RIVERINA WATER COUNTY COUNCIL

* AGENDA *

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RIVERINA WATER COUNTY COUNCIL

GENERAL MANAGER'S REPORT TO THE COUNCIL

17th February 2011

The Chairperson and Councillors:

1. FINANCIAL STATEMENTS – LIST OF INVESTMENTS

In accordance with the provisions of Clause 19(3) of the Local Government (Financial Management) Regulation 1993, I report details of the Council's external investments as at 31st December 2010 and 31st January 2011 as attached (refer pages 2 to 3).

RECOMMENDED that the report detailing Council's external investments for the months of December 2010 and January 2011 be received.

2. QUARTERLY BUDGET REVIEW – PERIOD ENDED 31ST DECEMBER 2010

The Quarterly Review of Council's Budget for the period ended 31st December 2010 is presented (refer pages 4 to 10) for examination by the Council.

The anticipated operating result for 2010/2011 is a surplus of $2,169,595. The original estimate operating result was for surplus of $2,724,595.

Notes on Operating Statements:

Revenue:

User Charges

- Reduction in water usage as a result of water target campaign and wet weather.

Contribution

- Increase in urban residential subdivision and increase of rural mains extensions.

RECOMMENDED that the Quarterly Budget review for the period ended 31st December 2010 be received.

Monthly Investment Report as at 31/12/2010

a) Council's Investments as at 31/12/2010

Investment	Inception Date	Term (Days)	Maturity Date	S&P Rating	Interest Rate (%)	Performance Benchmark	Benchmark Rate	Percentage of Portfolio	Principal Value	Market Value
Term Deposits										
Wagga Mutual Credit Union	15/12/2010	180	13/06/11	Unrated	6.40	BBSW - 30 Day	4.70	12.135%	$500,000.00	$500,000.00
Westpac	16/12/2010	60	14/02/11	A-1	5.80	BBSW - 30 Day	4.82	12.135%	$500,000.00	$500,000.00
Bendigo Bank	15/12/2010	180	13/06/11	A-2	6.00	BBSW - 30 Day	4.70	6.067%	$250,000.00	$250,000.00
Bendigo Bank	15/12/2010	180	13/06/11	A-2	6.00	BBSW - 30 Day	4.70	6.067%	$250,000.00	$250,000.00
IMB	21/12/2010	34	24/01/11	A-2	5.60	BBSW - 30 Day	4.82	6.067%	$250,000.00	$250,000.00
Defcredit	21/12/2010	90	21/03/11	Unrated	6.00	BBSW - 30 Day	4.76	6.067%	$250,000.00	$250,000.00
								48.539%	**$2,000,000.00**	**$2,000,000.00**
Cash Deposit Account										
T Corp				A-1+	5.00	Cash Rate	4.75	21.140%	$871,056.25	$871,056.25
LGFS (Fixed Out Perf)				Aaf	5.69	UBSA Bank Bill Index	5.19	6.536%	$269,322.03	$269,322.03
LGFS				A-2	5.25	Cash Rate	4.75	23.784%	$980,000.00	$980,000.00
								51.461%	**$2,120,378.28**	**$2,120,378.28**
TOTAL INVESTMENTS								**100.000%**	**$4,120,378.28**	**$4,120,378.28**
Cash at Bank										$170,204.96
TOTAL FUNDS										**$4,290,583.24**

b) Application of Investment Funds

Restricted Funds	Description	Value
Externally Restricted		
		$0.00
Internally Restricted		
	Employee Leave Entitlements	$1,092,000.00
	Mains Replacement	$1,000,000.00
	Sales Fluctuation	$1,200,000.00
		$3,292,000.00
Unrestricted Funds		$998,583.24
TOTAL FUNDS		**$4,290,583.24**

* Externally & Internally Restricted Reserve figures are subject to final adjustment and external audit at 30 June each year.
Figures shown above are estimate only.

CERTIFICATE

I hereby certify that all the above investments have been made in accordance with the provision of Section 625 of the Local Government Act 1993 and the regulations thereunder.

M. L. Curra

M Curran
FINANCE / ADMINISTRATION MANAGER

Monthly Investment Report as at 31/01/2011

a) Council's Investments as at 31/01/2011

Investment	Inception Date	Term (Days)	Maturity Date	S&P Rating	Interest Rate (%)	Performance Benchmark	Benchmark Rate	Percentage of Portfolio	Principal Value	Market Value
Term Deposits										
Wagga Mutual Credit Union	15/12/2010	180	13/06/11	Unrated	6.40	BBSW - 30 Day	4.72	13.956%	$500,000.00	$500,000.00
Westpac	16/12/2010	60	14/02/11	A-1	5.80	BBSW - 30 Day	4.82	13.956%	$500,000.00	$500,000.00
Bendigo Bank	15/12/2010	180	13/06/11	A-2	6.00	BBSW - 30 Day	4.72	6.978%	$250,000.00	$250,000.00
Bendigo Bank	15/12/2010	180	13/06/11	A-2	6.00	BBSW - 30 Day	4.72	6.978%	$250,000.00	$250,000.00
IMB	24/01/2011	30	23/02/11	A-2	5.50	BBSW - 30 Day	4.82	6.978%	$250,000.00	$250,000.00
Defcredit	21/12/2010	90	21/03/11	Unrated	6.00	BBSW - 30 Day	4.82	6.978%	$250,000.00	$250,000.00
								55.822%	**$2,000,000.00**	**$2,000,000.00**
Cash Deposit Account										
T Corp				A-1+	5.09	Cash Rate	4.75	18.826%	$674,497.00	$674,497.00
LGFS (Fixed Out Perf)				Aaf+	5.65	UBSA Bank Bill Index	5.15	21.521%	$771,035.34	$771,035.34
LGFS				A-2	5.25	Cash Rate	4.75	3.831%	$137,247.81	$137,247.81
								44.178%	**$1,582,780.15**	**$1,582,780.15**
TOTAL INVESTMENTS								**100.000%**	**$3,582,780.15**	**$3,582,780.15**
Cash at Bank										$153,516.48
TOTAL FUNDS										**$3,736,296.63**

b) Application of Investment Funds

Restricted Funds	Description	Value
Externally Restricted		
		$0.00
Internally Restricted		
	Employee Leave Entitlements	$1,092,000.00
	Mains Replacement	$1,000,000.00
	Sales Fluctuation	$1,200,000.00
		$3,292,000.00
Unrestricted Funds		$444,296.63
TOTAL FUNDS		**$3,736,296.63**

* Externally & Internally Restricted Reserve figures are subject to final adjustment and external audit at 30 June each year.
Figures shown above are estimate only.

CERTIFICATE

I hereby certify that all the above investments have been made in accordance with the provision of Section 625 of the Local Government Act 1993 and the regulations thereunder.

M. L. Curran

M Curran
FINANCE / ADMINISTRATION MANAGER

Description	Revised Budget 2010/11	Original Budget 2010/11	QBR Variation 31/12/10	Comments
Water Supply				
Revenue				
Rates & Service Availability Charges				
Rates & Availability Charge - Residential	-2,406,000	-2,406,000		
Rates & Availability Charge - Commercial	-254,000	-254,000		
Rates & Availability Charge - Industrial	0			
Rates & Availability Charge - Other	-60,000	-60,000		
	-2,720,000	-2,720,000	0	
User Charges				
Sales of Water - Residential	-8,118,000	-8,718,000	600,000	Lower water sales due to wet weather
Sales of Water - Commercial	-3,843,000	-4,103,000	260,000	Lower water sales due to wet weather
Sales of Water - Industrial	0			
Sales of Water - Other	-526,000	-566,000	40,000	Lower water sales due to wet weather
	-12,487,000	-13,387,000	900,000	
Grants				
Rates Pensioner Rebate	-215,000	-215,000		
Other Revenues				
Temp Transfer Water	-120,000	-120,000		
Rents	-7,000	-7,000		
Lease Land	-500	-500		
Lease Motor Vehicle	-7,500	-7,500		
Section 603 Certificates	-90,000	-90,000		
Sundry Income	-80,000	-5,000	-75,000	Standpipe grant
Sundry Income (Scrap Tender)	-15,000	-15,000		
Connect Fee	-235,000	-235,000		
Plumbing Permits	-22,000	-22,000		
	-577,000	-502,000	-75,000	
Interest on Investments	-260,000	-120,000	-140,000	Higher than anticipated returns
Contributions				
Sale of Plant	-364,000	-364,000		
Total Revenue	**-16,623,000**	**-17,308,000**	**685,000**	

Description	Revised Budget 2010/11	Original Budget 2010/11	QBR Variation 31/12/10	Comments
Expenditure				
Management				
Administration				
Admin, Expenses, Salaries	530,000	480,000	50,000	Agency commission on receipts
Advertising	40,000	40,000		
Bank Charges	25,000	25,000		
Cleaning	32,000	32,000		
Commission on Receipts	100,000	100,000		
Consulting Fees	80,000	80,000		
Demand Management	300,000	300,000		
Depot & Waterworks Administration	258,000	218,000	40,000	Contra Services M&R
Insurances	127,000	127,000		
IT Costs	150,000	150,000		
Meter Reading	160,000	160,000		
Postage	68,000	68,000		
Printing & Stationery	91,000	91,000		
Rates	57,000	57,000		
Restriction Costs	5,000	5,000		
Subscriptions	18,000	18,000		
Sundries	38,000	38,000		
Survey	5,000	5,000		
Telephones	88,000	88,000		
Training - Administration	22,000	22,000		
TV/Radio	65,000	65,000		
Water Directorate	10,000	10,000		
Govern - Audit Fees	21,000	21,000		
Govern - Councillor Fees	78,000	78,000		
Govern - REROC Membership	5,000	5,000		
Govern - Shires Association	2,000	2,000		
Govern - Tax Equivalent - Donations	30,000	30,000		
	2,405,000	2,315,000	90,000	
Engineering				
Salaries	803,000	733,000	70,000	Additional staff
Training	21,000	21,000		
Motor Vehicle	16,000	16,000		
	840,000	770,000	70,000	
Operations				
Purchase of Water	65,000	65,000		
Working Exp & Maintenance				
Services & Meters M&R	380,000	420,000	-40,000	Contra Depot/W/works
Tools & Equipment M&R	48,000	58,000	-10,000	Lower than anticipated exp
Sundries - Uniforms	46,000	46,000		
Award Allowances	125,000	95,000	30,000	Flood operations
Pumping Stations M&R	525,000	525,000		
Reservoirs M&R	64,000	64,000		
Systems Operations	1,110,000	1,070,000	40,000	Contra capital exp
Mains M&R	820,000	620,000	200,000	Contra capital exp
Residences M&R	8,000	8,000		
Building & Ground Maintenance	465,000	315,000	150,000	Contra capital exp
Training	262,000	342,000	-80,000	Lower than anticipated exp
	3,853,000	3,563,000	290,000	

Description	Revised Budget 2010/11	Original Budget 2010/11	QBR Variation 31/12/10	Comments
Energy Costs	1,868,000	2,058,000	-190,000	Lower energy cost due to lower sales
Chemical Costs	560,000	650,000	-90,000	Lower cost due to lower sales
Miscellaneous				
ELE - Accrual	1,107,000	1,107,000		
ELE - Taken	-1,173,595	-1,173,595		
Public Holidays	156,000	156,000		
Sick Leave Loyalty Bonus	70,000	70,000		
Workers Compensation Insurance	180,000	180,000		
Superannuation	890,000	890,000		
Payroll Tax	395,000	395,000		
FBT	47,000	47,000		
Workers Compensation Claim	5,000	5,000		
Plant Income	-340,000	-340,000		
Stores Overheads	-55,000	-55,000		
Pensioner Rebates	340,000	340,000		
On-Cost Capital Works	-650,000	-650,000		
	971,405	971,405	0	
WDV - Sale of Assets	337,000	337,000		
Depreciation				
System Assets	3,534,000	3,534,000		
Plant & Equipment	920,000	920,000		
Total Expenditure	**15,353,405**	**15,183,405**	**170,000**	
Operating Result-Before Capital Amounts Surplus / (Deficit)	**1,269,595**	**2,124,595**	**-855,000**	
Capital Grants				
Developer Provided Assets	-900,000	-600,000	-300,000	Higher than anticipated contributions
Capital Contributions				
Total Capital Grants & Cont	**-900,000**	**-600,000**	**-300,000**	
Operating Result Surplus / (Deficit)	**2,169,595**	**2,724,595**	**-555,000**	
ADD Expenses not involving flows of Funds				
Depreciation	-4,454,000	-4,454,000	0	
ELE	66,595	66,595	0	
Total Expenses not involving flows of Funds	**4,387,405**	**4,387,405**	**0**	
ADD Non-Operating Funds employed				
Carrying Amount of Assets Sold	-337,000	-337,000	0	
Transfer from Restricted Assets - ELE	-1,173,595	-1,173,595	0	
Plant Profit utilised				
Total Non-Operating Funds employed	**1,510,595**	**1,510,595**	**0**	

Description	Revised Budget 2010/11	Original Budget 2010/11	QBR Variation 31/12/10	Comments
SUBTRACT Funds deployed for Non-Operating Purposes				
Acquisition of Assets				
Management	2,270,000	2,720,000	-450,000	Demand management - S 138
Sources	667,000	667,000		
Treatment	870,000	3,170,000	-2,300,000	Contra operating exp - from Wagga WTP
Distribution	6,520,000	6,520,000		
Total Acquisition of Assets	10,327,000	13,077,000	-2,750,000	
Transfer to Restricted Assets - ELE	1,107,000	1,107,000	0	
Total Funds deployed for Non-Operating Purposes	**11,434,000**	**14,184,000**	**-2,750,000**	
Cash Result After Capital Surplus/(Deficit)	**-3,366,405**	**-5,561,405**	**2,195,000**	

