



<b>SUPPLEMENTARY SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO AUSTRALIA'S URBAN WATER SECTOR</b>	
<b>DATE</b>	<i>March 2011</i>

## 1. Introduction

The Local Government Association of NSW and Shires Association of NSW (the Associations) are the peak bodies for NSW Local Government.

Together, the Associations represent all the 152 NSW general-purpose councils, the special-purpose county councils and the regions of the NSW Aboriginal Land Council. The mission of the Associations is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community.

The Associations provide a supplementary submission to the Productivity Commission's Inquiry into Australia's Urban Water Sector. The supplementary submission contains a critique of the report submitted to the inquiry by Infrastructure Australia and prepared by AECOM entitled *Review of Regional Water Quality & Security* (the "AECOM Report"). The Associations hope that the Commission will be able to consider their supplementary submission in its deliberations on the preparation of the inquiry's draft report.

## 2. Comments on the AECOM Report

The Associations strongly question the credibility and value of the AECOM Report for a number of reasons including:

- The report contains a significant number of factual errors and conclusions that appear to be incongruous and/or not supported by evidence; and
- The report's recommendations on governance structures lack sound, evidence based analysis.

The Associations urge the Commission to be mindful of these shortcomings when considering the AECOM Report.

### ***Factual errors and incongruous/unsubstantiated conclusions***

The AECOM Report contains a significant number of factual errors and conclusions that appear to be incongruous and/or not supported by evidence. This raises serious doubts over the credibility and value of the whole report. Table 1 provides a selection of statements containing such factual errors and incongruous and unsubstantiated conclusions.

**Table 1: Selection of factual errors and incongruous/unsubstantiated conclusions in AECOM Report.**

Statement in AECOM Report	Reference	Comment
<p>"Every utility in Australia supplying more than 50,000 connected properties now reports on a range of performance indicators..."</p> <p>"However, the same cannot be said for smaller water utilities, where performance reporting is patchy and inconsistent."</p>	Page i	<p>This statement in the executive summary implies that utilities supplying water to 50,000 or less connections did not report on performance indicators. This is incorrect. All NSW Local Government water utilities report on comprehensive performance indicators to the NSW Office of Water under the existing best practice management framework. Utilities with 10,000 or more connections also report to the National Water Commission's <i>National Performance Report – Urban Water Utilities</i>.</p>

<b>Statement in AECOM Report</b>	<b>Reference</b>	<b>Comment</b>
<p>“Although the situation in other States has not been documented to the same extent [<i>referring to the NSW Inquiry into Local Water Utilities</i>], the restructuring of regional urban water utilities in Queensland and Tasmania over the last five years suggests that there was a strong case for reform. In Victoria, evidence that the small water utilities in that state were unable to consistently supply high quality drinking water was a key driver for sweeping water reform in the latter half of the 1990s.”</p>	Page i	<p>It appears simplistic and inappropriate to deduce a need for reform in NSW from the mere fact that there was reform in Queensland (by the way only in South East Queensland), Tasmania and Victoria. Such conclusion would require comprehensive comparison of the pre-restructuring situation in the states mentioned.</p> <p>The situation prior to and reasons for restructuring in Victoria and Tasmania might have been very different to the current situation in NSW (e.g. more than over 370 utilities (in 1994) in the smaller, more densely populated regional Victoria to current 106 utilities in much larger regional NSW).</p>
<p>“It is important to recognise that these utilities [<i>i.e. smaller regional utilities</i>] are currently operating under increasing external pressures. For many, prolonged drought has been the norm rather than the exception and populations have declined over the past 20 years.”</p>	Page i	<p>Again, a very simplistic comment. Apart from the fact that the AECOM Report only looks at population figures for the towns selected for the report and therefore should refrain from making a general statement about all smaller utilities (whatever AECOM actually means by that), the data do not support this statement. For example, of the 18 NSW towns assed by AECOM (see Volume 2), only 8 experienced population decline and 7 growth; with no data considered for 3 towns. It needs to be noted that Yamba was identified as being in decline despite currently growing at 5% per annum.</p>
<p>“Less than full cost recovery is a common feature of water utilities servicing regional areas.”</p> <p>“...many utilities servicing regional towns are not recouping the costs of supplying water, let alone providing for capital improvements.”</p>	<p>Page i, 8</p> <p>Page ii, 9</p>	<p>This appears to be incorrect for NSW as the majority of Local Government water utilities are required to achieve and do achieve, full cost recovery including recovery of cost of capital works (see the Associations first submission to the Productivity Commission inquiry). Also, the AECOM Report does not include evidence as to whether or not costs are recovered (see the lack of evidence in section 2.2.1).</p> <p>Further, it is important to note that it is entirely normal for utilities, due to exceptional circumstances (e.g. drought) and differences in forecasted and actual revenue, might not achieve full cost recovery in a particular year. The important issue is that costs are recovered when looking at a longer period. Most NSW utilities have a strategic business plan in place that ensures full cost recovery over the long term.</p>

