

4 May 2015

AUDITOR-GENERAL'S REPORT

Country Towns Water Supply and Sewerage Program – NSW Office of Water

The Country Towns Water Supply and Sewerage Program has effectively promoted adoption of better management practices by local water utilities, but will not achieve its objective of eliminating the water supply and sewerage infrastructure backlog in urban areas of country NSW.

The \$1.2 billion Program aims to help local water utilities provide appropriate, affordable, cost-effective and well-managed water supply and sewerage services in the urban areas of country NSW. It has two broad elements:

- promoting adoption of better practices
- providing financial assistance towards the capital cost of infrastructure backlog works.

Increased implementation of better practice and improved performance

The Country Towns Water Supply and Sewerage Program has effectively promoted adoption of better management practices by local water utilities.

Utilities' service and efficiency has improved over the last twenty years. Compliance with health and environmental standards, and cost recovery have also improved. The Program:

- developed the NSW Best Practice Management of Water Supply and Sewerage Framework
- provides tools, guidance and support to help utilities adopt better practices
- monitors and reports on utilities' implementation of better practices and performance.

In June 2013, utilities' overall compliance with the Framework was 90 per cent compared to 46 per cent in June 2004.

The water supply and sewerage infrastructure backlog in NSW country towns has fallen but will not be eliminated by the end of the Program in 2016-17

The Program's objective of eliminating the infrastructure backlog in urban areas of country NSW will not be achieved. On current projections, all high priority projects will be funded. However, 231 of the 575 backlog projects identified in 1994 will not be completed.

Funding under the Program was not well managed prior to 2004. Following a major review in 2003, management of funding improved but some shortcomings remain. Information management, monitoring and reporting are poor. Priorities established in 2004 have not been revisited. Procedures are not well documented and funding conditions are not always enforced.

NSW Office of Water along with the Government should decide what, if anything, needs to be done about the outstanding infrastructure backlog. The Office also needs to improve its data management and transparency, so that robust information and informed community input are available to decision-makers.

Further information

For further information, please refer the report's executive summary or full report on the Audit Office website.

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