RIVERINA WATER COUNTY COUNCIL Income Statement	Actual 30/6/09	Actual 30/6/10	Budget 2010/11
Income from continuing operations			
Revenue:			
Rates & Annual Charges	-2,573,000	-2,588,000	-2,720,000
User Charges & Fees	-12,557,000	-12,983,000	-12,147,000
Interest & Investment Revenue	-547,000	-308,000	-260,000
Other Operating Revenues	-984,000	-832,000	-577,000
Grants & Cont's provided for Operating Purposes	-197,000	-196,000	-215,000
Grants & Cont's provided for Capital Purposes	-1,309,000	-1,972,000	-900,000
Other Income:			
Net gain from the disposal of assets	-90,000	0	-27,000
Share of interests in Joint Ventures & Associated Entities using the Equity Method			
Total Income from continuing operations	-18,257,000	-18,879,000	-16,846,000
Expenses from continuing operations			
Employee Benefits & On-Costs	5,405,000	5,828,000	6,540,405
Borrowing Costs			0
Materials & Contracts	2,386,000	2,627,000	3,219,000
Depreciation & Amortisation	4,107,000	4,380,000	4,454,000
Impairment		1,100,000	
Other Operating Expenses	2,396,000	2,354,000	463,000
Interest & Investment Losses			
Net Losses from the Disposal of Assets		11,000	
Share of interests in Joint Ventures & Associated Entities using the Equity Method			
Total Expenses from continuing operations	14,294,000	16,300,000	14,676,405
Operating Result from continuing operations	3,963,000	2,579,000	2,169,595
Share Attributable to Minority Interests	0	0	0
Net Operating Result before capital grants & contributions	2,654,000	607,000	1,269,595

RIVERINA WATER COUNTY COUNCIL Cash Flow Statement	Actual 2008/09	Actual 2009/10	Budget 2010/11
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates & Annual Charges	2,495,000	2,510,000	2,720,000
User Charges & Fees	12,311,000	13,196,000	13,347,000
Interest Received	549,000	269,000	260,000
Grants & Contributions	1,441,000	2,170,000	1,115,000
Other Operating Receipts	984,000	832,000	577,000
Payments			
Employee Costs	-5,675,000	-6,232,000	-6,607,000
Materials & Contracts	-2,386,000	-2,813,000	-3,219,000
Interest Paid			0
Other Operating Payments	-1,660,000	-3,187,000	-463,000
Net Cash Provided by (used in) Operating Activities	8,059,000	6,745,000	7,730,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Investments	681,000		
Proceeds from sale of Assets	365,000	437,000	364,000
Proceeds from sale of Real Estate			0
Proceeds from sale of Shares in Companies			0
Repayments from Deferred Debtors			0
Contributions to joint ventures by minority interests			0
Distribution received from associated entities			0
Other Proceeds			
Payments			
Purchase of Investments			
Purchase of Assets	-8,658,000	-6,660,000	-10,327,000
Purchase of Real Estate			0
Purchase of Shares in Companies			0
Loans to Deferred Debtors			0
Distributions from joint ventures to minority interests			0
Other	-3,608,000		0
Net Cash provided by (used in) Investing Activities	-11,220,000	-6,223,000	-9,963,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings & Advances			0
Other Proceeds			
Payments			
Repayments of Borrowings & Advances	0		0
Repayment of Finance Lease Liabilities			
Net Cash provided by (used in) Financing Activities	0	0	0
Net Increase (Decrease) in Cash Held	-3,161,000	522,000	-2,233,000
Adj due to Accounting Standard Changes			
Cash Assets at Beginning of Reporting Period	10,832,000	7,671,000	8,193,000
Cash Assets at End of Reporting Period	7,671,000	8,193,000	5,960,000

RIVERINA WATER COUNTY COUNCIL

Balance Sheet

	Actual 30/6/09	Actual 30/6/10	Budget 2010/11
ASSETS			
Current Assets			
Cash & Cash Equivalents	7,671,000	8,193,000	5,960,000
Investments	0	0	0
Receivables	2,292,000	2,436,000	1,236,000
Inventories - Other	1,133,000	1,926,000	1,926,000
Other	46,000	252,000	252,000
Total Current Assets	11,142,000	12,807,000	9,374,000
Non-Current Assets			
Investments	0	0	0
Receivables	0	0	0
Inventories - Other	0	0	0
Infrastructure, Property, Plant & Equip't	151,947,000	153,779,000	159,315,000
Investments Accounted for using the equity method	0	0	0
Investment Property	0	0	0
Intangible Assets	3,608,000	2,508,000	2,508,000
Non-current assets classified as "held for sale"	0	0	0
Other	0	0	0
Total Non-Current Assets	155,555,000	156,287,000	161,823,000
TOTAL ASSETS	166,697,000	169,094,000	171,197,000
LIABILITIES			
Current Liabilities			
Payables	864,000	464,000	464,000
Borrowings	0		0
Provisions	1,614,000	1,823,000	1,743,405
Total Current Liabilities	2,478,000	2,287,000	2,207,405
Non-Current Liabilities			
Payables	0	0	0
Interest Bearing Liabilities	0	0	0
Provisions	1,621,000	1,630,000	1,643,000
Total Non-Current Liabilities	1,621,000	1,630,000	1,643,000
TOTAL LIABILITIES	4,099,000	3,917,000	3,850,405
Net Assets	162,598,000	165,177,000	167,346,595

3. OPERATIONAL PLAN – PERFORMANCE TARGETS

In accordance with the provisions of Section 407 of the Local Government Act 1993. I report to Council the progress achieved in the year for the various objectives set out in the 2010/2011 Operational Plan:

	2010/11		Exp to date $'000	Progress as at 31st December 2010
	Wagga Urban $'000	Townships & Rural $'000		
MANAGEMENT				
Strategies				
IWCM	130		58	Strategy on target
Demand Management	500		1	Nature strip rebate scheme deferred due to liability issues. Other promotions continuing.
Sub-Total Management	**630**		**59**	
Land & Buildings for Admin, Depots & Workshops				
Administration Office	15	15	1	Carpet replaced at east end of Administration building.
Depot buildings			0	
Waterworks, new workshops	550		5	Tender W144 awarded to MJM Consulting Engineers. Preliminary reports received for energy efficiency, site soil classification, consultation and investigations. Feasibility of flood proofing site to be completed to allow shed to be built at ground level.
Access, parking, landscaping	75	35	2	Report received on options to repair Marshalls creek footbridge.
Environmental works (incl. Marshalls Creek)	30		2	Continuing
Depot Residence	5			Continuing
Sub-Total Land & Buildings for Admin, Depots & Workshops	**675**	**50**	**10**	
Plant and Equipment				
Information Technology, upgrade	150		96	Routine replacement of PC's PC purchased for new staff.
Office furniture and equipment	25	5	30	Office furniture installed at east end of Administration building.
Working plant and vehicles-purch.	830		591	On track.
Fixed plant/ tools/ equipment	65	10	20	On track.
SCADA system, upgrades	140		57	Nth Wagga water supply control systems upgrade near completion. Commissioned 3x new solar powered electronic meters.
CAD/GIS/Asset Manage. system	100		0	Planning commenced
Communications equipment	40		6	Routine replacement of mobile phones & car kits continuing
Sub-Total Plant and Equipment	**1350**	**15**	**800**	
TOTAL MANAGEMENT	**2655**	**65**	**869**	

SOURCES				
Bores renew/refurbish/decommission	212	355	187	East Wagga Bore 2 relining and riserless installation completed. Commencing planning for relining and riserless installation for Walla Walla Bore Earthworks completed to allow fence construction around East Wagga Bore 3
Bores Additional	50		0	
Groundwater yield analysis	50		0	Modelling 90% completed.
TOTAL SOURCES	**312**	**355**	**187**	
TREATMENT				
Treatment plants, general improvements, Wagga	165	30	12	Ongoing
Treatment plants, Safety Equipment	20	5	1	Ongoing
Wagga Pilot Plant	40		35	DAF plant refined and operating.
Specific Treatment Plant Improvements	25	15	23	On track
Treatment plants, refurbish (incl. Wagga WTP preconstruction, Urana, Morundah)	1300	100	0	Commenced investigation to determine treatment process upgrade for Oura WTP.
Wagga Ancillary Works	500		0	Planning continues
West Wagga - Bulk Chlorine Storage				
AV Power Line Relocation for Wagga WTP	950		0	Design of HV powerlines in progress. Cable design report required for underground 66kV specified.
Laboratory Equipment	10	10	0	
TOTAL TREATMENT	**3010**	**160**	**71**	
DISTRIBUTION				
Pump Stations				
Pump stations, General Improvements	20		3	Ongoing
Pump stations, flow recorders	150	50	4	Ongoing
Renew Pumps, Motors & Switchboards	320	50	63	East Bomen Pumphouse electricity metering switchboard replacement completed. Minor control systems modifications to Urana Pipeline Pump station.
Upgrade pumps/additional pumps	140	110	17	The Rock pump station electrical metering upgraded completed.
Refurbish pipework/fittings/structures	50			Not commenced.
Sub-Total Pump Stations	**680**	**210**	**87**	
Mains				
System improvements	250	20	112	Improvements at Turvey Park, Mount Austin and Tarcutta Village completed.
Reticulation Mains extensions	100	30		Extensions in Bourkelands, Estella, Boorooma and Governors Hill. Completed.
Reticulation etc for developers	310	20	174	Quotes and Hydraulic Analysis for Glenfield West and Lloyd West completed.

Trunk mains extensions				
Piping Urana Channel			148	Pumping station installation and connection completed.
Renew reticulation mains (inc. central Wagga, Turvey Park and The Gap)	400	150	442	On target
Renew trunk mains (inc. Bomen)	300	600	62	Jennings Lane, Henty – planning completed. Design for Bomen stage one – 80% complete.
Sub-Total Mains	**1360**	**820**	**938**	
Reservoirs				
Rural Reservoir and trunk main analysis		130	75	Preliminary options report received from consultant and reviewed.
(Other) New reservoirs (Springvale, Forest Hill, Shires)	1105	630	1397	Red Hill reservoir construction – floor and columns in place. Preliminary sizing of Collingullie Reservoir completed Commenced sizing for Mangoplah High level Reservoir
Reservoirs, protective treatments	20	90	0	
Reservoirs, refurbish		30	0	
Reservoirs, upgrade ladders and access	10	10	2	
Reservoirs, control valves and systems	20	125	65	The Rock electronic metering and control valve upgrade near completed. Rand Reservoir reticulation electronic meter installed.
Sub-Total Reservoirs	**1155**	**1015**	**1464**	
Services				
Hydrants & valves refurbish	60	60	45	On target – ongoing program
Service connections, new	420	60	180	As required
Renew Services	120	30	71	As required
Sub-Total Services	**600**	**150**	**296**	
Meters				
Water meters, replacement/ upgrade	200	45	253	On target – replacement program.
Water meters, routine replacements	100	20	10	As required
Water meters, additional (new services)	20	5	5	As required.
Remote metering	10	40	10	As required
Standpipe replacement	30	60	238	8 units installed
Sub-Total Meters	**360**	**170**	**516**	
TOTAL DISTRIBUTION	**4155**	**2365**	**3301**	
TOTALS	**10132**	**2945**	**4428**	
GRAND TOTALS WAGGA AND SHIRES	**13077**		**4428**	

Services

Strategies / Actions	Progress to 31st December 2010
- Monitor urban and rural per capita demands and determine if they significantly exceed the design peak demand levels of service.	Average kilolitres per quarter not exceeding design.
- Manage demand effectively using a range of measures	Treated water consumption and water targets in Ml per day
- Regularly monitor urban and village growth, and augment supply as required in line with ten year plan, and current needs	Customer needs met
• Maintain network analysis of Wagga urban water system	Consultants completed model and being utilised by staff.
• Maintain the water supply infrastructure in good working order.	Some but infrequent breakdowns.
• Monitor the operation of the water supply system to ensure continuity of supply.	Continuity of supply maintained.
- Reinforce throughout the organisation that we are customer orientated. - Maintain a request and complaint handling system that ensures both attention to the request and advice of action taken or to be taken.	Responses have been timely. System up to date and reports completed.
- Use customer newsheets to disseminate information to customers. - Utilise the local media when appropriate to increase awareness within the community. - Meet with sectional or interest groups or invite them to meet with us to communicate and receive feedback on relevant issues.	Numerous media outlets used to advise customers on demand management and standpipe changes. Interest groups met re demand management and IWCM.
- Increase inspection and documentation of consumer pipework where there is potential for contamination from backflow.	Required protection devices in use. New standpipe regime reinforces backflow protection.

Asset Replacement

Strategies / Actions	Progress to 31st December 2010
Develop and maintain a rolling replacement plan for all assets with review every 3 years.	Program documented and executed.
Identify potential system capacity deficiencies and incorporate in capital works programme.	Monitoring, pressure testing and failure analysis continuing.
Maintain water network analysis programme to identify timetable of system improvements and extensions.	Network model calibrated and run.
Utilise Asset Register and associated technology and pipeline breakage history to determine the timing of mains replacement to minimise over all costs.	Pipe break definitions improved in reports. Major replacements being documented in IWCM.

Human Resources

Objective/Goal

Riverina Water's OH&S goal for 2010/11 is **ZERO HARM AT WORK – to be achieved through eliminating unsafe behaviours and/or conditions** which will result in providing a safe workplace and systems of work. Our aim over the period 1st July 2010 – 30th June 2011 is to implement the following strategies to achieve the overall objective / goal for this 12-month period.