Statement in AECOM Report	Reference	Comment
<p>“Water utilities servicing regional communities struggle to implement and comply with the Australian Drinking Water Guidelines [ADWG] – this is particularly so for smaller water utilities. This is due to:</p> <ul style="list-style-type: none"> <li>• Comparatively fewer human and financial resources, which is being exacerbated by declining population</li> <li>• Relatively lower availability of technical knowledge and expertise</li> <li>• Strong competition for skilled employees in regional areas</li> <li>• Inadequate infrastructure to treat water and preserve water quality</li> <li>• Poor processes for operation and maintenance of existing treatment infrastructure</li> <li>• Lack of reporting and insufficient institutional incentive for utilities to comply with guidelines and licence requirements”</li> </ul>	Page ii, 11	<p>This statement is not supported by evidence. The AECOM Report does not assess compliance of regional water utilities with the ADWG, nor does it refer to any research on this. It merely looks at water quality in a small number of towns.</p> <p>Also, the alleged reasons for non-compliance have not been researched appropriately and, if at all, are only supported by limited anecdotal evidence records of which are not provided (e.g. no research on availability of technical knowledge and expertise; no data on competition for skilled employees, no sound data on adequacy of infrastructure of quality of operation and maintenance processes).</p> <p>It is also unclear what is meant by “smaller utilities”, particularly as the towns examined in the town profiles are not related to the size of the utility they are serviced by.</p>
<p>“A key reason for non-compliance [with ADWG] is the absence of the necessary skills, experience and knowledge in water in many regional communities.”</p>	Page ii, 19	<p>This statement is not supported by evidence. Apart from some anecdotal accounts (uncited), no data is provided on availability of skills, experience and knowledge (see section 2.4.1).</p> <p>The report does not contain any meaningful assessment of the technical and managerial capacity in smaller Local Government water utilities. It would also be questionable whether this can be applied to “many” regional utilities.</p>
<p>The Commonwealth Government has agreed to provide up to \$1.1 million in support of the Strategy [National Water Skills Strategy], however, the program is likely to be ineffective without the institutional reform required to create organisations with the scale to ensure application and maintenance of those skills.</p>	Page ii	<p>There is no evidence provided that the strategy would be ineffective in NSW without institutional reform.</p> <p>This statement inappropriately anticipates the outcomes of a policy analysis on structural/institutional models for the delivery of water supply services; i.e. organisations with larger scale. No comprehensive analysis has been undertaken by the AECOM Report (see below for a discussion on the deficits of the report in analysing structural models).</p>
<p>“Reducing water-related illness in the community will increase workforce productivity due to fewer sick days. Fewer outbreaks of illness will also contribute to lowering healthcare costs.”</p>	Page iii, 20	<p>The reference to outbreaks of water-related illness appears inappropriate. In the context of the section, it creates the impression that there was widespread water related illness in regional Australia. However, the AECOM Report does not support this with any meaningful data on water-related illness. The town profiles in Volume 2 of the AECOM Report include an item on death or illness due to water quality. However, received data appears limited. Of the 101 towns assessed only one town reported an illness incident (Jindabyne 2003). All other towns reported either “no illness” or data was not available (mainly Queensland).</p>

