



## DIRECTOR SHIRE SERVICES REPORT

10<sup>th</sup> May 2005

### DSS1 INTEGRATED WATER CYCLE MANAGEMENT STRATEGY FILE: W1-29 AMB

#### SUMMARY:

Reporting on the Integrated Water Cycle Management Strategy (IWCMS).



Integrated Water Cycle Management (IWCMS) is a way of integrating the three urban water services of **water supply**, **sewerage** and **stormwater** to ensure water is utilised optimally, now and in the future.

In late 2002, Kempsey Shire Council was offered a position on the IWCMS pilot programme. This pilot programme was to assist DEUS (then DLWC) develop a framework for all water utilities in NSW and offered funding assistance.

The Macleay Water IWCMS has been a 10-task project. Attached at [\(Appendix A\)](#), Table 1 lists the Tasks and the technical documents created as outputs from these tasks.

The Public consultation for the Macleay Water IWCMS was conducted between March 28-April 22, 2005. Five 2-hour workshops were held as part of the consultation, those being three public workshops/presentations at Kempsey, South West Rocks, Crescent Head, one internal staff workshop and an agencies workshop (State Government Departments). Macleay Water staff and members of the JWP project planning team attended each of the workshops. During the course of the evenings, attendees were given the opportunity to discuss the findings and recommendations of the IWCMS with Macleay Water and the planning team representatives. In particular, the attendees were asked to comment on some of the key features of the scenarios, such as dual reticulation and aquifer storage and recovery. A summary of the public workshops is set out in [\(Appendix B\)](#), Table 2. It is important to note that only a small number of people attended these meetings (10-15 at each meeting). As such, the views

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presented are reflective of the attendees and cannot be assumed to be the views of the communities as a whole. One written submission was received during the consultation. Macleay Water's responses to the issues raised in the submission are shown in [\(Appendix C\)](#).

The media formats used during the consultation are listed below. The Macleay Water website has provided overviews, progress information, copies of technical reports since early 2003 and contacts details, and a means of submitting electronic submissions was included during the consultation phase. The website base information was also available in hardcopy pamphlet form. The IWCMS also formed part of the Macleay Water stand displays at the Kempsey Show on April 5 and 6.

- Argus advertisements
- Media release (picked up the Argus for an article)
- Tank radio interview on the IWCMS
- the Mayor's column
- Happynings monthly page – Water Happynings

As a result of the community consultation, Macleay Water has a preferred scenario of an amended Integrated 1. The amended Integrated 1 scenario has some minor inclusions from Integrated 2, as follows.

- the new Kempsey STW being a tertiary treatment plant, as listed in Integrated 2. Integrated 1 had a secondary treatment plant
- from South Kempsey STW including dual reticulation for new development, predominantly South Kempsey future Industrial area
- At Stuarts Point include the opportunity of agricultural irrigation, to supplement municipal irrigation if required, and a need remains to reduce the dune disposal

The choice of scenario was based upon a review of workshop public responses, the issues/responses raised in face-to-face or phone enquiries received, comments received from Council staff and comments received in agency workshop.

It is important to note that rainwater tanks are not part of the amended Integrated 1 solution. This was a conscious decision, knowing that the rainwater tanks proposed for new development areas in the Integrated 2 solution were going to be achieved through the BASIX requirements.

## **REPORT IMPLICATIONS:**

- ***Environmental***

***Environmental outcomes to be achieved include***

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- *Reduction of current and future draws on water resources through water supply demand management, dual reticulation (limited draw on fresh water resource and uses resource of recycled water)*
- *Improved quality, and reduced quantity, of effluent released to the environment*
- *Demand management of water supply, particularly shower retrofits and business audits, also reduces the draw on electricity resources and costs*
- *Cost allocation to infrastructure renewals, to match aging and replacement requirements, will deliver more environmentally water supply and sewerage infrastructure with reduced breaks, surcharges and Department of Environment and Conservation DEC (former EPA) licence breaches*
- *Pollution Reduction Plans met and EPA satisfied that Effluent Management System to be funded.*

- **Social**

*The IWCMS is offering customers more efficient, higher quality infrastructure with a minimal cost increase. The amended Integrated 1 scenario is based on the support shown through the consultation.*

- **Economic (Financial)**

*A copy of the draft Financial Modelling report is provided in [\(Appendix D, Part 1, Part 2, Part 3, Part 4, Part 5, Part 6, Part 7\)](#) to explain the interrelationship of typical residential bills and the cost implications of the preferred scenario. The amended Integrated 1 scenario has a cost of \$152m over a 30-year period. In terms of typical residential bills, the typical residential bill has an increase of 6% for the combined water and sewerage account (real terms in \$2005, CPI indexing required annually). The capital expenditure is front heavy and is provided in [\(Appendix D, Part 1, Part 2, Part 3, Part 4, Part 5, Part 6, Part 7\)](#). To achieve the front heavy expenditure of the capital expenditure programme, additional borrowing will be required which will effect Council's debt servicing ratios.*

- **Policy or Statutory**

*DEUS requires that IWCMS be the tool used by local water utilities to assess water supply, sewerage and stormwater requirements as part of best practice management. The deadline for completion of an IWCMS is June 2006. Compliance with this deadline will be achieved with the adoption of the IWCMS.*

*The IWCMS will then form the basis of other Policy and Statutory documents that are part of best practice management for water utilities and have DEUS compliance deadlines. Examples include the Water Supply and Sewerage Strategic Business Plans, Development Servicing Plans (s.64 contributions), Water Supply Demand Management Plans and Drought Management Plans.*

▪ *Director's Review*

*To achieve the expenditures required within the preferred scenario of the IWCMS, future water supply and sewer rates will need to rise. If this rate rise does not occur, implementation of the IWCMS will not be achievable.*

*The implementation of the IWCMS has been the basis for satisfying DEC (former EPA) that current PRPs would be met and that DEUS compliance deadlines for the following would be satisfied.*

- *grant funding*
- *dividends to general fund*
- *Best-Practice Management Guidelines*

**RECOMMENDATION:**

1. That the Macleay Water Integrated Water Cycle Management Strategy with the preferred scenario be adopted (water Integrated 1, sewerage Integrated 2 as amended).
2. That the full IWCMS capital works programme be included in Council's Management Plan from 2006/7 budget year

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K J Finnie  
DIRECTOR SHIRE SERVICES