Objectives	Means of Achieving	Progress to 31st December 2010
Continue promotion of responsibilities within the OHS Management System	• Promote OHS responsibilities to Management, Supervisors & employees through utilisation of "Expectation checklists" during face-to-face discussion groups.	All individuals within the organisation fully aware of their responsibilities in relation to safety & actively undertaking their safety role.
Provide effective staff support	• Provide on-going promotion of Riverina Water's 'Employee Assistance Program' that provides free professional counselling to staff and their immediate families • Promote usage of Progressive Disciplinary & Grievance Procedure	In house promotion in Safety Newsflash articles Self referral to counselling service (verified by quarterly report from provider) More timely & effective resolution of conflict. Use Work Improvement Notice (WIN) for non compliance issues if direct contact with employee does not resolve unacceptable behaviour or actions.
Improve Communication and Consultation	• Continue promotion of "Take & Break & Talk Safety" & incentive by way of rewards (i.e. Kit Kats / Fruit / Luncheon) to teams who engage the OHS Coordinator during their team discussion • OHS Coordinator to receive & record team meeting sheets • Quarterly meetings involving Dept. Managers and their respective work teams.	Monthly meetings held with all work teams with documented evidence being provided by Supervisors. Bullying and harassment training completed for all staff. Outstanding issues raised discussed with management & outcomes reached with feedback directly to the work team within a reasonable time frame. Diary or other appropriate recording of meetings with timely feedback to employees on raised issues.
Continue on-going OHS training of new & existing staff	• Undertake inductions of new staff. • Continue internal and external training programs for staff. • As procedures/SWMS are released, appropriate training or instruction is given.	Induction & review of all new staff (evidence available through completion of Individual Induction Booklets). Annual training plan in place and skills gap analysis. New training applications issued for 2011 training plan.

Objectives	Means of Achieving	Progress to 31st December 2010
Develop & Review Safe Work Procedures	• Review, reformat & consolidate existing SWMS • Ongoing review of OHS Policies & procedures with a view to their effectiveness and legal compliance	Up to date supervisor manuals. Review all current policies/procedures continuing. Internal survey of staff and supervisors completed and actions commenced.
Develop & complete an annual CIAP (Continuous Improvement Action Plan)	• Develop CIAP in consultation with Senior Management following annual OHS audits - Internal audits - StateCover Self Evaluation Tool	CIAP developed & progress made on required actions >95% evaluation result
Identification of hazards & elimination/reduction of risks	• Workplace inspections to be undertaken every 4-6 months • Timely reporting of accident/incidents/near misses • Hazard register in place	Inspection schedules up to date. Identified issues controlled within an appropriate time frame. All reports received within the required timeframes Interim controls in place immediately, permanent controls considered, reviewed 6 monthly by management. Feedback to be given to staff.

Environment Protection

Strategies / Actions	Progress to 31st December 2010
Water returned to the environment from the filtration plant will be monitored for quality.	EPA standards achieved.
All field work-sites will be protected and restored to eliminate degradation.	No soil loss or siltation. Vegetation restored. Flood issues addressed satisfactorily.
Soiled water from Urban field site works will be returned for proper disposal.	No soiled water entering town drainage systems.
Electrical efficiency will be considered in infrastructure design.	Electrical efficiency taken into account.
Marshalls Creek environmental project to restore native vegetation and protect creek bed.	Native vegetation restored. Stable creek bed.
Fleet replacements to consider environmental criteria	Models and efficiencies monitored.
Decommission of Bores	None this quarter

Finance & Revenue

Strategies / Actions	Progress to 31st December 2010
Stepped tariff, with a differential applying between Wagga Wagga & Rural, subject to some concession for large year round users.	Stepped pricing applied.
New capital works are to continue to require capital contributions from developers. Specific works will be at full cost to the developer while headworks will be partly developer and partly water sales funded, as per the Development Servicing Plan	Funding balance achieved.

RECOMMENDED that the report detailing the progress achieved towards the various objectives set out in the 2010/2011 Operational Plan be noted and received.

4. REVIEW OF REGIONAL WATER QUALITY AND SECURITY BY INFRASTRUCTURE AUSTRALIA

On Monday 31st of January 2011 Infrastructure Australia, a division of the Australian Government, released a report titled *Review of Regional Water Quality and Security* (the report). A copy of the Press Release and the Executive Summary from the report are attached (refer attachment). A full copy of the report is available to Councillors on request or can be found at *www.infrastructureaustralia.gov.au*. Also attached (refer Attachment) for the information of councillors is a copy of a Press Release from the Presidents of the Local Government Shires Associations of New South Wales, issued on the same day.

Infrastructure Australia engaged AECOM Australia Pty Ltd to conduct this review.

The review looked at a sample of towns across Australia with populations between 2000 and 15,000 and with a reticulated water supply.

The AECOM report outlines the problems, analyses their causes, explores options and recommends a range of solutions. The key recommendations are to:

- Mandate compliance with Australian Drinking Water Guidelines through legislation or regulation.
- Implement a nationally consistent best practice management framework for all regional water utilities.
- Move towards more cost reflective water pricing.
- Develop a more highly skilled workforce to operate and maintain water systems in regional water utilities by developing a nationally consistent trade qualification.
- Reform the governance structure of regional water utilities in NSW and Queensland.

The Report also provides a suggested program for the implementation of the recommendations as follows:

1) ***Governance Structure Reform in NSW and Queensland***
The preferred governance reform option NSW and Queensland - Regional Water Corporations - should be a priority to allow for timely implementation of the other recommendations outlined in this report within these states. Regional Water Corporations should be implemented within two years.

2) ***Best Practice Management Framework and Reporting***
All water utilities should be required to publicly report on performance via the National Performance Reports within one year, though some may not be able to report on all performance indicators within this timeframe. The nationally consistent Best Practice Management Framework should be developed and made publicly available in two years. The creation and release of a self-assessment and audit tool for the Best Practice Management Framework should be undertaken within one year of the Framework being made publicly available. The Framework could be regulated or legislated within two years of public release of the guidelines, which would allow governance reform in NSW and Queensland to happen first.

3) ***Improved Water Pricing***
NWC should initiate a review of pricing in regional areas, which will inform development of appropriate pricing models for implementation by utilities servicing regional communities. This review can commence within the next 12 months.

4) ***Regulation or Legislation of the Australian Drinking Water Guidelines***
Requiring mandatory compliance with the guidelines would be needed to be tested against COAG's Best Practice Regulation guidelines, and this should be done within

one year. Compliance with the Australian Drinking Water Guidelines should then be legislated or regulated within two years of completion of governance structure reform in New South Wales and Queensland.

5) ***Develop a more highly skilled Workforce***
A nationally consistent training qualification for key water treatment and operations staff should be developed by Government Skills Australia within two years and included in the Australian Drinking Water Guidelines within four years.

Infrastructure Australia's next step is to develop "a plan of action" in response to the findings and recommendations contained within the Report. Feedback on the findings and recommendations of the Report are being sought by Infrastructure Australia up until 20 March 2011.

Of concern to Council should be the apparent lack of consultation that AECOM have had with local utilities and, apparently, with the relevant State Government departments. In reviewing volume 2 of the report would appear that much of the data collected is incomplete and it is difficult to ascertain whether the data collection process was robust in nature. An example of the poor data collection results that it lists as unknown the price per kilolitre for 5 of the 18 towns studied in NSW. A simple examination of the Management Plan of each of these Councils (all of which are on the internet) would have found this information. It is of major concern that only 18 towns were examined in each of NSW and Victoria, while 22 were investigated in Queensland, 20 in South Australia 14 in Western Australia and 7 in the Northern Territory.

References such as *"In particular, strategic decisions regarding maintenance and capital expenditure would no longer be made by a local council general managers" and "water utilities that are operated as part of the local governor structure experience rate pegging, reducing their ability to recover the cost of supplying water to consumers" demonstrates a complete lack of knowledge by the authors of the report as to how local governor operates in New South Wales.*

It should be noted that the County Council model is not even mentioned in the report. This is a major weakness, since this particular model meets the economies of scale advocated by the authors of the Report. This again suggests that there is some ignorance of the system of water utilities in NSW.

The authors of this report seem to have the attitude that a democratically elected Council is not able to appoint appropriately skilled staff to manage a water utility, yet an appointed board, *"with appointments to the board based on expertise in water utility management"*, is able to do so.

From the above recommendations those relating to mandatory compliance with the Australian Drinking Water Guidelines, implementing nationally consistent Best Practice Management Framework and developing a highly skilled workforce to have some validity. Those relating to Water Pricing and Governance Structure reform in NSW and Queensland should be of particular concern to Riverina water. While the report does not contain significant details on how these reforms may be implemented, it does indicate that Local Government's role and responsibilities for water delivery and pricing could be completely removed or, at least, significantly reduced should the Australian Government, and the States, adopt and implement the recommendations contained in the report.

The Report states (in part):

"*The preceding recommendations can only be effectively implemented in New South Wales and Queensland if the current governance structures are reformed. Our preferred reform*

model would see the urban water utility functions, currently performed by local government in New South Wales and Queensland, transferred to Government owned Regional Water Corporations, the responsible boundaries of which could match catchments, where practicable. Each Regional Water Corporation would be governed by an independent board, with appointments based on expertise in water utility management. The Board would appoint the senior management team of the Corporation. The Board would report to a relevant Government Minister against a set of conditions set in an operating license. Compliance with licence conditions mandated via relevant the legislation

The larger corporate structure is likely to give rise to increased efficiency. Government would remain the sole shareholder of each corporation. Regional water corporations would be large enough to warrant supervision by independent pricing and regulatory authorities in each state, and compliance with licence conditions, including tariff setting, would be formally assessed by those authorities.

There are a number of key advantages from implementing this governance model. First, the Regional Water Corporation Board and management would have unambiguous objectives related to the efficient and effective management of the Regional Water Corporation. In particular, strategic decisions regarding maintenance and capital expenditure would no longer be made by local council General Managers. Second, the larger size of each Regional Water Corporation is likely to have a better chance of attracting appropriately qualified professional staff. Third, the larger customer base of each Water Corporation means that the expense of 'lumpy' capital assets required to improve water quality and security in smaller towns can be spread across a large number of customers, spreading the impact from increases in residential bills. Finally, in time, Regional Water Corporations may be able to raise capital on hold wholesale financial markets in their own right, a funding option that is rarely available to local government in Australia.

There are two Regional Water Corporation ownership models operating in Australia at the moment that could guide decision-makers. Victorian Regional Water Corporations are wholly owned by the State Government of Victoria. In Tasmania, recent reform of the urban water sector in that state saw Water Corporations formed that are jointly owned by the councils that fall within the boundary of each Water Corporation"

Of the suggested programme for implementation the Report states:

"*Some recommendations are not new ideas and parts of the country will be more prepared for the reform proposed and others. Ease of implementation also varies depending on the current arrangements in that State and the appetite of each Government for water reform.*

While we do not believe that linking utility performance to State funding is a favourable means of achieving reform, Commonwealth Government assistance to the states could be helpful in achieving the objectives. To facilitate reform of the regional urban water sector, the Commonwealth Government could consider entering into funding agreements with the States, whereby successful and efficient implementation of agreed reforms by each State could attract a payment from the Commonwealth, in recognition of the costs of implementing wide-ranging reform.

COAAG has agreed to National Partnership Payments (NPP) under the Intergovernmental Agreement on Federal Financial Relations. Such a payment may be used to facilitate or reward nationally significant reforms or to support a specific project

Though the funding vehicle is different, implementation could be similar to the reform that occurred during the 1990s and 2000s, where each State agreed to implement a range of reforms to various sectors, ranging from reform of governance arrangements for water planning and management, to corporatisation of state-owned electricity and gas utilities. If NPP were used to incentivise and reward reform, COAG would verify that predetermined

milestones and performance benchmarks have been attained before the incentive payment is made."

It would appear that pressure is being applied by the Federal Government for New South Wales and Queensland to fall into line with water reform similar to that in other states. While the "control" of water currently falls under the jurisdiction of individual State Governments, the "carrot" of additional funding may prove too big to resist. This may also explain the lack of haste by the present NSW Government to make a decision regarding its own Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services in Non-Metropolitan NS which commenced in 2007. If the regionalisation of water utilities is inevitable then a concerted effort to retain the ownership and operation of water within regional NSW with local government would be necessary.

Council has previously made submissions to inquiries promoting similar types of reforms advocating the retention and promotion of the County Council model as the most appropriate method of providing water supply services to regional NSW. A submission to the Report along similar lines could be made should council still be of the same opinion.

RECOMMENDATION that:

1. The Review of Regional Water Quality and Security report be received and noted, and

2. Council make a submission to Infrastructure Australia advocating the retention and promotion of the County Council model as the most appropriate method of providing water supply services to regional New South Wales.

5. SHIRES ASSOCIATION OF NEW SOUTH WALES ANNUAL CONFERENCE

The Shires Association has acknowledged that the 2011 Annual Conference of the Shires Association will be held at the Wentworth Hotel, Sydney, from Monday 30th May 2011 to Wednesday, 1 June 2011. The closing date for the nomination of delegates and observers will be in early April 2011. The council was represented at the 2010 Conference by Councillors Kendall and McInerney and the General Manager (observer).

In conjunction with the Shires Association of New South Wales Annual Conference, the Local Government Managers Australia will be holding their annual one-day forum on Monday 30th of May 2011.

RECOMMENDED that:

a) Council be represented the Shires Association New South Wales 2011 annual conference;
b) Council delegate be the Chairman and the General Manager (observer);
c) The Chairman and General Manager be authorised to attend the Local Government Managers Australia annual one-day forum on 30 May 2011; and
d) Nomination be invited from any other Councillor to attend as an observer.

Yours faithfully

G.J. Haley
GENERAL MANAGER

Executive Summary

The performance of urban water utilities in Australia's capital cities and larger regional centres is now well understood, thanks to the nationally consistent performance monitoring framework implemented by the National Water Commission and the Water Services Association of Australia in 2007. Every utility in Australia supplying more than 50,000 connected properties now reports on a range of performance indicators, measuring everything from CO_2 emissions to the number of complaints made by their customers. Indeed, as a recent review of Urban Water Security Strategies in Australia demonstrates, the analysis and performance reporting for Australia's major water utilities is comprehensive.

