

Local Government
Association of NSW



Shires Association of NSW

Our ref: R90/1125 Out-11510
Further information: Stephanie Smith
26 November 2004

Mr Matthew Edgerton
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Mr Edgerton

The Local Government and Shires Associations of NSW are please to submit some brief comments to the Independent Pricing and Regulatory Tribunal (IPART) on the review of State Water Corporation's (State Water) Initial Operating Licence. We apologize for the lateness of this submission. It is hoped the Tribunal will consider our views.

While the IPART issues paper covers a broad range of elements, the Associations' comments focus on the Customer Service obligations and Community Engagement obligations.

While council water utilities utilise only a small proportion of water supplied by State Water, they represent, through their local governance responsibilities, the entire local community that provides vital services and products. In times of drought, water supplies to towns become one of the major priorities for State Water and good communication with councils is paramount. The Department of Energy, Utilities and Sustainability's Best Practice Guidelines for the Management of Water Supply and Sewerage require councils to develop Drought Management Plans. Councils need good information from State Water about the security of the water supply and predictions on the availability of water supply. This information is not always reliably provided.

The Associations have consistently sought Local Government representation on the State Water Corporation Board, without success. Even with the Board being skill based it lacks expertise in the management of Local Government water utilities.

This lack of Local Government representation is exacerbated by the sporadic communication that occurs with council water utilities at the local level. While there is one council representative on each of the Valley-based Customer Services Committees, there have been concerns raised by councils that are not on these committees, that they do not hear of these committee meeting outcomes within an adequate timeframe, nor do they feel their concerns are adequately heard.

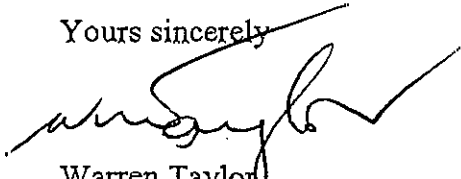
Perhaps in an attempt to address these deficiencies IPART has proposed the establishment of a state-wide Community Consultative Committee. This proposed committee includes a Local Government representative. This suggestion is not supported by State Water Corporation in their response to the IPART issues paper. Instead State Water proposes reviewing the Valley-based Customer Services Committees by broadening them to include relevant interest groups, such as environmental groups. The proposal omits addressing any strengthening of communication with Local Government.

It is essential for these concerns of Local Government to be addressed:

- A Local Government representative needs to be appointed to the State Water Corporation Board
- State Water needs to develop a Memorandum of Understanding (MoU) with the grouping of councils in each of the valleys. This should be a written agreement to establish a clear working relationship which enables cooperation and coordination on key issues of importance. Such an MOU has recently been negotiated between the Associations and the Minister, and DIPNR. This in turn will guide the establishment of effective relationships between Catchment Management Authorities and the councils in their regions. (A copy of this agreement is attached). In particular, the MoU should outline an effective communication strategy that promotes information exchange and the development of consultative protocols.
- Little is known of the extent to which the Board of State Water takes on the concerns and issues raised by the Valley based committees. While the committees are only consultative, they provide one of the key mechanisms by which the Board can identify issues facing key customers. Clear communication and reporting structures need to be developed between the Valley-based committees and the Board. The operations of such structures could be appropriately addressed in the Customer Service Charter.

If you require any further information please do not hesitate to contact Stephanie Smith, Senior Policy Officer-Water, on phone 02 9242 4070.

Yours sincerely



Warren Taylor
Acting Director
Strategic Services

MEMORANDUM OF UNDERSTANDING

Natural Resource Management Partnership Agreement

between

- Minister for Infrastructure Planning and Natural Resources on behalf of NSW Catchment Management Authorities
- Director General of Infrastructure, Planning and Natural Resources
- President of the Local Government Association of NSW
- President of the Shires Association of NSW
- Secretary General of the Local Government Association and Shires Association of NSW on behalf of local councils in NSW



Department of
Infrastructure, Planning
and Natural Resources

Local Government
Association of NSW



Shires Association
of NSW

MEMORANDUM OF UNDERSTANDING

Natural Resource Management Partnership Agreement

This Memorandum of Understanding is between the:

**Minister for Infrastructure Planning and Natural Resources on behalf of
NSW Catchment Management Authorities,
Director General of the Infrastructure, Planning and Natural Resources,
President of the Local Government Association of NSW,
President of the Shires Association of NSW, and the
Secretary General of the Local Government Association and Shires
Association of NSW on behalf of local councils in NSW.**

The MOU will be referred to as the 'NRM Partnership Agreement' or 'the agreement' throughout this document.

