

Quote No L18/3116- 11/426  
JR:LJB

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30 October 2018

ABN 84 873 116 132

Independent Pricing and Regulatory Tribunal NSW  
Level 15, 2-24 Rawson Place  
SYDNEY NSW 2000  
email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

Dear Sir/Madam

**Broken Hill City Council's Submission**

- **Essential Water's water and sewerage services in Broken Hill from 1 July 2019; and**
- **WaterNSW's Murray River to Broken Hill Pipeline services from 1 July 2019**

Broken Hill City Council welcomes the opportunity to provide a submission for IPART's consideration into Essential Water's water and sewerage services from 1 July 2019 and also WaterNSW's Murray River to Broken Hill Pipeline services from 1 July 2019.

**Introduction**

The City of Broken Hill is the largest regional centre in the western half of New South Wales. It lies in the centre of the New South Wales Outback, close to the South Australian border and midway between the Queensland and Victorian borders.

The nearest population base is Mildura in Victoria, 300km to the south on the Murray River. The nearest capital city is Adelaide, approximately 500km to the southwest.

Connected by air, rail and road and with all the facilities that one would expect of a regional city, the Far West NSW region relies heavily on Broken Hill for essential services and connectivity.

Broken Hill has been and still is a city dominated by the mining industry. With a population of 17,780 people, Broken Hill is the economic and cultural hub of Far Western NSW. It still boasts a prosperous mining industry, a thriving services industry, and welcomes over 150,000 tourists per year. The need to diversify the economy and address changes in affordability of public infrastructure are both critical issues facing the Council.

Broken Hill's isolation is as much a strength as it is a challenge. This is Australia's longest lived mining city, where some of the world's major mining companies were founded on the richest mineral deposits and where safe working practices and workers legislation were first developed for miners in Australia. The city skyline is dominated by prominent mining structures along the Line of Lode, including a memorial to miners.

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## **The Far Western Region**

The NSW Western Region comprises of two (2) Local Government Areas. Broken Hill City and Central Darling Shire - and along with the Unincorporated Area of NSW covers an area of approx. 147,000 sq. km. It is well known for its mining heritage as the birthplace of the world's largest mining company - BHP.

The area is home to approximately 46 per cent of the population of the Far West. Most people (85 per cent) live in the strategic centre of Broken Hill, which is the largest centre in the Far West. A strong cross-border relationship exists with Adelaide (South Australia) and Mildura (Victoria) and a cross-regional relationship with Dubbo to access higher-order health, education, retail, commercial and transport services.

The Unincorporated Area covers around 40 per cent of the Far West region and surrounds, but does not include Broken Hill. It comprises predominantly pastoral lease-holdings and includes a number of small, dispersed settlements such as Silverton, Tibooburra and Milparinka.

The major transport and freight links include the Barrier, Silver City and Cobb highways and the Sydney to Adelaide rail route, which provide good links to Sydney, Melbourne and Adelaide. Broken Hill also provides a regular airline passenger service to Dubbo, with connecting flights to Sydney.

The economy of the area is underpinned by health and social services, mining, agriculture, tourism and renewable energy, with significant mineral deposits around Broken Hill (including iron ore, zinc, lead, cobalt and mineral sands), and meat and wool production. Broken Hill provides ancillary service industries to support agriculture and mining in the area.

Tourism also supports the economy, with diverse and unique tourist attractions including the very marketable status of being Australia's First Heritage-Listed City. Opportunities for capitalising on arts, heritage and culture-related tourism are significant. The area has an emerging renewable energy sector, with some of the highest levels of solar radiation in NSW and a 53 MW solar farm operating to the south-west of Broken Hill.

Broken Hill has experienced water security issues over many years, and a 270-kilometre pipeline constructed from the Murray River to Broken Hill to secure long-term water supplies. This infrastructure will open up opportunities for new development and new industries.

The area has diverse landscapes and environmental features, arid and semi-arid desert areas, inland freshwater lake systems at Menindee, and the Darling River and associated floodplain areas and tributaries.