However, the same cannot be said for smaller water utilities, where performance reporting is patchy and inconsistent. Consequently, it is virtually impossible to present a national picture of water quality and water security outcomes for those living in Australia's smaller regional towns. Notwithstanding inadequate available data, the evidence that is available demonstrates a definite need for action. A recent inquiry into the sustainability of non-metropolitan urban water utilities in New South Wales uncovered some worrying trends; 17 of the 106 utilities failed to comply with Australia's water quality standards, while only half of the very small utilities had water conservation and demand management plans in place.

Although the situation in other States has not been documented to the same extent, 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.

It is against this background that Infrastructure Australia initiated this review of water quality and water security for Australia's smaller communities, which is focused on those utilities that serve towns with populations of between 2,000 and 15,000 residents.

It is important to recognise that these utilities 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.

Regardless of the resources available to a utility, there is little that can be done to prevent prolonged drought and declining population. Therefore, this review focused on the systemic and institutional constraints that are seen as barriers to supplying high quality drinking water and achieving supply security.

The review explored a number of strategic policy solutions that could be implemented to remove the inherent barriers to achieving the desired level of water quality and water security, and suggests a number of options for reform. Finally, a range of implementation pathways are outlined.

Key Findings

a) While less than full cost recovery by some water utilities contributes to the inability to deliver safe and secure water supplies in regional communities, it is only part of the problem.

Less than full cost recovery is a common feature of water utilities servicing regional areas. However, even those utilities that earn sufficient revenue to allow a dividend payment to State Government shareholders sometimes fail to supply high quality water with acceptable security.

This suggests that under the current governance arrangements there are insufficient incentives for water utilities to meet their minimum water quality and water security service standards. It also implies that basing future changes to governance arrangements on the generation of economic resources is unlikely to be effective in isolation. Potential governance reforms to this sector should require utilities to meet performance standards, include mechanisms that transparently verify utility performance, and provide training to build knowledge and enable change.

b) Pricing water in order to recover the full cost of supply is currently difficult to achieve in many regional towns.

There is high variability in the price paid for water across regional communities. This is a result of many factors, including costs, but also pricing policies. On the cost side, the size and density of the water supply network, the capital cost for infrastructure in smaller towns and the per capita volume of water consumed are key factors. 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.

Pricing is a difficult issue, particularly because of community and local government sensitivity to price increases. However, many utilities servicing regional towns are not recouping the costs of supplying water, let alone providing for capital improvements. Many are charging prices significantly lower than in major urban areas, where economies of scale would be likely to mean lower cost. Without pricing reform, at least to cost reflective levels, many regional water utilities – even the larger ones – will remain unsustainable and water quality and security will suffer as a result.

Cross-subsidisation is a principle that needs to be acknowledged in the pricing discussion. Some utilities that service a larger geographic area spread the cost of water supply amongst all consumers – a solution not always supported by the larger regional or metropolitan communities that ultimately pay more for water to ensure neighbouring towns are serviced by safe and secure water supplies. Cross subsidisation using 'postage stamp pricing' is a principle that is applied in virtually all major urban water utilities as one of the costs that comes with the benefits of economic scale. Many regional communities benefit significantly from the application of this principle to the provision of mail and telephone services. Australians have broadly accepted the application of this principle in the water sector and this position needs to be recognised when sections of the community argue that they may be disadvantaged by this approach.

c) Water utilities servicing regional communities struggle to implement and comply with the Australian Drinking Water Guidelines – this is particularly so for smaller water utilities.

This is due to:

- Comparatively fewer human and financial resources, which is being exacerbated by declining population
- Relatively lower availability of technical knowledge and expertise
- Strong competition for skilled employees in regional areas
- Inadequate infrastructure to treat water and preserve water quality
- Poor processes for operation and maintenance of existing treatment infrastructure
- Lack of reporting and insufficient institutional incentive for utilities to comply with guidelines and licence requirements

Some regional communities are consequently exposed to a greater risk of illness from pathogens, algal toxins and other physical and chemical contaminants. Sections of the community with weakened immune systems are particularly at risk.

Although there have been no recorded deaths directly attributed to contaminated potable water in regional Australia, numerous 'boil water' notices and severe outbreaks of water quality related illness have been recorded in regional Australia.

d) A key reason for non-compliance is the absence of the necessary skills, experience and knowledge in water in many regional communities.

Both water supply managers and operators have a critical role in achieving Australian Drinking Water Guidelines compliance. Without adequate knowledge, skills and training in regional areas at the managerial and operations levels, there is a poor understanding of the scope of the Australian Drinking Water Guidelines, how they should be implemented, and why implementation is important. The potential consequences of compliance breaches are not fully appreciated and the role of the operator in actively managing water quality is poorly understood. This leads to inadequate operation, maintenance and documentation practices that contribute to poor water quality.

Treatment plant operators working in regional areas do not receive access to the same level of training provided in the larger metropolitan areas. This is significant due to the link between the knowledge and experience of operation and maintenance staff and the safety of drinking water delivered to consumers.

The Commonwealth Government has acknowledged the significance of Australia's water skills shortage following a national audit of labour and skills in the industry in 2008. Consequently, the Council of Australian Governments (COAG) committed to a National Water Skills Strategy, which aims to improve retention and training, particularly in regional and remote Australia. The Commonwealth Government has agreed to provide up to $1.1 million in support of the 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.

e) Improving training and wider compliance with Australian Drinking Water Guidelines could deliver significant benefits.

Better skilled operators will be more capable of facilitating and enhancing compliance with Australian Drinking Water Guidelines. Improved compliance with the Guidelines will increase the quality of water supplied to the consumer and generate a range of socio-economic benefits.

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. Ad hoc and reactionary planning and funding will decrease, resulting in significant cost savings.

Improved training will also help raise the status and recognition of water system operators. Recruitment and retention of skilled staff in regional areas are also likely to be facilitated as water operations becomes an identifiable career path.

f) Achieving water security in regional areas is a relatively more complex task than in major urban areas because, unlike in Australia's cities, towns in regional Australia often share the same water source and this resource may be utilised by a number of water utilities.

Regional communities often share water resources with large water consumers such as irrigators, whereas most metropolitan utilities enjoy comparatively less competition for supply. Regional communities also usually share the main water source with other towns.

Sharing the same resource means that decisions made by regional utilities involve far reaching impacts, across the catchment and water system as a whole. Delivering certainty of supply, and hence water security, across a catchment therefore requires a high degree of coordination between all water users; currently this does not happen consistently. Where multiple users operate within a catchment, urban reuse schemes can have unintended consequences, with negative outcomes for downstream customers and environmental flows, as treated effluent is no longer returned to the river.

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.

The Commonwealth has recognised these challenges and in response committed $254.8 million under the National Water Security Plan for Cities and Towns to fund projects that save water and reduce water losses in locations with population less than 50,000. A further $200 million has been committed under the Strengthening Basin Communities Program, which will assist communities in the Murray-Darling Basin to understand and adapt to a future with less water

g) Many planning and regulatory frameworks for the water sector are focussed at a catchment level, which typically is not the case for water utility planning, particularly in NSW and QLD.

It has long been recognised that the management of Australia's water resources according to institutional boundaries (such as State borders) has been a key barrier to achieving sustainable outcomes. Indeed, the Murray Darling Basin Plan is designed to remove this impediment.

The fact that urban water planning in parts of regional Australia continues to be defined by local government boundaries stands out as an oddity in Australia's water resource management framework. It contrasts with the approach in NSW, for example, where catchment-based water sharing plans provide a rational approach to sharing the water resource between users and the environment and, for users, between town supply, rural domestic supply, stock watering, industry and irrigation. This approach indicates that more sustainable models can be implemented.

The consequences from this regulatory framework are best illustrated through the example of water restriction regimes. The definition and application of water restrictions is governed by the water utility and is therefore applied on a supply system basis. This means that water restriction definitions and triggers are often not applied consistently within a catchment, though the water is being abstracted from the same resource.

In NSW, the regulator reserves the right to overrule water restriction decisions made by water utilities to protect the overall security of the water resource. This is irrespective of the plans that utilities have developed to inform such decisions. Thus the actions of these small utilities in delivering water security are often rendered ineffective.

h) Significant benefits could be achieved by aligning water business reporting, planning and management across regional Australia.

Water business related planning is not performed well in regional areas compared with the planning undertaken for metropolitan utilities and larger regional centres. Planning practices also differ between States, and as a result, the management of factors such as drought, demand, water quality, climate change and capital infrastructure is not achieved in a consistent manner and more importantly, not performed adequately in some parts of the country.

A direct outcome of this is that performance reports and forward planning documents are structured differently and different statistical performance measures are used. Consequently, it is very difficult to compare the effectiveness of water utilities across the nation, to develop an accurate picture of the current situation or to assess preparedness for the future.

A standard national approach would streamline performance statistics and assist governments in evaluating the need for supplemental funding. It would foster competition between the utilities which should generate more rapid progress towards the objectives of the National Water Initiative. Regulation and monitoring will be a simpler and more efficient process.

i) If water governance arrangements for water utilities in NSW and Queensland were on a catchment basis, as is the case in Victoria, significant benefits could be achieved.

Under a model similar to that in Victoria, water quality and security planning could be implemented more efficiently and, as noted in g) above, would be consistent with existing catchment based resource management plans. These outcomes would be achieved because:

- Larger, regionally significant utilities would be more likely to attract highly skilled water staff, financial and asset management planners
- 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
- Utilities would be large enough to justify oversight by existing independent pricing regulators, delivering transparency in decision making and greater economic efficiency

Action is required now to address the institutional barriers to smaller water utilities delivering healthy water quality and water security, as the costs of inaction will only continue to grow.

Key Recommendations

As our key findings suggest, this review found that in terms of water quality, there is an Australia-wide need for improvement, while the institutional barriers to delivering water security are largely confined to NSW and Queensland. The key recommendations are summarised below.

1) Mandate compliance with Australian Drinking Water Guidelines through legislation or regulation

Under existing legislation or regulatory instruments such as operating licenses, many urban water utilities in Australia are not required to comply with the Australian Drinking Water Guidelines beyond particular water quality targets. Where compliance mechanisms do exist, the procedures for investigating and penalising non-compliance often do not provide sufficient incentive for utilities to meet their objectives.

Mandating compliance will provide utilities with a clear motivation to observe and fulfil their requirements. Each State should therefore amend the relevant legislative or regulatory framework to require mandatory compliance. This recommendation may require some flexibility in how the various elements of the Australian Drinking Water Guidelines and water quality parameters are regulated to ensure the regulation is effective and targets the risks within each water supply.

Additionally, in communities where full compliance is not practicable, regulatory exceptions would be available, with the agreed service level communicated to consumers so that they can make educated decisions regarding protection of their own health.

All regulation and legislation should include State Health departments as the health-based regulatory body responsible for monitoring, testing and reporting on drinking water quality.

Independent regulatory authorities would be responsible for non-health based audit and reporting to ensure independent review is performed (e.g. IPART in NSW). All utilities would be required to publically report on drinking water quality and audit results, which should also be published on their own websites. Appropriate

responses to various levels of non-compliance should also be implemented, with priority placed on health related non-conformances.

To assist utilities in complying with the full Australian Drinking Water Guidelines requirements, a sufficiently robust self-assessment tool and audit instrument should be identified and adopted as an industry wide standard.

2) Implement a nationally consistent Best Practice Management Framework for all urban water utilities

All water authorities supplying water to urban consumers (regional and metropolitan) should be required to report to the National Water Commission and the Water Services Association of Australia on performance, with the results to be published annually in the National Performance Report.

By streamlining performance monitoring information, a nationally consistent Best Practice Management Framework for urban water utilities could be facilitated. This framework would be the key instrument through which national urban water reform would be enabled.

The Framework development process would require a stocktake of current management frameworks both in Australia and internationally, and would take into account existing agreements such as the COAG National Urban Water Planning Principles and the NWI Pricing Principles. The National Performance Report KPIs would be updated to align with the intentions of the Best Practice Management Framework. The framework could include the following components:

- Planning processes and assumptions for Integrated Water Management
- Water security planning and water restriction definitions
- Climate change planning
- Drought management
- Demand management
- Emergency response
- Forward planning to allow measurement of forward looking metrics
- Asset management
- Pricing principles
- Consistent reporting requirements for input into the National Performance Reports

Self-assessment and independent review of compliance should also be enabled, with appropriate responses to non-conformance implemented. This would require construction of a self-assessment and audit tool following public availability of the Framework.

3) Improved Water Pricing

Significantly more work is required to ensure utilities servicing regional communities are operating commercially. Such reform needs to acknowledge equity and political issues that may arise as a result of changes to water prices, but these issues do not preclude such reform from proceeding.

Further investigation into the structures available to achieve more cost reflective pricing water pricing in regional towns should be undertaken. This investigation should take into account both utilities servicing localised areas, as well as larger regionally based utilities servicing a range of communities. State and Territory governments should play a key role this activity, in collaboration with the National Water Commission.

There are policy implications in attempting to target both efficiency and equity objectives through the price mechanism. A suggested route is that the price of water should be set to reflect costs of supply, and adverse impacts on vulnerable consumers be addressed through compensating payments made via the welfare system. One approach could be for such a payment to cover the fixed access charge of a typical residential bill while still exposing all water users to the variable element of the bill that reflects the actual amount of water used.

4) Develop a more highly skilled workforce to operate and maintain water systems in regional water utilities by developing a nationally consistent trade qualification

Continue to build on the initial progress made under the COAG National Water Skills Strategy to develop a nationally consistent qualification in water treatment and operations with progress overseen by the Water Industry Skills Taskforce.

This would include a review of existing training and trainers to determine opportunities for improvement in delivery. A review process would also be developed to ensure training standards are maintained and that the program is continuously updated in light of new industry developments.

- This qualification should only be delivered by registered training organisations, and improved emphasis placed on the quality of training, via more meaningful and regular auditing, particularly in regional areas.
- To ensure risks posed by under-trained operators are managed, the Australian Drinking Water Guidelines should be amended to ensure, that, at minimum, the lead water treatment plant operator is trade qualified to operate and maintain water systems.