1. General Principles

Effective natural resource management and land use planning can only occur through co-ordinated and cooperative action of local and state government, particularly through the joint actions of local government and Catchment Management Authorities (CMAs).

This integrated approach will be built on a continuing commitment to regional Natural Resource Management (NRM) plans, including Catchment Actions Plans (based on the Catchment Blueprints), Vegetation and Water Sharing Plans and Environmental Planning Instruments.

CMAs will provide a strategic regional view for the management of catchment issues. This will involve developing and regularly updating Catchment Action Plans, through well planned and executed processes which involve all key stakeholders, and setting a strong strategic investment focus.

In order to progress NRM and achieve desired outcomes it is essential to involve all stakeholders in planning for NRM investment and implementing programs.

The CMA's strategic regional view will utilise an 'investment' focus which seeks to better harness the totality of public and private investment in NRM to efficiently support and deliver on-ground outcomes; building on existing expertise, knowledge and resources. CMAs will also provide the facility for accessing regional data, with the assistance of the Department of Infrastructure Planning and Natural Resources (DIPNR), thus facilitating the effective consideration of regional issues.

The provision of **regional information will be in a form that is easily accessible by local government** and provides information that demonstrates how local communities are part of a regional perspective.

In taking a strong strategic investment focus, each CMA will document current investment avenues, including local government and explore innovations for catchment health investment. Guidelines to be provided to CMAs will include a number of recommended strategies to achieve this including:

- developing a more detailed and accurate profile of public and private investment in catchment health (actual dollars and in-kind dollars);
- identifying innovative ways to increase both the extent and mobility of investment funds;
- developing better accounting means and ways of assessing value of public and private investment; and
- providing strategic information and advice to inform medium to longer term investment decision making.

Local government will wherever possible harness its existing local and regional mechanisms to help deliver natural resource management outcomes through the Catchment Action Plan process and collectively identify opportunities for improving investment in NRM. This will include investigating new ways of building and strengthening regional local government cooperation.

State government undertakes to maintain the policy and regulatory framework and financial resources supporting this cooperative approach. It will aim to equitably secure continuing and adequate levels of State and Commonwealth Government funding for NRM and to work in unison and enhance the sustainable NRM outcomes at a regional level, arising from the substantial financial contribution already being made by local government. State Government will also commit to the timely delivery of funds to the CMAs for sustainable NRM initiatives across the State for the long term.

State Government will work with the Federal Government, local government and other relevant bodies to support well-targeted applied research and gather baseline NRM data and provide it for the lowest possible cost.

2. Mechanisms for achieving this partnership

A key issue facing the reforms in both natural resource management and land use planning is the need to effectively integrate these areas of management at the decision making level. As part of its reform process the NSW Government intends to achieve this by building on, and capitalising on, previous initiatives in both these areas. DIPNR will have the main responsibility for driving this work for the State Government, in cooperation with the other key partners, including local government.

2.1 Between CMAs and Local Government

A written agreement is to be developed between each CMA and the councils within their region to establish a clear working relationship which enables the cooperative and coordinated pursuit of sustainable NRM in partnership with the communities within the CMA area.

