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Reference: MH

IPART Dams Safety Regulation Levy Team

Subject: Dam Levy Submission

This letter is our submission for the Dams Safety NSW Levy Review Draft Report, July 2024. Our council strongly opposes a dam safety levy being charged to owners of declared dams. This submission is in addition to the two previous submissions that we have provided on this same subject. In this paper you are seeking comments specifically about the structure of the levy however we reiterate that our Council is not in support of water utilities paying for this levy rather than the function of Dam Safety NSW being funded through the state government whereby the cost is spread across the community that relies on dams.

The State, and particularly inland cities, heavily rely on dams to provide a secure water supply to their communities. Water NSW has 40 declared dams, 11 of which supply the Sydney system that also includes supply to the Blue Mountains, Wollongong and a number of Councils including Oberon, Lithgow, Shoalhaven, Wingecaribee and ourselves. Sydney Water alone, supplies water to over 5,000,000 customers plus the added population from the Councils. It is not equitable that Councils, with lower populations pay more per water assessment than residents in the higher populated areas like Sydney, Newcastle, the Blue Mountains and Wollongong, despite being equally dependent on obtaining their raw water from their respective water supply dams. The majority of the state obtains their raw water prior to treatment from dams therefore it would be far more equitable for all taxpayers throughout the state to pay these costs rather than dam owners where the population connected is so variable.

The report specifically mentions Orange City Council that has 4 declared dams and would be charged a levy of \$48,412 per year under the proposed levy. The report justifies that this is affordable however there is no equity between sharing this cost over 19,185 connections compared to the Sydney Water system with over 5,000,000 customers covering the cost of the levy for 11 dams.

The proposed levy is not equitable and should not be shared across all dam owners and should not be calculated based on risk level. Higher risk dams have similar requirements to lower risk dams therefore have a similar regulatory focus for Dam Safety NSW. Regulatory functions are similar for all dams whereby the focus may need to be on the level of compliance of the various entities rather than level of risk.

It is noted that section 3.1 states that there was insufficient activity-based cost data to determine the proportions of costs spent on different regulatory activities. Prior to the oncharging of costs via a levy, it is recommended that the agency complete a thorough review of their costs, per cost area to assess and possibly streamline costs before seeking additional money or oncharging to utility owners. As a new organisation, educational costs should reduce as dam owners understand their requirements and become more compliant with the Dam Safety NSW requirements at least reducing these costs.

Councils continue to face increasing costs across all facets of operations. Expenses such as power, chemical delivery and engaging expertise to carry out operational maintenance has increased. The costs of meeting dam safety requirements continue to increase with costs of appointing appropriately qualified companies to complete works and then appointing a secondary consultant to peer review the works completed. A levy for dam safety will further add to these costs and further erode the budget available for key capital projects and maintenance of important equipment.

Councils continue to see cost shifting from State Government to Local government as well as reductions in funding of capital and operational projects. Passing these costs onto local water utilities only means that less money is spent on other tasks – which is not ideal for our community. Local councils are not happy to continually increase charges for the local community and Local Government cannot continue to absorb State Government functions with our small rate bases.

It is our position that users should not be forced to pay for their regulators. The only model of this currently is mine safety which is a regulated activity that only regulates for profit corporate entities – not councils that are running public water supplies. It is our strong belief, that dam safety NSW should continue to be funded by the NSW Government.

Yours faithfully

