken by water authorities such as local government, credits may be appropriate.

As Council does not trade water entitlements Council has no comment on Section 9 except that costs incurred by DPI Water due to trading should be met by those undertaking the trading.

In respect to Section 10, DPI Water undertakes no Water Take Measurement services to Council. And as indicated above should not charge Council for any such services.

In summary, DPI Water has typically charged Tweed Shire Council \$220,000 per year in licence fees. For those fees Council is provided with little or no services from DPI Water. As such it is questioned why Council should be required to pay such an amount.

Many of the activities claimed to be undertaken by DPI Water may be activities undertaken by others. Prior to DPI Water claiming revenue is required to undertake the activities it is suggested that:

- Firstly DPI Water determines what activities are being undertaken by others and only consider funding activities to address gaps.
- Secondly where information is provided to DPI Water consideration should be given to crediting the provider of the information.

Yours faithfully

Anthony Burnham
Sep 22 2015 2:21 PM

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Anthony Burnham
ACTING DIRECTOR ENGINEERING