5) Reform the governance structure of regional water utilities in NSW and Queensland

The preceding recommendations can only be effectively implemented in NSW and Queensland if the current governance structures are reformed. Our preferred reform model would see the urban water utility functions currently performed by local government in NSW and Queensland transferred to Government owned Regional Water Corporations, the responsible boundaries of which would match catchments to the extent practicable. Each Regional Water Corporation would be governed by an independent board, with appointments to that board based on expertise in water utility management. The board would appoint the senior management team of the Corporation. The board would report to a relevant Government Minister against a set of conditions set in an operating licence. Compliance with licence conditions would be mandated via relevant legislation.

The larger corporate structure is likely to give rise to increased efficiency. Government would remain the sole shareholder of each corporation. Regional Water Corporations would be large enough to warrant supervision by independent pricing and regulatory authorities in each state, and compliance with licence conditions, including tariff setting, would be formally assessed by those authorities.

There are a number of key advantages from implementing this governance model. First, the Regional Water Corporation Board and management would have unambiguous objectives related to the efficient and effective management of the Regional Water Corporation. In particular, strategic decisions regarding maintenance and capital expenditure would no longer be made by local council General Managers. Second, the larger size of each Regional Water Corporation is likely to have a better of chance of attracting appropriately qualified professional staff. Third, the larger customer base of each Water Corporation means that the expense of 'lumpy' capital assets required to improve water quality and security in smaller towns can be spread across a larger number of customers, spreading the impact from increases in residential bills. Finally, in time, Regional Water Corporations may be able to raise capital on wholesale financial markets in their own right, a funding option that is rarely available to local government in Australia.

There are two Regional Water Corporation ownership models operating in Australia at the moment that could guide decision makers. Victorian Regional Water Corporations are wholly owned by the State Government of Victoria. In Tasmania, recent reform of the urban water sector in that state saw Water Corporations formed that are jointly owned by the councils that fall within the boundary of each Water Corporation.

An alternative to the Regional Water Corporation reform option is the creation of larger State-based utilities (excluding current metropolitan utilities) in NSW and Queensland. However, the potential efficiency gains derived from a utility of this size may be outweighed by the considerably higher costs associated with this method of reform.

A third solution is for "mandatory" regional alliances to be established, governed by a board consisting of representatives from each Council, the State water departments and the Catchment Management Authorities in the region. Precedent for this governance model can be found in the form of the Lower Macquarie Water Utilities Alliance currently operating in NSW. However, this should be seen as an interim stage in the progression towards Regional Water Corporations.

Reform Strategy

Some of the above recommendations are not new ideas and parts of the country will be more prepared for the reform proposed than others. Ease of implementation also varies depending on the current arrangements in that State and the appetite of each Government for water reform.

While we do not believe that linking utility performance to State funding is a favourable means of achieving reform, Commonwealth Government assistance to the States could be helpful in achieving the objectives. To facilitate reform of the regional urban water sector, the Commonwealth Government could consider entering into funding agreements with the States, whereby successful and efficient implementation of agreed reforms by each

State could attract a payment from the Commonwealth, in recognition of the costs of implementing wide-ranging reform.

COAG has agreed to National Partnership Payments (NPP) under the Intergovernmental Agreement on Federal Financial Relations. Such a payment may be used to facilitate or reward nationally significant reforms or to support a specific project.

Though the funding vehicle is different, implementation could be similar to the reform that occurred during the 1990s and 2000s, where each State agreed to implement a range of reforms to various sectors, ranging from reform of governance arrangements for water planning and management, to corporatisation of state-owned electricity and gas utilities. If NPP were used to incentivise and reward reform, COAG would verify that pre-determined milestones and performance benchmarks have been attained before the incentive payment is made.

Where regulation is recommended, implementation should also include a review of the consequences of policy change with respect to the objectives of COAG's Best Practice Regulation guideline.

The program for implementation of the recommendations is as follows:

1) Governance Structure reform in NSW and Queensland

The preferred governance reform option in NSW and Queensland – Regional Water Corporations – should be a priority to allow for timely implementation of the other recommendations outlined in this report within these States. Regional Water Corporations should be implemented within two years.

2) Best Practice Management Framework and Reporting

All water utilities should be required to publicly report on performance via the National Performance Reports within one year, though some may not be able to report on all performance indicators within this timeframe.

The nationally consistent Best Practice Management Framework should be developed and made publicly available within two years. The creation and release of a self-assessment and audit tool for the Best Practice Management Framework should be undertaken within one year of the Framework being made publicly available. The Framework could be regulated or legislated within two years of public release of the guidelines, which would allow governance reform in NSW and Queensland to happen first.

3) Improved Water Pricing

NWC should initiate a review of pricing in regional areas, which will inform development of appropriate pricing models for implementation by utilities servicing regional communities. This review can commence within the next 12 months.

4) Regulation or Legislation of the Australian Drinking Water Guidelines

Requiring mandatory compliance with the Guidelines will need to be tested against COAG's Best Practice Regulation guidelines, and this should be done within one year. Compliance with the Australian Drinking Water Guidelines should then be legislated or regulated within two years of the completion of governance structure reforms in NSW and Queensland.

5) Develop a more highly skilled Workforce

A nationally consistent training qualification for key water treatment and operations staff should be developed by Government Skills Australia within two years and included in the Australian Drinking Water Guidelines within four years.

NSW councils slam Infrastructure Australia Report

The Local Government and Shires Associations of NSW (LGSA) have rejected key findings in a Report into Local Water Utilities (LWUs) released today by Infrastructure Australia, saying there was no consultation with key players and relevant data that acknowledges councils are best placed to deliver these services has been conveniently ignored.

The Regional Towns Water Quality and Security Review Report recommends wholesale amalgamation and corporatization of non-metropolitan LWUs in NSW, with the transfer of ownership to State Government Water Corporations.

President of the Shires Association of NSW, Cr Bruce Miller, said the LGSA challenges many of the key findings and strongly objects to the way the Review has been conducted.

"We're furious at the lack of consultation, selective data collection and clearly flawed findings of the Infrastructure Australia Report in to Local Water Utilities," said Cr Miller.

"The LGSA have already called on the Minister for Infrastructure and Transport, the Hon Anthony Albanese, not to accept this Report on face value and requested that he consult with us and the relevant NSW State Government agencies before acting on it. We're also calling on the NSW Government and Opposition to immediately and publicly reject the Report," he said.

"Local Government is responsible for water and sewerage services outside the Sydney and Hunter regions of NSW and the consultants that have "researched" this Report have not even bothered getting our opinion and have appeared not to have even sought the relevant state agencies'.

"These eleventh hour proposals threaten to derail the comprehensive and all but concluded LWU review process that has been underway in NSW with the State Government since 2007.

"The Report barely brushes on the NSW Review and also conveniently ignores objective data which shows the strong performance of NSW LWUs and solid improvements in quality, productivity and water security that have been made by this sector over the past decade."

President of the Local Government Association, Cr Keith Rhoades AFSM, said it is widely acknowledged that councils are consistently delivering best-practice water management and the 106 Local Water Utilities in NSW are well placed to manage water supplies and sewerage.

"Contrary to the outdated and discredited leanings of agencies such as Infrastructure Australia, it's not necessary to have national uniformity in service delivery models," said Cr Rhoades.

"It's the outcomes that count. Ninety six per cent of NSW LWUs are achieving full cost recovery for water supply and 68 per cent have commenced integrated water cycle management," he said.

"The LGSA have proposed a regional alliance model that would deliver ongoing improvements in water security and quality standards through the sharing of resources.

"It just makes sense for councils to continue to handle water management -we're performing at best practice levels, we know what local priorities are and we can provide a whole-of community approach to water management - something that other agencies are not in a position to do."

Media Enquiries

Kate Carragher-Hughes LGSA Senior Media Officer: 0427 109 593
Cr Bruce Miller President, Shires Association: 0428 629 934
Cr Keith Rhoades AFSM President, Local Government Association: 0408 256 405

RIVERINA WATER COUNTY COUNCIL

DIRECTOR OF ENGINEERING'S REPORT TO THE GENERAL MANAGER

FOR DISTRIBUTION TO COUNCILLORS

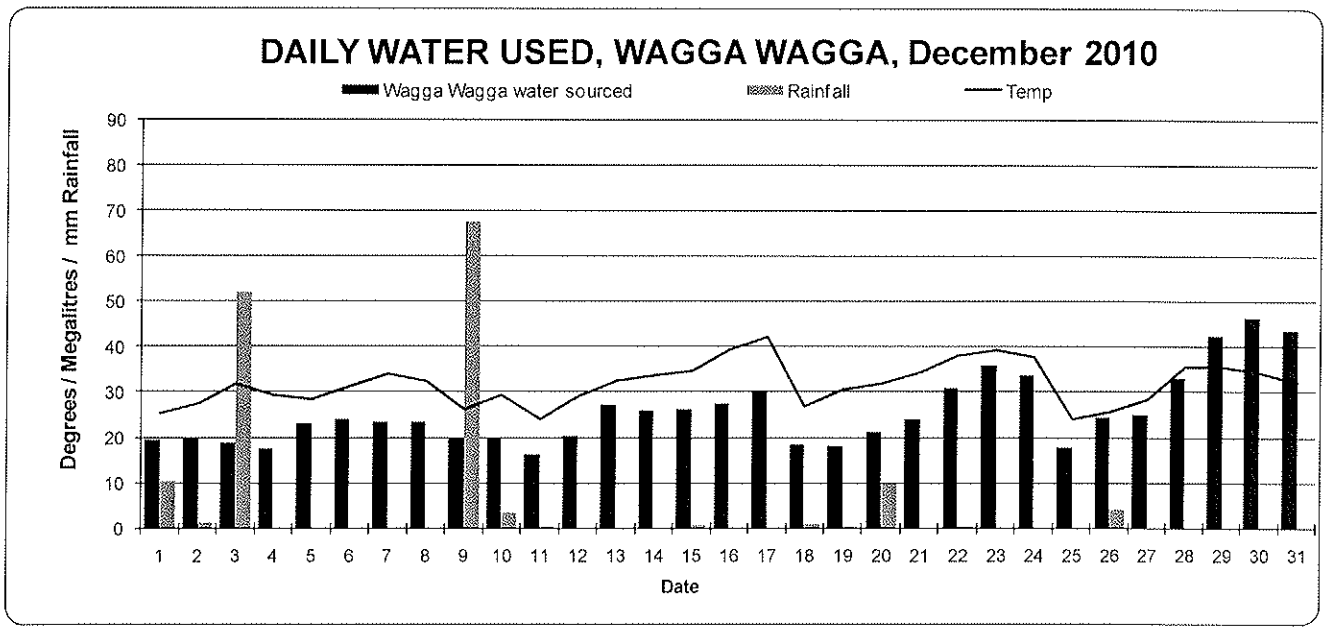
11TH January 2011

1 THE WORKS REPORT COVERING DECEMBER 2010

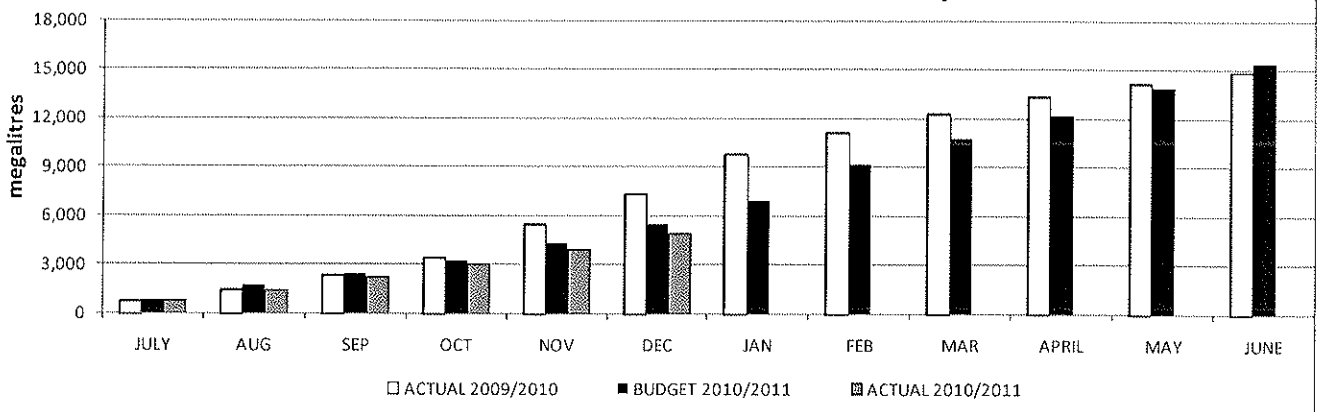
1.1 WATER SOURCED AND USED

December	2008	2009	2010
Rainfall	48.4	65.1	151.2
Wet Days	6	6	12
WATER SOURCED December 2010 (Ml)			
North Wagga bores	232.66	248.40	143.69
West Wagga bores	433.80	461.37	383.85
East Wagga bores	265.66	290.53	254.49
Murrumbidgee River	625.74	731.57	130.34
SUB-TOTAL	**1,557.86**	**1,731.87**	**912.37**
Bulgary Bores	50.53	61.36	34.35
Urana Source	6.35	9.47	6.80
Ralvona Bores	30.50	35.03	17.87
Walla Walla Bores	27.07	31.47	20.28
Goldenfields Water Supply System	2.34	3.98	2.94
SUB-TOTAL	**116.79**	**141.31**	**82.24**
Woomargama	1.68	1.96	1.07
Humula	1.19	1.60	0.56
Tarcutta	4.68	5.17	3.73
Oura	5.68	5.90	6.08
Walbundrie	3.48	3.89	2.23
Morundah	1.01	1.17	0.76
Collingullie	8.15	8.37	4.24
SUB-TOTAL	**25.87**	**28.06**	**18.67**
TOTALS	**1,700.52**	**1,901.24**	**1,013.28**

