Submission from Burdekin Shire Council

Productivity Commission Issues Paper – Australia's Urban Water Sector

The following issues have been identified as not being relevant for the Burdekin Shire Urban Water Supplies, in the relation to the issues paper:-

- **Section 3 – The urban water sector in Australia**
  - In the Burdekin Shire, agriculture consumes more than 99% of water produced. This is significantly different to the national average of 65% quoted in the issues paper.

- **Section 4 – Efficiency and other objectives**
  - (i) The climate of the Burdekin (dry tropics) is not conducive to permanent water restrictions, as very little rain falls for 9 months of the year. To maintain a green amenity in urban areas, water must be available during these 9 months.
  - (ii) Councils Drought management plan highlights that even if Council reduced urban consumption to zero, consumption would continue at 98% due to irrigation use. Construction of the Burdekin Falls Dam in 1987 provided greatly increased assurance of supply in the river and consequently for supply generally in the delta.
  - (iii) The urban water supply for the Burdekin Shire is sourced from bores from the Burdekin sand aquifer. Minimal treatment is undertaken to produce high quality water that meets national guidelines. This is a unique feature of the Burdekin urban water supply.
  - (iv) The most effective way of achieving a minimum level of water services to households is best achieved through water pricing arrangements.

- **Section 5 – Supply of water and wastewater services**
  - (i) Supply augmentation planning should be driven by a water security objective by a collaborative approach including state and local governments and the affected community. Final decisions on such planning should be made by local government.
  - (ii) In times of severe drought, a 1% restriction in agricultural use would provide security for the Burdekin Shire Councils urban water requirements.

- **Section 6 – Consumption and pricing**
  - (i) The Burdekin Shire water pricing is based on full cost recovery
  - (ii) Uniform or postage stamp pricing across regions would be unacceptable to the Burdekin community. The current cost of water to urban water customers is low due to the productive efficiencies of the Burdekin urban water supply.
  - The requirement to individually meter multi-dwelling properties is a positive initiative to raise awareness of consumers of their consumption habits.

- Non-price demand management measures, such as rainwater tanks, do not work in Burdekin Shire, because of our dry-tropic climate.

- **Section 7 – Scope for competition and contestability**
  - (i) Due to the low number of connections in the Burdekin, it is not believed that competition would improve the level of service.
  - (ii) Current council prices are based on cost recovery, and do not include profit. Commercial competitiveness may ultimately lead to higher prices, as commercial operators include profit.
  - (iii) Competition and contestability may lead to higher regulation by the state water authority.

- **Section 8 – Tools and options for achieving reform**
  - (i) The current arrangements for urban water supply have resulted in good working relations between the state regulator and the Burdekin Shire as a water service provider.
  - (ii) Current institutional arrangements that allow regional local authorities to produce high quality water efficiently should remain unchanged.
  - (iii) Reform should ensure that sufficient opportunities are provided to regional local authorities to maintain a sufficiently skilled workforce through adequate training opportunities, including recognition of the importance of the water industry workforce.

- **Summary**
  - (i) The Burdekin Shire urban water supply is sourced from bores from the sand aquifer, and has minimal treatment to produce high quality drinking water at low cost. This is different to most other urban water supplies. It does not make sense to aggregate the Burdekin urban water supply with other urban water supplies located geographically close, as no increased efficiencies would result.
  - (ii) The urban water usage is only a very small part (<1%) of water usage in the Burdekin delta.