Statement in AECOM Report	Reference	Comment
<p>“Water business related planning is not performed well in regional areas...”</p>	Page iv	<p>This statement is not supported by sound evidence. There is no assessment of water business planning in the AECOM Report apart from the cursory data collected in the town profiles under the item “poor management and governance” (of the 58 towns in Queensland, NSW and Victoria only 4 were identified as having poor management and governance; one Aboriginal Council in Queensland and 3 towns in NSW)</p> <p>In relation to the three towns in NSW, the evidence put forward is cursory and does not look at what management practices are in place:</p> <ul style="list-style-type: none"> <li>• Narrandera (town 34) was identified as having poor management and governance based on the alleged fact that groundwater bores had been installed and abandoned due to high levels of manganese and iron in supply. No source is cited.</li> <li>• Gloucester (town 28) was identified as having poor management and governance based on an alleged incident in 07/08 of faulty equipment rendering some water quality measurement results unusable.</li> <li>• Lithgow (town 23) was identified as having poor management and governance based on the alleged fact that the treatment plant was not maintained adequately and that council had been prosecuted in the Land and Environment Court. Also, the report alleges that there were many community members concerned about the adequacy and quality of water supply. No sources are cited</li> </ul>
<p>“Under a model similar to that in Victoria, water quality and security planning could be implemented more efficiently... These outcomes would be achieved because:</p> <ul style="list-style-type: none"> <li>• Larger, regionally significant utilities would be more likely to attract highly skilled water staff, financial and asset management planners</li> <li>• A relatively larger customer base allows utilities to fund capital works with a relatively smaller impact on residential water bills, addressing a key equity concern with full cost recovery by small water utilities</li> <li>• Utilities would be large enough to justify oversight by existing independent pricing regulators, delivering transparency in decision making and greater economic efficiency</li> </ul>	Page iv	<p>This statement/conclusion appears inappropriate. The AECOM Report does not include sufficient research on relative efficiencies of different structural models and, specifically, on comparative efficiencies between Victoria and NSW. The alleged reasons for increased efficiency are not supported by evidence.</p> <p>Research used to support the statement (i.e. Byrnes 2009, see page 31 and 33 of the AECOM Report) was not analysed in terms of:</p> <ul style="list-style-type: none"> <li>• Whether efficiency comparisons took account of differences in demographic (e.g. population density, growth), hydrologic (e.g. water sources and quality), geographic (e.g. distances between towns) and climatic (e.g. rainfall variability) attributes that exist in regional Victoria and regional, particularly western NSW; and</li> <li>• Whether conclusions in Byrnes 2009 on governance are actually supported by the findings.</li> </ul>

<b>Statement in AECOM Report</b>	<b>Reference</b>	<b>Comment</b>
Water prices set by Local Government water utilities are not regulated	Page 2 and table 1	This statement is incorrect. Water pricing in NSW is regulated by the <i>Local Government Act (NSW) 1993</i> and the NSW Office of Water through its Best Practice Management Framework.
"...the way in which individual Councils or utilities return treated wastewater to the environment is not well controlled."	Page 2	This statement is incorrect with respect to NSW. Wastewater discharges in regional NSW are comprehensively regulated and controlled by the Department of Environment, Climate Change and Water (DECCW) who licenses sewerage treatment facilities, after having been the subject of utilities' integrated water cycle management planning, a development application process through the <i>Environmental Planning and Assessment Act (NSW) 1979</i> , and a approval process under section 60 of the <i>Local Government Act (NSW) 1993</i> through the NSW Office of Water.
"Some regional towns are captured if they are serviced by a larger utility, however, because the reporting is performed at a whole of utility level, or at a regional level. A consequence of this is that poorer levels of service to small towns are often masked by the average service level for the utility as a whole."	Page 3	This statement is not supported by evidence. The AECOM Report does not demonstrate that poorer levels of service to small towns were often masked by the average service level for the utility as a whole.
"In New South Wales and Queensland, there are more towns within the population range that could not be investigated given time constraints. In those States, towns were chosen for their known or likely water quality and/or security issues. Therefore, it should be noted that the towns investigated are not a standard sample and, as such, the data may be statistically skewed."	Page 5	An analysis of allegedly "problematic" towns might be interesting but should not form the basis for making wide-ranging policy recommendation on structural reform of the whole sector.
"The relative expense of supplying water infrastructure to small towns often means that capital projects are unviable for the water utility. For example, many small towns are without water treatment because the increase in residential bills to recover the cost would be substantial."	Page 9	This statement is not supported by evidence. The AECOM Report does not include evidence of unviable capital projects or of how many small towns are without water treatment (see the lack of evidence in section 2.2.1). The statement on the extent of water treatment also appears incorrect when looking at AECOM's town profiles. Of the 40 Queensland and NSW town profiles in the AECOM Report Volume 2, the majority of towns are identified as having a treatment plant (23); the vast majority have some level of water treatment (35 towns; includes treatment plants). Three towns are identified as not having treatment including one Aboriginal community. For two towns treatment is unknown. All of the latter five towns are located in Queensland.