The agreement is to determine a forum, or other suitable mechanisms appropriate to that region (a "Regional CMA/LG Forum"), for local government to interact with the CMA. This could be an existing regional body such as a regional organisation of council or a new arrangement. The Forum will have the following responsibilities:

- to effectively improve coordination and cooperation of the NRM activities of the CMA and local government through an agreed action plan to identify opportunities to work collaboratively;
- to establish, in consultation with councils within their region, an agreed and formally documented communication mechanism between the CMA and local government;
- to establish agreed and formally documented mechanisms which enable information sharing between the CMA and local government;
- to work towards improved consistency and alignment in regional NRM planning and local planning processes and outcomes;
- to work towards improved integration of regional NRM planning and local planning; and
- to identify capacity building needs and opportunities and work together to respectively address and capitalise on these.

The principal delivery mechanisms for agreed actions under the Catchment Action Plan will be via further specific written agreements and contracts for action. These will ensure transparent and clear action and accountability for all partners. This will also entail the development and maintenance of key integrated and workable work practices to be shared by all agencies and stakeholders.

2.2 Between the State Government, CMAs and Local Government

Protocols covering matters such as data sharing, governance and financial responsibilities will be prepared by DIPNR, in collaboration with LGSA to guide on-ground actions by the CMAs.

To facilitate the integration of NRM and land use planning, as recommended in the planFIRST Review Task Force Report. DIPNR will develop a series of guidelines designed to enable natural resource management issues to be readily and appropriately incorporated into planning instruments and formal decision making processes incorporated into environmental planning instruments and decisions.

Further DIPNR will seek to utilise the regionally developed CMA/LG mechanisms (outlined above) as the primary means for consultation with local government, during the development and ongoing implementation of Catchment Action Plans or other strategic regional plans. This should help ensure the necessary integration between land use, natural resource management, settlement, infrastructure and economic planning.

Similarly DIPNR, in conjunction with the LGSA and CMAs, will facilitate development of a framework for the integrated development and monitoring of environmental and management performance indicators that can be used by the community and all levels of Government. In time it is anticipated that this will lead to a rationalisation of State of Environment reporting so that CMAs and local government are able to work together in consistent reporting on catchment-wide conditions and responses, amongst other measures.

DIPNR, working jointly with local government, will also coordinate the development of a continuing capacity building strategy which provide all participants involved in the new and evolving improved approaches to NRM with the necessary knowledge, skills and expertise to be able to play an effective role. This ongoing role will be addressed through the CMA Investment Strategies and the 'Regional CMA/LG Forums'.

3. Implementation of the NRM Partnership Agreement

The agreement acknowledges the need for local government representation on the Natural Resources Advisory Council (NRAC) and the importance of a linkage between the work of the Natural Resources Commission (NRC) and local government. The implementation of these mechanisms should be consistent with any targets and standards set by the NRC.

To ensure the mechanisms to achieve an NRM Partnership are developed, implemented and adaptively reviewed from time to time, DIPNR commits to providing resources to implementing the mechanisms outlined in this agreement.

An Annual Schedule will be developed by the LGSA and DIPNR to outline the activities to be undertaken to progress the implementation of the NRM Partnership Agreement for the next 12 months. The Schedule will be negotiated annually and agreed by the signatories to the Partnership Agreement.

4. Schedule 1: Implementation

Annual Schedule for Implementation: May 2004 -- May 2005

Specific actions required in the establishment phase of the CMAs include:

- The development of the regional level partnership agreements and "Regional CMA/LG Forums" which will occur within the first three months after the establishment of the CMA.
- The NRM Partnership Agreement is to be included in the guideline provided to CMAs to assist in their establishment.
- DIPNR and Local Government Association of NSW and the Shires Association of NSW (LGSA) agree to plan and undertake a briefing session with each CMA, to detail the components of this agreement and the timeframe for implementing the agreed mechanisms.
- The progress of implementation of the NRM Partnership Agreement will be reported to the Director General of DIPNR at regular meetings with the Presidents of the Local Government Association of NSW and the Shires Association of NSW, and directly to the Minister as required.

5. Background

Catchment management has evolved over the past few decades through the work of the Catchment Management Committees and Catchment Management Boards, culminating in the passing of legislation to establish Catchment Management Authorities. This represents a new approach to Natural Resource Management in NSW where the community's role in decision making for natural resource sustainability will be further enhanced.