## **PRICE STRUCTURE**

### **Price Increase**

Council supports IPART's preliminary view that the 2-part price structures for water and sewerage services is appropriate. However, under its proposed prices, Essential Water proposes to increase water and sewerage bills by 6.8% per year, including inflation (or a 4.2% per year increase in real terms) for residential and non-residential customers. This is an increase by 33.3% (*IPART Review of Essential Energy's prices for water and sewerage*

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services in Broken Hill P6) by 2022-23 way above the Consumer Price Index. Similar to the Council Rate Pegging Limit, water and sewerage pricing should be subject to CPI increases only.

### **Potential cost pass through to customers**

Council does not support the Essential Water proposal that if the costs of the Broken Hill pipeline and the consequential works are not funded by the Government (as its pricing proposal assumes), some or all of these costs would be passed through to customers. Council has made numerous requests for confirmation that the infrastructure costs will not be passed onto the community and the community has not received a response to what impact this will have on water bills. The response that the NSW Government will pay for the infrastructure and that IPART will make the pricing decision does not ease resident concerns and the Essential Energy proposal gives weight to community concern that bills may increase beyond their ability to pay.

### **Subsidy**

Council supports stability in price structure through the cross-subsidy from sewerage to water service charges and questions if the subsidy should increase given the:

1. Remote and arid location of the City. The supply of water and disposal of sewerage in Broken Hill is subject to conditions and expenses not encountered by other localities in NSW.
2. Low socio-economic status of many residents. The demographic information provided by the Bureau of Statistics indicates that increasing utility prices and the removal of subsidies would have a marked impact on community well-being.
3. Impact of the drought.
4. Potential hidden pricing increase that will impact on customers beyond 2019 with the costs of transporting bulk water via the new Broken Hill pipeline and consequential works.
5. Strategic importance of Broken Hill as the administrative and service centre for Far West NSW industry and agriculture.
6. Economic importance of mining in the Broken Hill locality. The mines are still a substantial contributor to the National economy. Current exploration indicates that there will be substantial investment in local mining for the foreseeable future.
7. Ongoing environmental lead management requirements and;
8. Future regeneration work required as a result of damage to the City's green belt and other trees during the construction of the Broken Hill pipeline.

### **Economic Status – Ability to pay**

SEIFA Index of Disadvantage for Broken Hill City in 2016 was 901.

Broken Hill has a higher number of part-time workers and low-income earners when compared to the rest of NSW indicating a lesser capacity to meet increasing utility costs.

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Analysis (Profile Id) of the individual income levels in Broken Hill in 2016 compared to NSW shows that there was a lower proportion earning a high income (\$1,750 per week or more) and a higher proportion of low-income persons (less than \$500 per week). Overall, 18.3% of the workforce earned a high income, and 18.7% earned a low income, compared with 20.5% and 17.2% respectively for NSW.



Analysis of the hours worked by the workforce in Broken Hill in 2016 compared to NSW also show that there was a higher proportion who worked part-time (34 hours or less) and a lower proportion who worked full-time (35 hours or more). Overall, 35.5% of the workforce worked part-time (34 hours or less) and 62.1% worked full-time (35 hours or more), compared with 34.9% and 63.1% respectively for NSW.

Council is also concerned that in any assessment of the community's capacity to pay, that results may be skewed by the current unemployment rate. While there has been a significant decrease in the unemployment rate in Broken Hill in the previous two years, this is an anomaly given the increase in the number of large-scale infrastructure projects and the rebuilding work created by the 2016 hailstorm. In the 2018 June quarter, the unemployment rate in Broken Hill City was 3.86%. Typically, the unemployment rate sits at about 8%.

There is also a significant number of people receiving income support. DSS Demographics March 2018 show that there is 18,131 different support payments being paid to residents of Broken Hill at March 2018 (Source: DSS Demographics March 2018, Australian Government, data.gov.au). In particular, utility charges will impact on the older residents – 2,996 (17% of the population) receive the Age Pension.