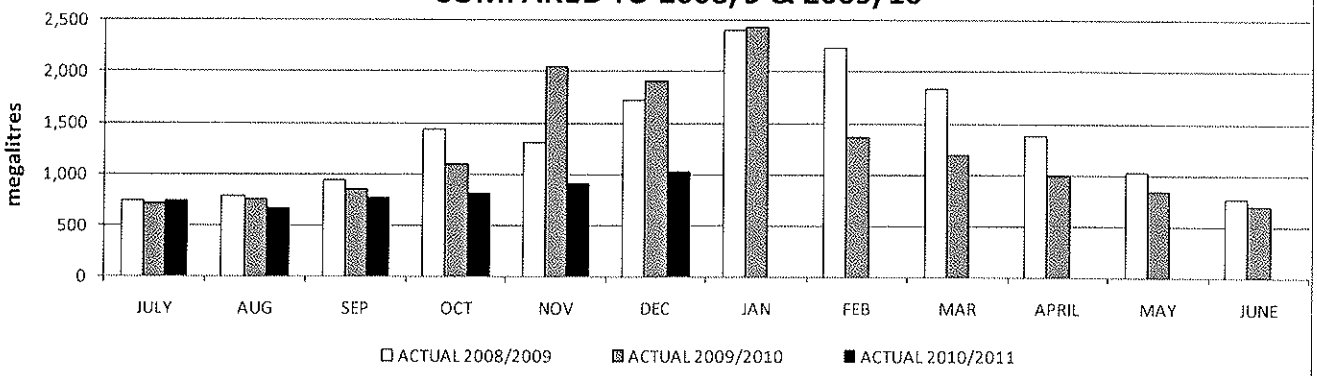
WATER USED December 2010 (Ml)			
	2008	2009	2010
East Bomen	21.41	23.02	13.41
Estella	93.15	98.32	47.94
North Wagga	86.87	85.27	54.40
Wagga Wagga – Low Level	320.68	239.29	196.33
Wagga Wagga – High Level	813.85	950.57	425.25
Wagga Wagga – Bellevue Level	90.56	104.67	47.10
SUB-TOTAL	**1,426.52**	**1,501.14**	**784.43**
Ladysmith	5.87	7.92	3.70
Brucedale	25.20	29.10	19.64
Currawarna	17.17	18.29	8.80
Rural south from Wagga Wagga	126.40	181.02	107.54
Rural from Walla Walla Bore	0.00	31.47	20.28
Milbrulong, Lockhart and Boree Creek	30.73	35.52	20.90
Urana and Oaklands	25.89	32.24	18.45
Holbrook	30.50	35.03	17.87
SUB-TOTAL	**261.76**	**370.59**	**217.18**
Woomargama	1.68	1.96	1.07
Humula	1.19	1.60	0.56
Tarcutta	4.68	5.17	3.73
Oura	5.68	5.90	6.08
Walbundrie/Rand	3.48	3.89	2.23
Morundah	1.01	1.17	0.76
Collingullie	8.15	8.37	4.24
SUB-TOTAL	**25.87**	**28.06**	**18.67**
TOTALS	**1,714.15**	**1,899.79**	**1,020.28**



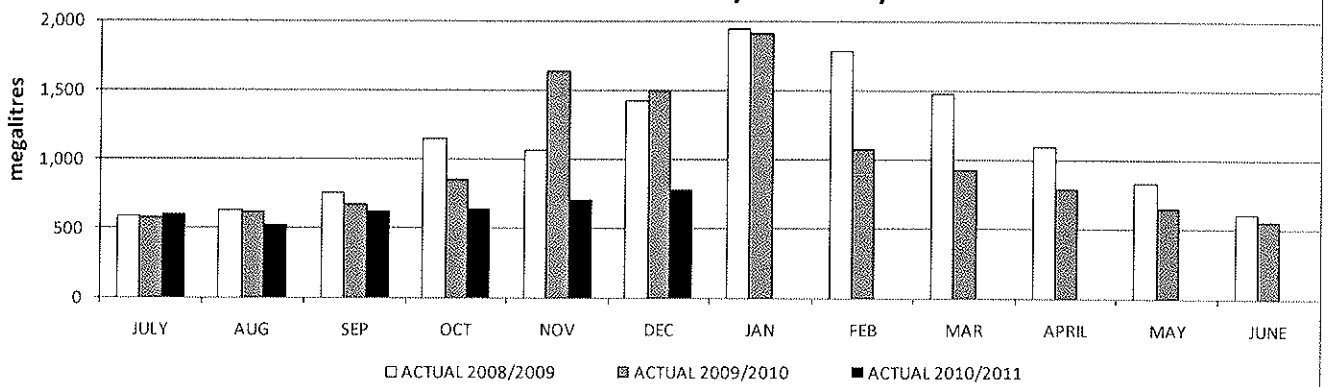
TOTAL CUMULATIVE WATER USED 2010/2011



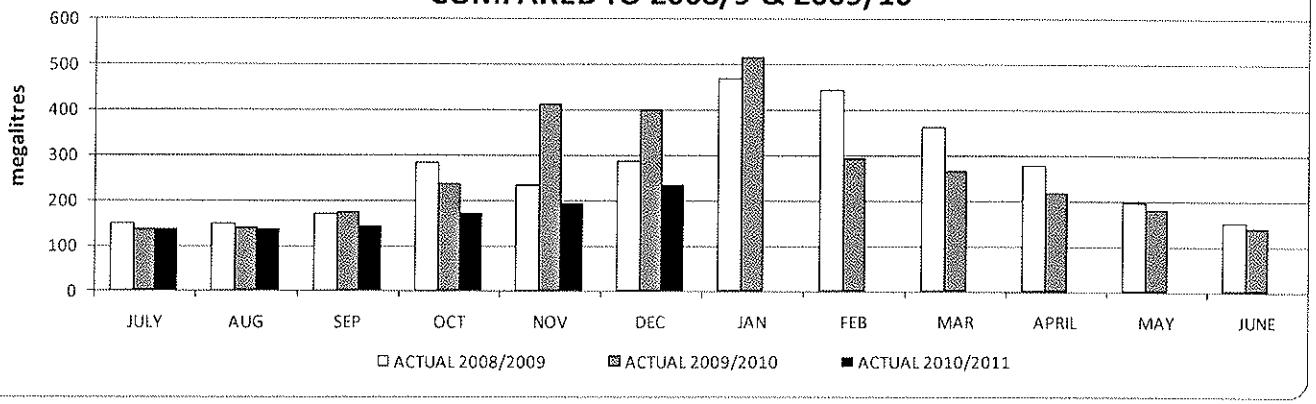
MONTHLY TOTAL WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



MONTHLY WAGGA WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



MONTHLY RURAL WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



1.2 NEW SERVICE CONNECTIONS, REPAIRS, METERS, LOCATIONS & COMPLAINTS FOR THE MONTH OF DECEMBER 2010

Location	New Connect., Residential	New connect., Non Residential	Services Renewed	Services Repaired	Quality Complaints	Supply Complaints *	Customer dealings complaints	Other Complaints	Frost damage	Meter or Metercock fault	Leaking valves or hydrants	Locations
Wagga Wagga	6	1		37	1	4				32	9	9
Brucedale											1	
Currawarna				1								
Euberta												
Humula												
Ladysmith				1								
Oura				1	1	1						
San Isidore										1		
Tarcutta												
The Gap												
Bulgary												
Collingullie												
French Park												
Lockhart											2	
Mangoplah												
Milbrulong												
Pleasant Hills												
The Rock				1						1		
Uranquinty				4								
Yerong Creek												
Culcairn												
Henty				2						1		
Holbrook		1		1						1		
Morven					1					1		
Walbundrie												
Walla Walla			1	1								
Woomargama										1		
Boree Creek												
Morundah												
Oaklands												
Rand												
Urana												
TOTAL	6	2	1	49	3	5	0	0		38	12	9

1.3 WATER SYSTEM REPAIRS

WAGGA WAGGA

Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost Kl
1	Kyeamba Ave	Lake Albert	100 AC	Pipe Failure (not specified)	No	3:30	24	27
3	Kincaid St	Wagga Wagga	100 BPVC	T/ Band Broken/Leaking	No	2:00	79	3
3	62 Maple Rd	Lake Albert	100 AC	Pipe Failure (not specified)	No	2:00	4	64
5	Mitchell Rd	Lake Albert	100 AC	Pipe Failure (not specified)	Yes	0:00	0	10
8	Walana Cr	Kooringal	100 AC	Pipe Failure (not specified)	No	3:00	37	3
12	67 Urana St	Turvey Park	250 AC	Pipe Failure (not specified)	No	4:45	21	3
15	Hodson Ave	Turvey Park	100 AC	Pipe Failure (not specified)	No	2:30	0	1
15	Croaker St	Turvey Park	100 AC	Pipe Failure (not specified)	No	2:30	0	1
20	Hammond Ave	East Wagga	100 DICL	T/ Band Broken/Leaking	No	1:30	1	10
22	Adjin St	Tolland	150 AC	Pipe Failure (not specified)	No	4:10	43	10
22	Lake Albert Rd	Kooringal	100 AC	Pipe Failure (not specified)	Yes	0:00	0	5
26	27 Blake St	Wagga Wagga	100 AC	Tree Roots	No	2:30	0	0
26	10 Condon Ave	Mt Austin	100 AC	Tree Roots	Yes	0:00	0	0
31	Berry St	Wagga Wagga	100 AC	Pipe Failure (not specified)	Yes	0:00	0	18
					TOTALS	4:25	209	155

Total Breaks – 14 | Breaks needing shut off - 10 | Breaks affecting customers – 7

RURAL

Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost Kl
3	Culcairn - Holbrook rd.	Morven	150 AC	Pipe Failure - Ground Movement	No	3:15	10	0
6	Downside-Shepherds Siding Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	36
8	Downside - Coursing prak	Brucedale	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	18
9	Old Narrandera Rd	The Gap	50 PVC	Pipe Failure - Ground Movement	No	8:45	1	0
9	COACH ST	Morven	100 AC	Pipe Failure - Ground Movement	No	5:00	15	10
16	Jennings rd.	Culcairn	200 AC	Pipe Failure - Ground Movement	No	5:30	4	800
17	" Killarny" Clancy's Lane	Pleasant Hills	32 PVC	Tree Roots	Yes	0:00	0	0
17	Jennings rd.	Culcairn	200 AC	Pipe Failure - Ground Movement	No	4:30	4	500
19	Orme Street.	Boree Creek	100 AC	Pipe Failure - Ground Movement	No	1:00	6	500
29	Gap Hall - Downside Rd	The Gap	100 WPVC	Pipe Failure (not specified)	No	1:30	0	0
23	Jennings Lane	Culcairn	200 AC	Pipe Failure - Ground Movement	No	7:00	7	100
27	Price's Rd	Brucedale	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	18
28	O' Connell Street.	Lockhart	100 AC	Tree Roots	No	0:30	8	150
					TOTALS	13:00	55	2,132

Total Breaks – 13 | Breaks needing shut off - 9 | Breaks affecting customers – 8

1.4 WATER QUALITY COMPLAINTS

Water quality complaints received during December 2010 were:

Date	Location	Problem	Action Taken
3/12/2010	Parkins Lane, Oura	Milky water	Flushed service
9/12/2010	107 Tompson St, Wagga	Dirty water	Old pipework
12/12/2010	Culcairn/Holbrook Rd, Morven	Dirty water on 2 properties	Flushed service and main
24/12/2010	39 grove St, Wagga	Water tastes like mildew	Consumer flushed house. All Ok on call back

1.5 MAINS CONSTRUCTIONS

1.5.1 MAINS EXTENSIONS AND NEW WORKS

New water mains laid during December 2010 include:

LOCATION	PROJECT	200
		oPVC
Bourkelands Stage 20A	Mains Extension	75
	TOTAL	75

1.5.2 REPLACEMENT OF EXISTING MAINS

Mains replaced during December 2010 include:

LOCATION	PROJECT	100	150
		DICL	DICL
Dalton St	Mains Replacement	77	
Croaker St	Mains Replacement	98	
Spring St, Tarcutta	Mains Replacement		44
Argent St, Tarcutta	Mains Replacement	269	
	TOTAL		488

1.6 OTHER CONSTRUCTION

No other construction works during December 2010.

1.7 MAJOR REPAIRS / OVERHAULS

Major repairs/overhauls during December 2010 include:

LOCATION OR PROJECT	WORK DONE
Tarcutta Bore No4	Switchboard and power supply replaced.
Galore	New repeater installed.
Tarcutta WTP	Remove and reinstall pumps during flood.
Urana WTP	Install pre-dose soda ash dosing system.
Round Reservoir	Drain, clean and inspect.

1.8 STAFF TRAINING & SAFETY

The following training and/or safety activities were undertaken during December 2010:

Training or Programme	No. of Staff
Blue Green Algae	1

RECOMMENDATION that this report be received and noted.