Local government plays an increasingly influential role in the sustainable management of natural resources in NSW. This role includes significant contributions to NRM investment and other roles in NRM including as managers, planners, regulators and service providers. The partnership agreement has been developed in recognition of the important current and continuing role that local government plays as a true partner in the delivery of NRM outcomes in NSW.

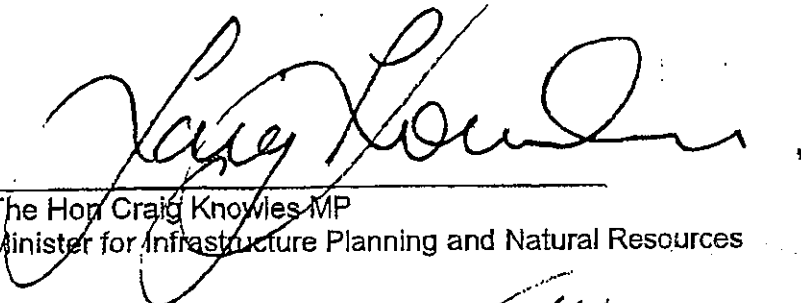
This partnership agreement is based on a set of general principles which define the roles of the different parties. It aims to strengthen partnership approaches to NRM at state, regional catchment and local levels. It seeks to achieve this aim by guiding and directing working relationships between the two levels of government in planning for, investing in, and adaptively reviewing progress towards sustainable natural resource management throughout New South Wales.

Throughout this agreement, the word 'investment' is used to describe the total contribution to NRM. Based on a definition from Young (1992)¹ this includes 'all human actions to realise intended changes in social organisation as well as the accumulation of knowledge and does not confine the use of this term to the narrow financial sense'. Investment as used in this document refers to on-ground activity, knowledge, expertise, skills, research and data all of which local government contributes to NRM.

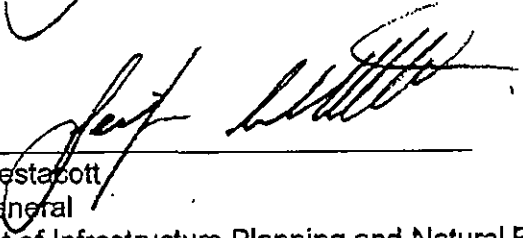
6. Acronyms

CAP	Catchment Action Plan
CMA	Catchment Management Authority
DIPNR	Department of Infrastructure Planning and Natural Resources
LGSA	Local Government and Shires Association of NSW
MOU	Memorandum of Understanding
NRAC	Natural Resources Advisory Council
NRC	Natural Resources Commission
NRM	Natural Resource Management

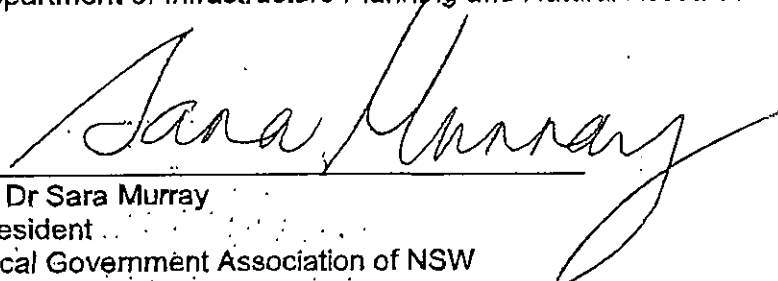
¹ Young, M (1992) Sustainable Investment and resource use: equity, environmental integrity and economic efficiency, *Man and the Biosphere Series*, Volume 9, CSIRO, UNESCO and the Parthenon Publishing Group.



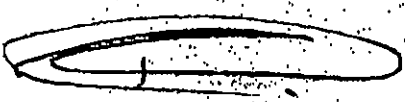
The Hon Craig Knowles MP
Minister for Infrastructure Planning and Natural Resources



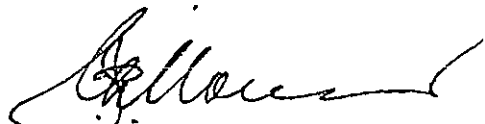
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