
New South Wales Auditor-General's Report

Performance Audit

Country Towns Water Supply and Sewerage Program

Department of Trade, Regional Infrastructure and Services -
NSW Office of Water



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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Country Towns Water Supply and Sewerage Program: Department of Trade, Regional Infrastructure and Services - NSW Office of Water**.

A handwritten signature in black ink, appearing to read 'Grant Hehir'.

Grant Hehir
Auditor-General
4 May 2015

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Executive summary

Background

In regional NSW, water supply and sewerage services to local communities are provided by local water utilities (LWUs). One hundred of these are council owned and operated, and five are water supply authorities established under NSW legislation. Together, these LWUs provide water supply and sewerage services to around 1.8 million people, generate over \$1.2 billion in annual revenue and hold total water supply and sewerage assets valued at around \$26 billion.

The objective of the Country Towns Water Supply and Sewerage Program (Program) is to help LWUs provide appropriate, affordable, cost-effective and well-managed water supply and sewerage services in the urban areas of country NSW, which meet community needs, protect public health and achieve sustainable environmental outcomes.

Since 1880, some form of financial assistance has been provided by the NSW Government to country towns for the provision of water supply and sewerage services. The Program has operated since 1935, providing state government financial assistance and technical advice to councils. The Program is currently managed by the NSW Office of Water (NOW) and has two broad elements:

- promote adoption of better practices through leadership, guidance, training and expert advice to LWUs, and monitor LWUs' performance
- financial assistance towards the capital cost of water supply and sewerage infrastructure backlog works.

Backlog works were defined as providing services to unserved towns and upgrading existing services to current standards.

Prior to 1994, NSW Government financial assistance was available to LWUs for backlog works, asset replacement and growth. This amounted to 50 per cent of the cost of works.

In 1994, the government decided to limit its financial assistance to backlog works. It established a list of 575 backlog projects and decided to clear this backlog over ten years. It committed to providing \$85 million per year for this purpose, being half the estimated cost of these works with the other half to be funded by LWUs. In 1996, the government decided to fund backlog works up to 1996 standards and allowed LWUs to nominate additional backlog projects. Despite these changes, the original objective of clearing the backlog identified in 1994 over ten years remained.

The NSW Government's total funding commitment for the Program is capped at \$1.2 billion. This includes backlog works, drought relief, minor works and Program administration. The Program is scheduled to run until 2016–17.

This audit assesses whether NOW and its predecessors have managed Program funding for the 1996 infrastructure backlog works as intended and improved the management of water supply and sewerage infrastructure and services by LWUs.

Conclusion

The Country Towns Water Supply and Sewerage Program has helped improve the performance of LWUs.

The Program has effectively promoted adoption of better management practices by LWUs. Agencies responsible for the Program developed the NSW Best Practice Management of Water Supply and Sewerage Framework and provided tools, guidance and support to help LWUs adopt better practices.

The Program also helped reduce the 1996 water supply and sewerage infrastructure backlog in country towns. However, management of funding under the Program has not been fully effective.

Until 2004, while funding rules were followed, there was no prioritisation, no means testing, and inadequate monitoring and record keeping. Project costs averaged well above estimates. Insufficient funding was left to eliminate the 1996 backlog.

Since 2004, management of funding has improved. Funds have been prioritised, costs better controlled, and allocations made conditional on adoption of better practices. However, aspects of administration remain deficient. Information management, monitoring and management reporting are poor. Priorities established in 2004 have not been revisited. Procedures are not well documented and funding conditions not always enforced. The Program lacks transparency, with no Program performance indicators, no public reporting of Program performance, and no formal review or evaluation since 2003.

On current projections, all projects ranked as high priority in 2004 will be funded, but 393 of the 812 projects which met the 1996 backlog definition will not. The Program's objective of eliminating the 1994 backlog will also not be achieved, with 231 projects outstanding. NOW needs to determine what, if anything, should be done regarding the backlog projects not yet funded.

Key findings

Financial contributions to infrastructure

The Program has made a financial contribution to the building of water supply and sewerage infrastructure in country towns. The 1996 backlog has been reduced.

Some aspects of financial assistance to LWUs have been well managed. Only genuine backlog works have been funded and the agencies responsible have gained reasonable assurance that projects were fit-for-purpose.

The financial assistance has, however, run twice as long as planned and the backlog identified in 1994 will not be eliminated by 2016–17.