LGA	LGA name	ABSTUDY (Living allowance)	ABSTUDY (Non-living allowance)	Age Pension	Antidote	Care Allowance	Career Allowance (Child Health Care Card only)	Career Payment	Commonwealth Seniors Health Card	Disability Support Pension	Family Tax Benefit A	Family Tax Benefit B	Health Care Card	Low Income Card	Newstart Allowance	Parenting Payment Partnered	Parenting Payment Single	Partner Allowance	Pensioner Concession Card	Sickness Allowance	Special Benefit	Widow Allowance	Widow B Pension	Wife Pension (Partner on Age Pension)	Wife Pension (Partner on Disability Support Pension)	Youth Allowance (other)	Youth Allowance (students and apprentices)	Commonwealth First Assistive (income units)	Total
10250	Broken Hill	0	76	2,996	14	732	11	348	89	1,300	1,338	1,343	1,205	87	936	67	394	5	5,632	5	15	14	0	30	16	130	27	13,862	

### Community and Environment

Council acknowledges IPART's assessment that the social marginal benefit of water use may be greater than the private marginal benefit. Of particular note is the role that water plays in lead level management in private and public spaces.

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Broken Hill City Council is a drought declared Council and Council and residents are acutely aware of the relationship between low rainfall and the potential for increased lead levels in the population. Lead is a metal that has been mined in Broken Hill for many years. It is in the dust, soil, dirt and rainwater tanks in our town. Our dry climate means lead dust gets into everything, via the air (LeadSmart Broken Hill [www.leadsmart.nsw.gov.au/about](http://www.leadsmart.nsw.gov.au/about)).

The New South Wales Environmental Protection Authority soil action level for further investigation is 300ppm (parts per million). In Broken Hill, lead levels are known to be generally well above this level in nearly all cases. As a precaution, it should be assumed that all land in Broken Hill contains lead unless proven otherwise.

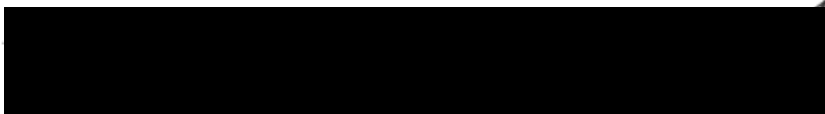
Broken Hill City Council in conjunction with Essential Water and other community and Government agencies has initiated several programs to assist the residents of Broken Hill to become smart water users, providing them with examples of ways to maintain our green spaces and remain lead safe. Increasing water prices place stress on the community's ability to maintain green spaces and actively manage lead exposure. The continuing drought also means that there is considerable stress on Council and residents as they attempt to maintain a green city.

More importantly, changes to the acceptable level of lead in blood have increased the imperative to remain vigilant about maintain parks, gardens and nature strips and maintaining the city's Regeneration Reserves (green belt). The Reserves form an integral part of the City's National Heritage Listing and are one of the earliest, land-use initiatives in the world aimed at combating land degradation. Council in collaboration with a number of volunteer groups, have continued to maintain the green belts since 1937.

According to the World Health Organisation, blood lead levels around 10.0 µg/dL cause damage to the developing brain and nervous system of children. From 1993 to 2016 blood lead notification levels were 10 µg/dL. However, in May 2015, the NHMRC completed an evidence review and issued a statement for a revised blood lead notification level of 5 µg/dL<sup>2</sup>. The review found an association between levels less than 10 µg/dL and health effects. As of April 2016, NSW Health adjusted the notifiable blood level to 5 µg/dL and this means that there remains ongoing work to reduce blood lead levels in Broken Hill. While there have been improvements across some lead results for children, there have been increases over time to the proportion of children with blood lead levels above 5.0 µg/dL – from 41% in 2010 to 58% in 2016. (Lead Report 2016: Broken Hill children less than 5 years old -Revised 2016 Census).

Thank you again for the opportunity to provide our submission and I look forward to a positive outcome on behalf of the Broken Hill community.

Yours faithfully



DARRIEA TURLEY AM  
**MAYOR**