



SUBMISSION ON THE WATER BILL BY PORT AUGUSTA CITY COUNCIL

Port Augusta City Council has never intended to be in the Water Industry. It has been captured into this industry by the new Bill for two reasons:

1. The State Government did not provide universal sewerage systems across the state hence Council needed to provide STEDS/CWMS systems to maintain health standards; and
2. Due to our arid climate, Council showed initiative and pioneered sewer mining in the State. This enables Council to afford to provide appropriate landscape amenity to our residents, maintain green playing surfaces for community and schools and ensure River Murray water that is pumped 360kms to our region is used more effectively. The State Government's practice had been to dump this sewerage into the gulf and deplete marine environments.

It is by the above default and initiative that Council became involved in the above sidelines to its main industry of City Management and has now meant it is captured within the Water Industry.

This Council can barely afford to resource itself to undertake its City Management role let alone comply with the added responsibilities of the Water Bill. In view of our limited resources, Council is also not able to fully analyse an 81 page Bill, a 31 page explanatory paper and a 108 page Statement of Issues paper from the Essential Services Commission within the limited time period provided over the Christmas break. Our comments are therefore focussed on matters of principle and not detail.

As a matter of principle Council DOES NOT want to be in the Water Industry. There will be other Councils that also do not have the capacity to comply with the added demands of this Bill.

As a matter of equity Council suggests that SA Water which should be providing equal services to all residents of the State, take over responsibility of Community Wastewater Management Schemes (STEDS) and it then comply with the requirements of the Bill. As a public funded organisation at the centre of the Water Industry, it is better placed and resourced, than the 50 or so small generalist local Councils, to deal with the Bill's requirements on behalf of the public. The Bill at Division 5 contemplates the above scenario, however the costs of SA Water taking on this role should be borne on a State wide basis by SA Water and recouped through the SA Water rating system and not be a burden on individual communities.

It would appear from the definitions in the Bill that Council would only need to be licensed in regard to its provision of treated sewer water if it "sold" this water to consumers. It is assumed that one is a "retailer" if one "sells AND supplies" not just "supplies" water. Concerns is raised however that despite this definition, a regulation could still cause a "supplier" to be captured.

Currently Council provides treated sewer water to public schools to irrigate ovals free of charge on the basis that there is public use at out-of-school times. There is clearly an economic trade-off which in a market approach would attract reciprocal values/prices. In this context we are concerned that when there is a price placed on water by the Essential Services Commission that this trade-off approach will have to be abandoned and the water then "sold", capturing Council as a "retailer". Should this be the case, Council would need to undertake a business analysis of this activity and if the cost of complying as a "retailer" outweighs the income Council could charge and the schools afford, then Council would need to abandon the provision of treated water to non-Council facilities. In this scenario State school ovals would need to revert to being watered by mains water at a huge cost or be abandoned.

Council is currently provided with the sewer water from SA Water at no cost in view of this avoiding the other option of SA Water dumping the sewerage into the marine environment contrary to EPA requirements. It is not clear from the myriad of words included in the 81 pages how this aspect will be impacted by the Bill. If this sewer water will in future, as a result of the Bill, attract a cost, it may cause Council's treatment of the sewer water to become uneconomic. This will then place the cost of preventing this water entering the marine environment back onto SA Water and cause major amenity issues for the Port Augusta community. The cost/dis-benefit of this approach is ludicrous.

The Bill may provide a pristine market system but care needs to be taken that some of the trade-offs inherent in the current good-will and focus on public good between public agencies is not thrown out with the bath water!

The alternative approach to the above is for Council to establish itself as a Water Industry Entity and actively market the water to the highest bidder in order to cover the associated costs. This is not the key role of Council nor the reason it undertook sewer mining. The implications of the Bill for regional Councils and communities is likely to have far ranging impacts and could well lead to Councils struggling to survive and to provide affordable services to their communities.

In relation to the pricing of water, Council is particularly concerned at the provisions of section 25(4)(b) of the Essential Services Act which requires the Commission to take into account the "costs of....supplying the goods or services". It is imperative that pricing decisions continue to be made on a State-wide basis and not relate to various water supply districts. The mains water for Port Augusta is piped 360km from Morgan at major cost for pipe maintenance and electricity for pumps. Council would have major concerns if there is to be price variation across the State and thus provide disincentives for people to live and work in country areas.

It has not been possible to provide a more thorough and detailed response because the limited time provided and lack of resources did not allow it. Concern is therefore raised that the haste with which this matter has been progressed by the Government may mean that there are many more issues of principle and detail that will add to the burden of small Councils struggling as it is to deal with their City Management prime focus.



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