G.W. Pieper
GENERAL MANAGER

RIVERINA WATER COUNTY COUNCIL

DIRECTOR OF ENGINEERING'S REPORT

TO COUNCIL MEETING FEBRUARY 2011

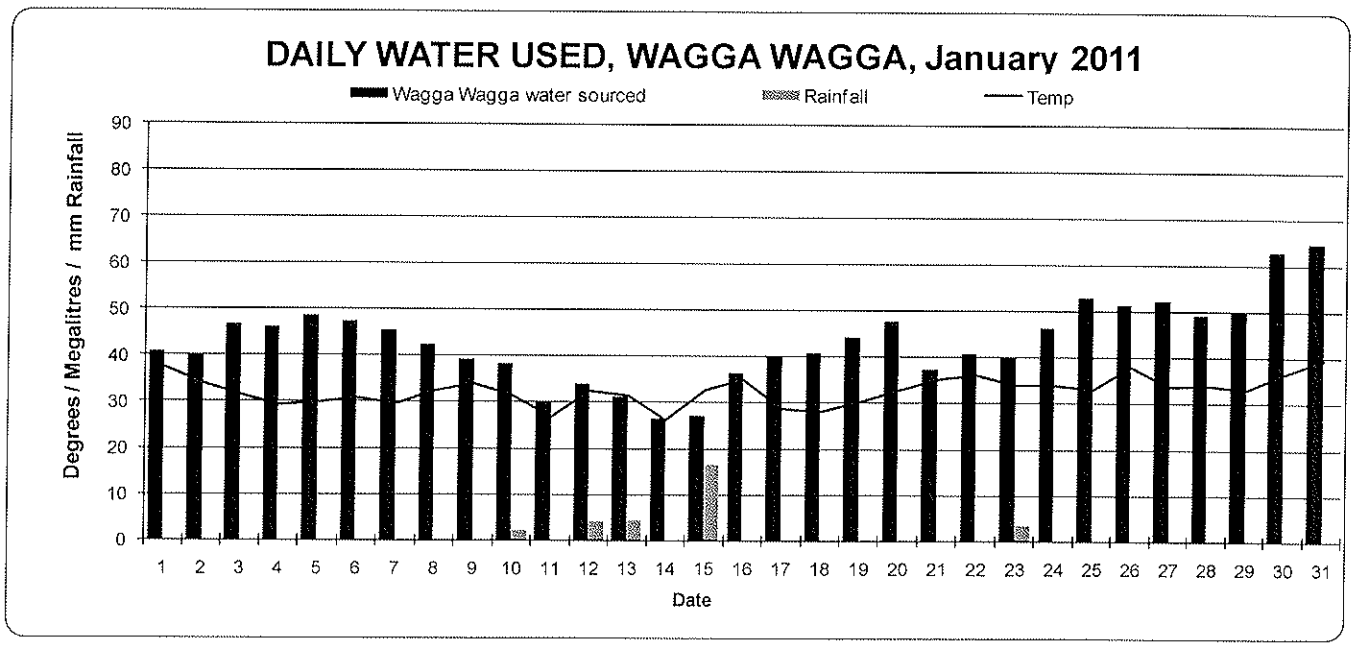
9th February 2011

1 THE WORKS REPORT COVERING JANUARY 2011

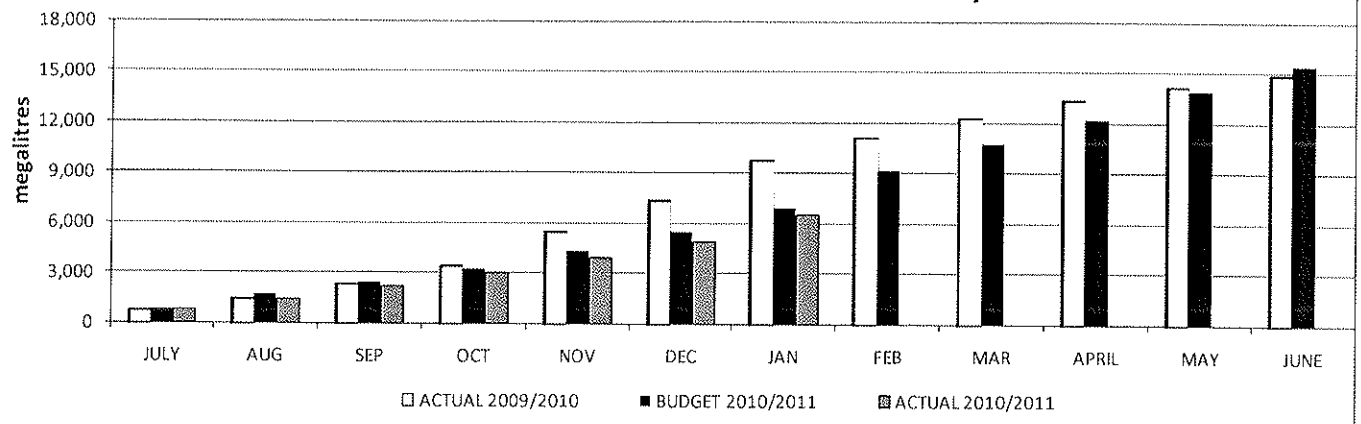
1.1 WATER SOURCED AND USED

January	2009	2010	2011
Rainfall	28.8	7	30.8
Wet Days	3	2	5
WATER SOURCED January 2011 (Ml)			
North Wagga bores	309.21	294.10	206.01
West Wagga bores	552.99	486.18	381.51
East Wagga bores	308.03	360.81	106.98
Murrumbidgee River	1,065.44	1,062.10	761.87
SUB-TOTAL	**2,235.67**	**2,203.19**	**1,456.37**
Bulgary Bores	73.55	83.06	47.75
Urana Source	15.96	15.46	7.22
Ralvona Bores	43.25	43.36	23.39
Walla Walla Bores	39.39	35.52	20.40
Goldenfields Water Supply System	3.62	3.46	3.33
SUB-TOTAL	**175.77**	**180.86**	**102.09**
Woomargama	3.00	2.32	1.28
Humula	1.97	2.05	1.05
Tarcutta	7.60	6.69	5.61
Oura	7.18	7.89	5.90
Walbundrie	5.65	5.92	3.20
Morundah	1.70	1.52	1.30
Collingullie	11.84	10.00	8.83
SUB-TOTAL	**38.94**	**36.39**	**27.17**
TOTALS	**2,450.38**	**2,420.44**	**1,585.63**

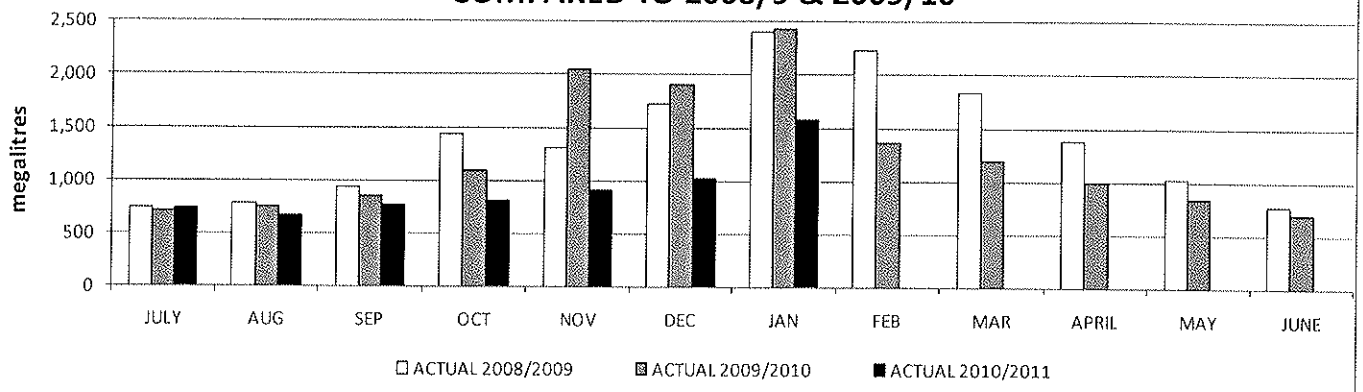
WATER USED January 2011 (Ml)			
	2009	2010	2011
East Bomen	29.01	21.52	3.20
Estella	117.50	107.01	83.43
North Wagga	93.49	107.78	80.33
Wagga Wagga – Low Level	311.80	280.14	228.38
Wagga Wagga – High Level	1,245.89	1,247.31	791.77
Wagga Wagga – Bellevue Level	141.92	147.73	68.54
SUB-TOTAL	**1,939.61**	**1,911.49**	**1,255.65**
Ladysmith	13.92	9.91	6.50
Brucedale	39.52	39.12	29.48
Currawarna	22.52	23.97	13.38
Rural south from Wagga Wagga	222.59	233.63	148.39
Rural from Walla Walla Bore	0.00	35.52	20.40
Milbrulong, Lockhart and Boree Creek	46.44	52.16	28.79
Urana and Oaklands	42.18	42.27	23.80
Holbrook	43.25	43.36	23.39
SUB-TOTAL	**430.42**	**479.94**	**294.13**
Woomargama	3.00	2.32	1.28
Humula	1.97	2.05	1.05
Tarcutta	7.60	6.69	5.61
Oura	7.18	7.89	5.90
Walbundrie/Rand	5.65	5.92	3.20
Morundah	1.70	1.52	1.30
Collingullie	11.84	10.00	8.83
SUB-TOTAL	**38.94**	**36.39**	**27.17**
TOTALS	**2,408.97**	**2,427.82**	**1,576.95**



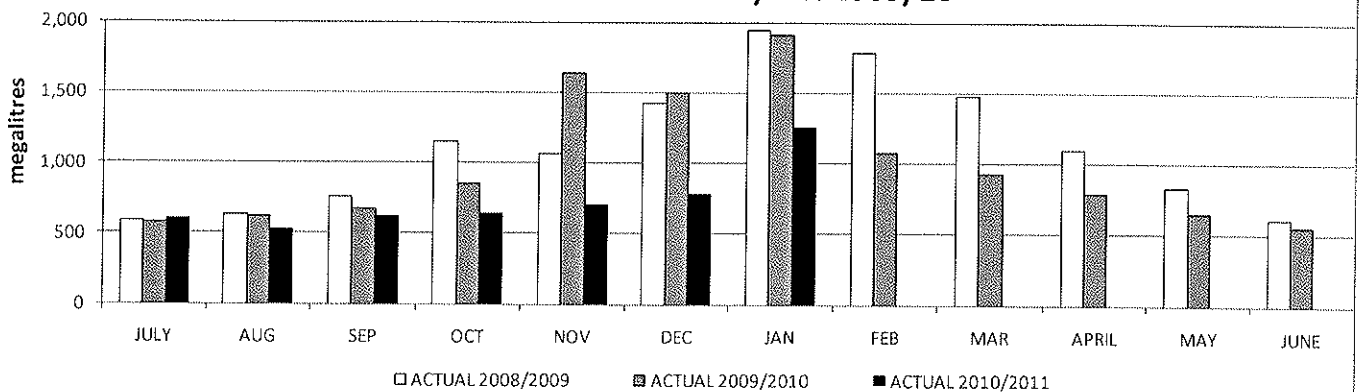
TOTAL CUMULATIVE WATER USED 2010/2011



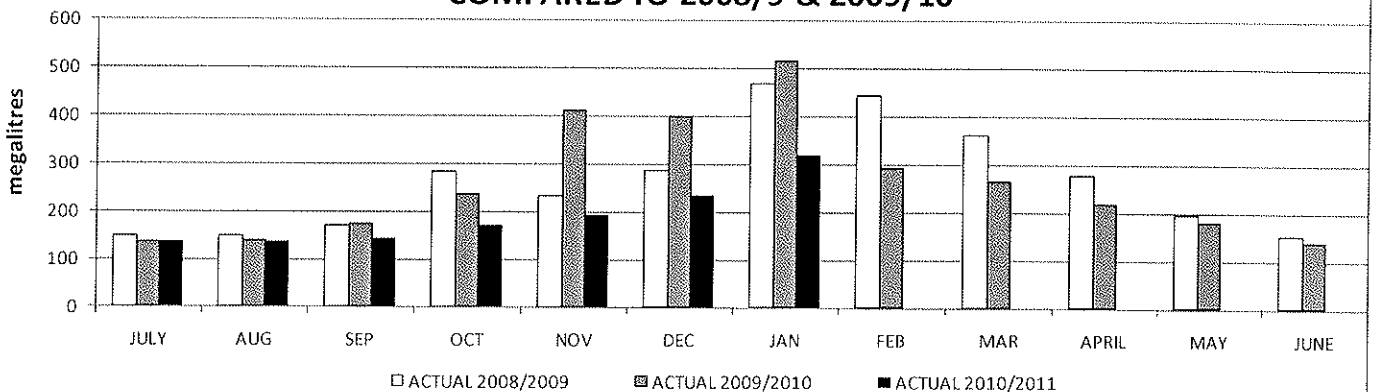
MONTHLY TOTAL WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



MONTHLY WAGGA WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



MONTHLY RURAL WATER USED 2010/11 COMPARED TO 2008/9 & 2009/10



1.2 NEW SERVICE CONNECTIONS, REPAIRS, METERS, LOCATIONS & COMPLAINTS FOR THE MONTH OF JANUARY 2011

Location	New Connect., Residential	New connect., Non Residential	Services Renewed	Services Repaired	Quality Complaints	Supply Complaints *	Customer dealings complaints	Other Complaints	Frost damage	Meter or Metercock fault	Leaking valves or hydrants	Locations
Wagga Wagga	11	1	43	55	5	7			1	34	7	6
Brucedale				1								
Currawarna												
Euberta												
Humula												
Ladysmith				1						1		
Oura						1					1	
San Isidore				1							1	
Tarcutta						1				1		
The Gap												
Bulgary												
Collingullie												
French Park												
Lockhart					1							
Mangoplah												
Milbrulong												
Pleasant Hills												
The Rock				1								
Uranquinty	2					1				2		
Yerong Creek				1								
Culcairn												
Henty				2			1			1		
Holbrook				2								
Morven					1							
Walbundrie												
Walla Walla				1								
Woomargama												1
Boree Creek												
Morundah												
Oaklands												
Rand												
Urana				1								
TOTAL	13	1	43	66	7	10	1	0	1	39	9	7