<b>Statement in AECOM Report</b>	<b>Reference</b>	<b>Comment</b>
“It is clear that consumers value high quality drinking water, because many are willing to pay more than 500 times the reticulated supply price for bottled water (BCA 2006), even though the quality of bottled water may be no better.” <i>[as supporting evidence for “Pricing water in order to recover the full cost of supply is currently difficult to achieve in many regional towns.”]</i>	Page 9	This statement is inappropriate and misleading in the context of the AECOM Report. There appear to be many other reasons why people would value bottled water (e.g. transport convenience). Also, it is misleading to indicate that people would be willing to pay the price of bottled water for the water supply they use for cooking, general hygiene etc. We believe not many people fill their bathtub with bottled water.
“However, under current pricing practices, funds are transferred from utilities to the government, often at the expense of new infrastructure, repair and replacement.”	Page 9	This statement is not supported by evidence. No sound data is provided on alleged funds transfers and their impact on infrastructure expenditure.
“Water utilities that are operated as part of the local government structure experience rate pegging, reducing their ability to recover the cost of supplying water to consumers.”	Page 9	This statement is wrong in a number of respects and demonstrates a lack of understanding as to how provision of water supply and sewerage services by Local Government works. Firstly, rate pegging is only applied in NSW. Secondly, rate pegging does not cover water supply and sewerage charges but only general property rates (taxes). In NSW, revenue from water supply and sewerage charges is ring-fenced and not subject to external revenue restrictions.
“The ability to raise these funds depends somewhat on the number of connections served by the water utility. For a water utility servicing a very small population, constructing a water treatment plant has a high per person cost and it may take many years to raise the funds under existing structures. If the water utility serves a larger population, economies of scale can significantly reduce this per person construction cost.”	Page 10	This statement is not supported by sound evidence.  Furthermore, water supply systems and infrastructure in regional NSW can be expected to generally remain localised which raises doubts over the ability to realise economies of scale in relation to infrastructure costs.
“The level of treatment on some surface water supplies is inadequate. Communities are at risk of being exposed to harmful disinfection by-products, cyanotoxins and pathogens.”	Page 12	The AECOM Report does not explain what an adequate level of treatment is in relation to fit for purpose water quality, particularly in relation to the individual circumstances of each town.
“However, it is crucial that water operations be seen as a career by both water utilities and the operators of the drinking water treatment plants. Water treatment plant operators protect public health and should have the skills to ensure this role can be fulfilled. <u>Given the current evidence this is clearly not the case.</u> ”	Page 21	The last sentence of this statement appears entirely inappropriate given that the “current evidence” provided in the AECOM Report merely includes some generic issue apparently identified in workshops and discussions with stakeholders records of which are not provided.
Photos/“figures” provided on pages 21 to 23	Pages 21 to 23	These photos are provided without context and without any reference to any particular utility, town, incident and date. This is entirely insufficient for the purpose of providing evidence.

