

**Macquarie Cudgegong Customer Service Committee and
Macquarie River Food and Fibre**

Review of the Operating Licence for State Water Corporatisation
Submission in response to IPART issues paper

Executive Summary

The Macquarie-Cudgegong Customer Service Committee and Macquarie River Food and Fibre submit this response to IPART's Review of the Operating Licence for State Water Corporation.

The Macquarie Cudgegong Customer Service Committee represents all State Water customers in Mudgee, Wellington, Dubbo, Narromine, Trangie, Warren, Nyngan and Cobar.

Macquarie River Food and Fibre represents more than 600 irrigators in the Macquarie Valley, between Geurie and Carinda.

Customers in the Macquarie-Cudgegong Valley believe that the primary function of the Operating Licence, or contract between State Water and its regulators, should support State Water's ability to undertake its core business. That is:

"To capture, store and release water in an efficient, effective, safe and financially responsible manner".

The key issues that the Operating Licence needs to cover for customers in the Macquarie-Cudgegong Valley are:

- The provision, construction, operation management and maintenance of efficient coordinated and commercially viable systems and services for supplying water
- That quality and performance of standards of water delivery, flood management and other services are maintained
- That obligations in terms of customer service standards and guarantees are met
- That a comprehensive asset management system for all assets is maintained
- That the customer community is engaged and consulted on the delivery of State Water services

Customers in the Macquarie Cudgegong Valley:

- Support the corporatised model and structure of State Water
- Support the role of PART in continuing to review and regulate Water pricing, State Water's performance against the Operating Licence, Dam Safety and Asset Management
- Request that IPART ensures, through this review, that the Operating Licence defines clear autonomy and jurisdiction for State Water and gives State Water control of its core functions to minimise risk to the business
- Request that IPART ensures, through this review, that the Operating Licence defines measurable performance standards that relate to State Water carrying out its stated aims and that do not increase compliance related activity unnecessarily
- Support State Water's interaction and consultation with its customers continuing to be intimate and relevant

Customers in the Macquarie Cudgegong Valley are disappointed that only one public hearing for issues relating to the Operating Licence Review has been scheduled in Sydney. We would recommend that IPART hold at least one hearing in Central NSW so that State Water customers in the Macquarie, Cudgegong and Lachlan Valleys have an equal opportunity to participate.

Thank you for inviting us to make a submission and we look forward to the concerns of customers across NSW being addressed by the final Operating Licence.

Contact Details in relation to this submission are:

Trevor Crosby: Cudgegong Valley Water Committee and
Customer Service Committee representative
Harrowfield, Sydney Road MUDGEES NSW 2850
02 6373 1277
trevor@responsibletravel.com.au

Jessica Brown: Macquarie River Food and Fibre
Executive Officer
P O Box 1052 DUBBO NSW 2830
02 6884 9577
jessica.brown@mrff.com.au

Key points

Provision, construction, operation management and maintenance of efficient coordinated and commercially viable systems and services for supplying water

- Customers in the Macquarie-Cudgegong Valley oppose DIPNR being able to charge State Water any fee for this or subsequent Operating Licences, other than to reasonably cover the cost of processing the final paperwork
- State Water should have the authority to maintain the structures and delivery channels in order to satisfy its customers
- Customer in the Macquarie Valley recommend that State Water set up MOUs with regulating authorities such as DIPNR, Fisheries, NSW Heritage Office to establish an approach to delivery system maintenance based on a pre-determined risk assessment (triage) approach to avoid unnecessary delays with compliance
- State Water should have business control of functions that are crucial to its operations. Customer in the Macquarie Valley recommend that Hydrometric Services such as river gauging and in-stream flow monitoring move across, with appropriate Government funding, from DIPNR to State Water. These functions are critical to State Water service. The risk to the State Water and its customers of these being incorrect create an unacceptable risk
- State Water are to continue to do the Resource Assessment for the Macquarie-Cudgegong Valley, determine and announce Available Water Determinations and access to Supplementary Water in accordance with the Macquarie Cudgegong Regulated River Water Sharing Plan
- Water efficiency gains that State Water effect as a result of infrastructure maintenance, delivery system upgrades or changes to operating protocol, funded by customers, should be available in principle for State Water to return to customers
- Customers in the Macquarie-Cudgegong Valley believe that while State Water has an obligation to deliver environmental water, the cost of this delivery should be subject to the same delivery charges as other State Water customers, to ensure equity

Quality and performance of standards of water delivery, flood management and other services

- Draft or example performance standards outlined in the Issues paper are not measurable. The performance standards and indicators should be set so they can be monitored and evaluated readily without tying up operational staff with unnecessary layers of compliance
- The performance standards and indicators should be outcome rather than process focused
- Customers in the Macquarie Valley see the Operating license and the Customer Service Charter as serving interlinked but different functions. The Operating Licence will contain the rules, performance standards and indicators for State Water's dealings with its regulators. The Macquarie Cudgegong Valley Customer Service Charter will outline the performance standards and indicators for State Water's relationship with its customers

Obligations in terms of customer service standards and guarantees

- The Operating Licence should act as the contract between the regulators and State Water. We call for a Customer Service Charter to outline the rights and mutual obligations between State Water and customers and how the delivery of those mutual obligations will be measured. The provision of the Customer Service Charter and the process of consultation to establish it must be outlined in the Operating Licence
- The Customer Service Charter should clearly specify the performance indicators for the relationship between customers and State Water. The Customer Service Committees should be charged with auditing State Water's performance against the Customer Service Charter

Maintenance of a comprehensive asset management system for all assets

- The current TAMP asset management system satisfies the term of reference about satisfactory asset management when combined with more customer input through the Customer Service Committee
- Customers need to become more involved in decision making relation to expenditure in relation to asset maintenance and replacement. This increased focus and input from customers needs to be supported by State Water
- State Water should provide customers with expert advice to help guide decision making
- Customer should have discretion about expenditure on asset maintenance of river structures in line with service standards in the Customer Service Charter
- State Water should explore all avenues of external funding and partnership arrangements with State and Federal arrangements before passing the full cost of infrastructure expenditure to customers, with expert advice

Community engagement and consultation on the delivery of State Water services

- Customers in the Macquarie Valley do not see the need for to establish and fund another layer of consultation, that is the Community Consultative Committee
- The Macquarie Cudgegong Customer Service Committee membership should be retained and Macquarie Cudgegong Customer Service Committee would welcome a member of the Central West CMA Board or Senior Management to provide a total catchment perspective
- Members of the Customer Service Committee should agree to follow a specified code of ethics in relation to their dealings with information that could be considered advantageous
- Customer Service Committees should have more involvement in budgetary decision making with expert advice from State Water
- Customer Service Committee must see full financial reporting – Profit & Loss statements, Balance sheets and Budget vs. actual reporting
- Customer Service Committees will audit State Water's performance against the Customer Service Charter, with expert advice