1.3 WATER SYSTEM REPAIRS

WAGGA WAGGA								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost Kl
6	2 Walla Pl	Glenfield	100 BPVC	T/ Band Broken/Leaking	No	0:30	31	15
8	178 Morgan St	Wagga Wagga	100 AC	Pipe Failure (not specified)	No	5:00	12	27
9	19 Inglis St	Lake Albert	100 AC	Pipe Failure (not specified)	Yes	0:00	0	36
10	62 Brunskill Rd	Lake Albert	100 AC	Leaking collar	No	1:00	14	32
12	Blaxland & Wentworth	East Wagga	100 AC	Pipe Failure (not specified)	Yes	0:00	0	18
12	Fitzmaurice St	Wagga Wagga	150 AC	Tree Roots	Yes	0:00	0	36
13	Bocquet St	Lake Albert	100 AC	Pipe Failure (not specified)	Yes	0:00	0	36
15	2 Doyle Ave	Mt Austin	100 CI	Pipe Failure (not specified)	Yes	0:00	0	18
17	Simmons St	Wagga Wagga	100 AC	Tree Roots	Yes	0:00	0	36
19	20 Mt Austin Ave	Mt Austin	150 AC	Pipe Failure (not specified)	No	3:30	19	15
23	Mitchell Rd	Lake Albert	150 AC	Leaking SS clamp	Yes	0:00	0	5
24	Hammond Ave	Wagga Wagga	500 CI	Pipe Failure (not specified)	Yes	0:00	0	5
26	262 Mitchell Rd	Lake Albert	150 AC	Pipe Failure (not specified)	Yes	0:00	0	50
27	162 Mitchell Rd	Lake Albert	150 AC	Pipe Failure (not specified)	Yes	0:00	0	0
30	Higgins & Langdon	Wagga Wagga	100 AC	Pipe Failure (not specified)	Yes	0:00	0	10
30	Berry St	Wagga Wagga	100 AC	T/ Band Broken/Leaking	No	0:30	12	12
30	6 Fife St	Forest Hill	100 AC	Tree Roots	Yes	0:00	0	10
31	Dobney Ave	Wagga Wagga	100 AC	Pipe Failure (not specified)	Yes	0:00	0	15
					TOTALS	10:30	88	376

Total Breaks – 18

Breaks needing shut off - 5

Breaks affecting customers – 5

RURAL								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost Kl
6	mountain view	Walla Walla	100 AC	Pipe Failure - Ground Movement	No	3:00	12	200
7	Gap-Hall Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	20
10	rail line Mt View	Walla Walla	100 AC	Pipe Failure - Ground Movement	No	2:15	5	100
10	Cnr. Hayes & Reid Street.	Lockhart	100 AC	Pipe Failure - Ground Movement	Yes	0:00	0	0
14	2 Adams St	Oura	100 WPVC	T/ Band Broken/Leaking	No	2:00	18	20
15	jennings rd	Culcairn	200 AC	Pipe Failure - Ground Movement	No	6:30	7	200
16	jennings rd	Culcairn	200 AC	Pipe Failure - Ground Movement	No	4:30	7	200
16	2 bowler st	Holbrook	100 AC	Tree Roots	Yes	0:00	0	50
17	purtell st	Morven	100 AC	Pipe Failure - Ground Movement	No	3:00	5	100
20	121 Eldershaws Rd	The Gap	80 PVC	Pipe Failure (not specified)	No	1:00	16	10
19	balance tank	Milbrulong	150 CI	Pipe Failure - Ground Movement	No	7:15	0	400
20	Downside/Shepherds Siding Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	20
25	henty balance tank	Henty	200 AC	Pipe Failure - Ground Movement	No	4:00	0	300
26	The Gap - Alleyns Rd	The Gap	100 WPVC	Leaking SS clamp	Yes	0:00	0	6
27	Gap Hall Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	5
28	18 baker	Uranquinty	100 AC	Pipe Failure - Ground Movement	Yes	0:00	0	10
29	100 browley	Morundah	100 AC	Pipe Failure - Ground Movement	Yes	0:00	0	10
31	the rock school	The Rock	150 AC	Tree Roots	Yes	0:00	0	3
					TOTALS	9:30	70	1,654
Total Breaks – 18				Breaks needing shut off - 9		Breaks affecting customers – 7		

1.4 WATER QUALITY COMPLAINTS

Water quality complaints received during January 2011 were:

Date	Location	Problem	Action Taken
13/01/2011	3/102 Urana St, Mt Austin	Dirty water	Flushed meter and unit. All OK
17/01/2011	2 Mimosa Dr, Mt Austin	Dirty water	Taps flushed. All OK
19/01/2011	4/50 Crampton St, Wagga	Dirty water	Taps flushed. All OK
21/01/2011	Dusk Homewares, Marketplace	Stale, dirty water	Flushed taps
24/01/2011	4 Telopea Cr, Lake Albert	Dirty, bad tasting water	Recommended cleaning jug with lemon juice

1.5 MAINS CONSTRUCTIONS

1.5.1 MAINS EXTENSIONS AND NEW WORKS

New water mains laid during January 2011 include:

LOCATION	PROJECT	250
		OPVC
Scour Line	Red Hill Reservoir	135.5
	TOTAL	135.5

1.5.2 REPLACEMENT OF EXISTING MAINS

Mains replaced during January 2011 include:

LOCATION	PROJECT	100
		DICL
Cynthia St, Tarcutta	Mains Replacement	120
Bardwell St, Tarcutta	Mains Replacement	130
Tarcutta Reservoir	Mains Replacement	11
Croaker St, Wagga Wagga	Mains Replacement	39.5
	TOTAL	300.5

1.6 OTHER CONSTRUCTION

No other construction works during January 2011.

1.7 MAJOR REPAIRS / OVERHAULS

Major repairs/overhauls during January 2011 include:

LOCATION OR PROJECT	WORK DONE
Wagga Wagga	Square Reservoir drain and clean for repair
Waterworks	Flouride pumps (3) overhauled
Waterworks	Lime feeder No 2 overhauled
The Rock Pump Station	New mains supply board installed and commissioned
North Wagga	New control system installed and commissioned
10 Mill Reservoir	Installed new chlorine alarm
Waterworks	Install & commission SCADA master and slave computers

1.8 STAFF TRAINING & SAFETY

No training and/or safety activities were undertaken during January 2011.

1.9 COMMENTS ON WATER USAGE

Water usage was again low in January 2011 due to ongoing mild weather and high rainfall in December 2010. The reduction in water usage is consistently low throughout the whole distribution system. For the financial year to the end of January 2011, water usage has been 3,296 ML less than the same period in 2009/10.

1.10 WATER MAIN REPAIRS

There were 36 water main failures requiring repair in January 2011. This number is much higher than our usual average of 14 breaks per month. The saturated soil and ground movements have contributed to this.

1.11 RED HILL RESERVOIR PROGRESS

Progress on the second Red Hill Reservoir has been excellent. This is an 11 ML prestressed concrete reservoir being constructed by Hornicks Constructions. The floor and roof columns were completed in January 2011. Pouring of the walls will be completed in late February. Work has also commenced on the 600mm diameter main which connects this reservoir to the existing reservoir and distribution system.

RECOMMENDATION that item 1 be received and noted.

2. PROGRESS ON STRATEGIC PLANNING

2.1 INTEGRATED WATER CYCLE MANAGEMENT

The second Progress Reference Group (PRG) meeting was held on the 15th February 2011. This was facilitated by consultants HydroScience Consulting and was required to determine options and evaluation criteria for the strategies being developed. The meeting covered the assets of the three clients in this joint project, being Riverina Water, Greater Hume Shire Council and Lockhart Shire Council. Also present were representatives from Urana Shire, Wagga Wagga City Council and community groups.

There was robust discussion on the findings of the work undertaken to date. The consultants will now combine options to build scenarios with full costings and definition. The evaluation of these scenarios will be the subject of the final PRG in a few months time.

The IWCM project will make a 30 year strategy for Riverina Water. Work to date gives information which can be effectively used in the 2011/12 Capital Works Plan. This is mainly in refining the plan to replace the Water Treatment Plant at the Hammond Avenue site.

2.3 RURAL TRUNK SYSTEM STRATEGY

A 30 year strategy is being developed for the rural distribution system by consultants Hunter Water Australia. The work has progressed well with initial options and costings being fed into the IWCM process. There are interesting options which will involve substantial capital works. Much of the expenditure is to replace aged assets.

2.4 YIELD ANALYSIS FOR THE MID-MURRUMBIDGEE AQUIFER

The draft report for stage one of this project was submitted in January 2011. This project is jointly funded by Riverina Water and Goldenfields Water, and is undertaken in collaboration with the NSW Office of Water. The consultant hydrogeologist, Professor Noel Merrick, has had to undertake some pioneering work in what is a relatively new science. The computer model was calibrated to the past

30 years of climate records. The findings are not readily discernable as the constraints on how much water can be pumped from an aquifer are complex.

The secure yield of a dam is determined by well-established science. The definitions of "full" and "empty" in wet or dry times are readily visible and understood. However with our local aquifer the criteria can be varied and this can give significantly different yield outcomes. For example, one criterion was that over 30 years, the average level of the water table should not fall more than one metre below the bed of the Murrumbidgee River. To interpret what this means to our operations during a prolonged drought period is currently being addressed.

One clear finding is that the aquifer is well connected to the river. Most of the recharge of the aquifer comes directly from the river. This will have regulatory consequences. However until the Murray-Darling Basin Plan and the new Water Sharing Plans are determined, the impact on Riverina Water and Goldenfields Water is unknown.

Another apparent finding is that under the initial constraints set, the yield of the Wagga Wagga bores cannot exceed what has been pumped in the past, and in fact may be less. The separate yield from our west and north borefileds is critical to our IWCM 30 year strategy and these will also be derived from this project.

2.5 INTEGRATED RESOURCE PLANNING

The Integrated Resource Planning project undertaken by the University of Technology Sydney, Institute for Sustainable Futures for the National Water Commission is now completed. The launch and a workshop are being held in Canberra in early March 2011.

Wagga Wagga and Brisbane were the two case studies for this project. The benefits to Riverina Water have been substantial in that a demand management model which applies to our patch has been created for Riverina Water and has already been imbedded into our IWCM process. The IRP has taken almost two years to complete and Riverina Water staff have provide a lot of data and have had a big influence on producing a model which suits dry, inland climates.

2.6 STRATEGIC DOCUMENTS.

There is a long list of requirements set down by the NSW Government with regard to planning and reporting. Many of these relate to each other and in fact often duplicate each other. The three that most duplicate each other are IWCM Plans, Strategic Business Plans and Asset Management Plans. Under these we are required to make Demand Management Strategies, Drought Management Plans and such.

When our IWCM Strategy is adopted, the next step is to update our Strategic Business Plan. This will be substantially based on the IWCM report and can be completed readily.

Parallel work will continue on an Asset Management Plan and Demand Management Strategy. The asset work will need to satisfy the new planning and reporting legislation. However it should sit under the IWCM and SBP's. All such plans will be reported to Council for approval.

RECOMMENDATION that item 2 be received and noted.

3. URANA CHANNEL

In 2010 a new raw water pipeline between the Colombo Creek and Urana was commissioned to replace the existing channel. The aim was to improve transfer efficiencies and water quality. It is now necessary that the arrangements with the North Urana Water Group (NUWG) be finalised and Council's interests in the channel be transferred to the NUWG.

Riverina Water formed an agreement with the NUWG in 1965, approximately ten years after the original channel was constructed. Riverina Water then extended the channel to a new dam and water treatment plant on the outskirts of Urana. This effectively augmented the supply to the western branch of the rural distribution network. The water treatment plant is only operated to meet high summer water demands.

Riverina Water and the NUWG have enjoyed a long and mutually beneficial relationship. Riverina Water has undertaken a good deal of work in operating and improving the channel system including installing a pumping station in 1979, de-silting the channel and managing prolific weeds such as cumbungi and umbrella grass. The costs have been shared under the terms of a deed made in 1967. The deed is between Southern Riverina County Council and the then five members of the NUWG.

In 2009 the NUWG members were of the understanding that they could be connected to the raw water pipeline at very little cost. Riverina Water did not make any formal offer regarding this nor resolve to make adjustments to our management plan regarding fees and charges or levels of service to allow such connections. The Group were advised in 2010 that a raw water supply from the new main was not possible for a number of reasons. Correspondence to the Group set out the barriers to such an outcome. These included the technical deficiencies regarding quality and pressure, costs, equity, health, security of supply, metering of raw water and allocations.

In December 2010 the Chairman of the NUWG again wrote regarding the raw water service connections. A meeting was arranged and on the 22nd January 2011 the Chairman and Secretary of the NUWG met with the General Manager, Director of Engineering and Senior Project Engineer to discuss the services and terms for handing over the channel. The outcomes of the meeting were covered in a letter reinforcing that Riverina Water cannot provide the raw water service connections but would assist with the handover.

The nominated handover date is 22nd March 2011. The terms of the channel transfer include those set out below.

a) Riverina Water consult with NUWG and adapt the electrical equipment at the Colombo Creek pump to allow practical operation by the Group. This will be at Council's cost.

b) Have a day assigned where Riverina Water staff can demonstrate the operation equipment to the Group.

c) Both parties to advise Country Energy of the change regarding power supply. Accounts to be forward to the Group after the handover date.

d) Both parties will instruct their solicitors to dissolve the deed.

e) The easements over the channel works which benefit Riverina Water County Council will be changed to benefit the North Urana Water Group. This may take some time and will not be completed before the handover date.

f) The channel will be handed over in its entirety from the Colombo Creek to the perimeter of the Riverina Water compound at Urana which encloses the dam and treatment plant.

g) Riverina Water will continue to assist and facilitate the separating of the water allocation licenses whereby the North Urana Water Group retain 195 Ml/a. You will need to complete and lodge the application with the NSW Office of Water as discussed.

h) Riverina Water will continue to maintain the channel to the normal standard up to the handover date.

The NUWG have advised that due to wet weather this summer they have not needed water from the channel. Riverina Water has used the new pipeline to supply the Urana Water Treatment Plant.

RECOMMENDATION *that:*

1. The information in this report be received,

2. Council extinguish the deed made on 2nd November 1967 and pay legal costs accordingly, and

3. Council endorse raw water service connections cannot be provided from the Colombo Creek – Urana pipeline.

Greg Finlayson
DIRECTOR OF ENGINEERING