<b>Statement in AECOM Report</b>	<b>Reference</b>	<b>Comment</b>
“For the majority of regional water utilities their options for diversifying raw water supply sources are limited by their geographic location. The majority of regional utilities are rainfall dependent and operate within regulated systems, governed by complex water sharing arrangements. Inland utilities cannot feasibly rely on desalination of sea water as a diversification option, while treatment of brackish groundwater results in difficult brine disposal issues. Establishing physical linkages between discrete supply systems is often not feasible due to remoteness.”	Page 24	These statements are not supported by any data or evidence.
“The successful management of drought is a key factor for many regional centres to ensure a viable future. However, the information collected suggests that drought management plans are rare amongst the smaller water utilities.”	Page 25	This statement appears incorrect. According to NSW Office of Water monitoring, 90% of NSW Local Government utilities have sound drought management in place, including 80% of the very small utilities (200-1,500 connections). See NSW Office of Water, <i>2008-09 NSW Water Supply and Sewerage Performance Monitoring Report</i> , appendix C, pages 65ff. This is hardly “rare”.
“Accountability to both regulators and customers is especially lacking in regional towns.”	Page 28.	This statement appears incorrect. NSW Local Government water utilities are accountable to a range of regulators, the most important of which are the NSW Office of Water and the NSW Department of Health. They are also accountable to their community (their customer) through the strategic service planning process in place as well as the democratic process of council election.
“Fundamentally, there are still a number of towns that are without domestic water metering, which is essential to develop accurate and reliable plans to ensure future water supply requirements can be met.”	Page 30	The AECOM Report seems to fail to provide data on non-existence of domestic water metering.
“As a result of the recognised economic difficulty water utilities have had in maintaining water assets, the Water Loss Management Program was established.”	Page 31	This is a blatant misinterpretation of the rationale behind the program. The program was established to build capacity in a relatively new skill set, i.e. water loss management, with a view to establish this skill set in the industry and enable utilities to implement water loss management as part of their normal business. The reason was not to provide funding for asset maintenance.



<b>Statement in AECOM Report</b>	<b>Reference</b>	<b>Comment</b>
<p>“Some of the many advantages that can be derived through governance reform have included:</p> <ul style="list-style-type: none"> <li>• Significant scale economies in service provision, that come from sharing of resources and knowledge</li> <li>• Capacity to attract good quality staff increases</li> <li>• Ability to pay for new capital projects and renewals improves through greater customer base</li> <li>• Adaptability to new complexities arising in water quality management</li> <li>• ‘Catchment to coast’ based planning is made simpler</li> <li>• Less dependency on government funding in the long term</li> <li>• Potential to implement better and fairer pricing models.”</li> </ul>	Page 31	No sound evidence is provided for the advantages put forward in this statement.
Figure 12 and “By comparing quality of services with cost and highlighting the economies of scale that may be provided, WSAA (2008) provide further justification for consolidation of smaller utilities (see Figure 12). Non-capital city economically regulated utilities tend to be relatively low cost but have mixed service levels, while council run utilities tend to be high cost with moderate service levels.”	Page 32	It is unclear why this would mean that consolidation of “smaller utilities” would result in lower composite cost scores. No sound explanation is provided. The WSAA study might merely compare larger, probably metropolitan utilities with smaller regional utilities. However, this has very limited meaning for whether consolidation in regional areas where supply systems are locally separate would reduce cost.
“Further, historical data shows that larger water utilities service their regional communities at relatively lower cost, with the annual water bill in Victoria being approximately 20% cheaper than the annual bill in regional NSW.”	Page 33	This comparison is not appropriate in its simplicity as it does not take account of differences in cost structures due to demographic (e.g. population density), hydrologic (e.g. water sources and quality), geographic (e.g. distances between towns) and climatic (e.g. rainfall variability) attributes that exist in regional Victoria and regional, particularly western NSW.
Section 2.8	Pages 31 - 34	The section includes subsections with specific comments on Victoria, Tasmania and Queensland but not on NSW.
“Many local government Councils rely on water utility revenue to their fund general purpose functions, and separation would therefore result in a loss of revenue.”	Page 39	This statement is not supported by any sound evidence and does not consider that under the <i>Local Government Act (NSW) 1993</i> (section 409 (3) and (5)), NSW councils are not allowed to transfer funds from the water supply and sewerage fund to the consolidated fund (apart from paying a dividend following comprehensive business plan audit).
Smiggin Holes Ski Resort incident	Page K-2, Volume 2	The AECOM Report is misleading as it fails to make clear that the Smiggin Holes Ski Resort incident was not related to the local water utility (Snowy River Shire Council). The resort has its own water supply.

Statement in AECOM Report	Reference	Comment
Volume 2, town profiles	Volume 2, town profiles	<p>There are further issues in the town profiles that raise serious concerns over the credibility of the AECOM Report including:</p> <ul style="list-style-type: none"> <li>• Many information are not supported by any evidence and there a significant information gaps in the profile;</li> <li>• Information on water rates are inconsistent in terms of reporting period and in some cases outdated (e.g. water rates from Lithgow and Bourke are from 2001/02, information from Wentworth, Narromine, Tumbarumba, Berrigan and others do not refer to any reporting period);</li> </ul>

***Lack of proper, evidence based analysis on recommendations on governance structure***

The AECOM Report's recommendations relating to the governance structure are not supported by sound, evidence based analysis of structural models and their costs and benefits. Sound and credible policy analysis requires a comprehensive assessment of all options available to address an issue. The AECOM Report lacks such analysis in relation to the issue of which structural model is best suited for the delivery of water supply and sewerage services in regional NSW including:

- The AECOM Report fails to consider and compare all available structural models and applies a one-size-fits-all approach to all of regional NSW without taking account of differences in demographic (e.g. population density, population growth), hydrologic (e.g. water sources and quality), geographic (e.g. distances between towns), climatic (e.g. rainfall variability) and historic (existing arrangements) attributes that exist in regional NSW.
- The AECOM Report lacks comprehensive cost benefit analysis of structural models. Among other things, such analysis needs to include as potential benefits desirable outcomes such as ability to achieve integrated water cycle management, ability to achieve whole of community outcomes, and utilisation of the economies of scope councils provide. That Local Government can best deliver these benefits has been comprehensively covered in the Associations' first submission to the inquiry. A cost benefits analysis also needs to include cost associated with the impact of the removal of water supply functions from councils on the financial sustainability of councils. This issue has also been covered in the Associations first submission.
- The AECOM Report, when putting forward structural models, does not consider how the delivery of sewerage services, which are integral to the delivery of integrated water cycle management, fits into its models.

Incomprehensibly, the AECOM Report appears not to haven adequately taken into account the significant work on structural/governance models undertaken by the *NSW Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW*. This inquiry recommended, following extensive research and consultation over more than two years, the formation of regional alliances of councils. This recommendation, as the Associations understand, was confirmed by a NSW Government commissioned cost benefit analysis of structural models undertaken by KPMG.

Finally, the recommendations on structural reform in regional NSW seem to be based on alleged issues around water quality and cost reflective pricing. However, the persuasiveness of these issues with respect to structural reform appears very limited for the following reasons:

- In terms of water quality, limited data is provided only for a number of "problematic" towns intentionally selected by the report. However, the report, in its constant use of the term "smaller utilities" creates the impression of having comprehensively researched water quality in regional

utilities. This is clearly not the case and consequently the report should have refrained from making any recommendations relating to all regional water utilities in NSW – smaller or larger.

- In terms of cost reflective pricing, it should be noted that the purpose of cost reflective pricing is to provide signals to consumers about their usage of resources and to decision makers about the affordability of levels of services. The larger the area and customers base covered by a utility, the more these signals can be diluted by internal cross subsidisation. This is especially relevant with respect to consolidation of utilities in regional areas where supply systems are often small and separated. Smaller, regional utilities are actually much better placed to provide these price signals either in form of prices reflective of the cost of a particular supply source and network or in form of affordability signals for decision makers to consider and consult upon with the community/customers. These signals much less occur in large utilities with postage stamp pricing and significant cross subsidisation among consumers.

### 3. Conclusion

The Associations strongly question the credibility and value of the AECOM Report. The report lacks comprehensive data analysis, contains significant inaccuracies, makes policy recommendations without sound, evidence based analysis, and does not adequately take account of significant research and consultation undertaken in NSW during the *NSW Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW*.

The Associations urge the Commission to be mindful of these shortcomings when considering the AECOM Report.

The Associations acknowledge that NSW Local Government water utilities, as a result of an industry wide skills shortage, face challenges to attract and retain skilled labour. This challenge is not unique to regional water utilities but is affecting the water sector across Australia. NSW Local Government water utilities have responded to this challenge by developing a regional alliance model, supported by the NSW Government and the *NSW Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW*, which will enable the sharing of resources and skills.

Finally, the Associations note that, following the *NSW Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW*, NSW Local Government and the NSW Government have put processes in place to make best practice mandatory, including progressively implementing water quality frameworks complying with the Australian Drinking Water Guidelines. The new *Public Health Act (NSW) 2010* (section 25) now requires every drinking water supplier to have in place appropriate drinking water quality assurance programs and is to refer to the Australian Drinking Water Guidelines in its regulations.