A ministerial review conducted in 2003 found that the annual financial allocations from Treasury had fallen short of expectations. It also found a number of problems with administration of funding under the Program. These included:

- an open-ended approach to funding
- no whole-of-government prioritisation, with money handed out on a first come, first served basis
- no means testing of the ability of LWUs to contribute to project costs
- lack of documented procedures and performance indicators
- poor recording, monitoring and reporting of project status and performance
- lack of transparency for LWUs.

The review found that three quarters of the original funding commitment had been allocated to projects, and the remaining funds were insufficient to eliminate the backlog. Most of the money had gone to larger, better-off utilities.

Since 2004, funding allocation has improved through:

- the adoption of prioritisation and means testing
- the linking of funding to the adoption of better practices
- tighter funding agreements and better management of project costs.

We found, however, that NOW and its predecessors have not adequately addressed all the funding administration deficiencies identified by the 2003 ministerial review. Inconsistencies and inaccuracies in Program data and information created particular difficulties for our audit. NOW was not able to provide a complete and accurate list of all 1996 backlog works and their status at the commencement of the audit. This is basic information needed for effective program monitoring and management. The list was created by NOW during the audit.

As at February 2015, under the Program:

- 357 backlog projects were completed
- seven projects were under construction
- 37 high priority projects had government commitment to fund
- 114 prioritised projects remained unfunded
- 279 not prioritised backlog projects remained unfunded because the LWU advised NOW it could not afford the required co-payment.

In addition, 18 backlog projects were completed by LWUs without the Program funding.

The responsible agencies have not:

- regularly reviewed project prioritisation
- consistently applied and enforced funding conditions
- sufficiently improved data management, and monitoring and reporting of project status and Program performance
- increased Program transparency for stakeholders.

NOW needs to systematically monitor and publicly report on what the funding has achieved not only in terms of infrastructure built but also the impact of the infrastructure.

Promotion of better practices

Overall, the level of service and efficiency of LWUs in regional NSW has improved over the last twenty years. LWUs' compliance with health and environmental standards and cost recovery have all increased. The Program has contributed to these good results.

The NSW Best Practice Management of Water Supply and Sewerage Framework (Framework) was developed as part of the Program. The purpose of the Framework is to achieve effective and efficient delivery of water supply and sewerage services and sustainable water conservation and water demand management throughout NSW.

NOW and its predecessors have also:

- provided tools, guidance and support to help LWUs adopt better practices
- provided incentives to promote implementation of better practices, including the linking of infrastructure funding to implementation of better practices
- monitored LWUs' implementation of better practices and the impact on LWUs' service delivery and demand management.

The stakeholders we spoke to highly praised NOW for providing expert advice, training and guidance to assist LWUs implement the Framework, and monitoring of LWUs performance under the Program.

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

Since 2004, NOW and its predecessors have used financial assistance under the Program as an incentive for LWUs to improve compliance with the Framework. We noted, however, an absence of documented procedures for linking funding to implementation of better practice which has created some inconsistency in application of conditions.

Program monitoring and evaluation

NOW has not established performance indicators for the Program's effectiveness, efficiency or economy. Further, there has been no comprehensive review of the Program since 2003. Better practice is to review grants-style programs every two to five years.

As the Program draws to an end, it is important for NOW to commission a program evaluation to help the government to make decisions about what, if anything, it needs to do about the outstanding backlog projects. In the interim, NOW needs to improve its data management and transparency, so that robust Program information and informed community input are available to the evaluators and decision-makers.

Recommendations

Financial assistance under the Country Towns Water Supply and Sewerage Program is due to cease in 2016–17. Therefore, the recommendations from this audit are focused principally towards future similar long-term assistance programs.

For any future long-term assistance program the NSW Office of Water should:

1. prioritise financial allocations from the beginning, and review the priorities regularly to ensure they remain current
2. when determining allocations, use a methodology designed to achieve program outcomes, for example, means-testing
3. design data collection and management systems so administrators can show the inputs applied to the program and the outputs and outcomes of the program
4. use information on inputs, outputs and outcomes to continuously improve program management
5. document and utilise procedures and guidelines for assessing and determining funding allocations to assist staff in making consistent and appropriate decisions, and make these available to stakeholders
6. evaluate the program every three to five years in line with the recommendation of the Department of Premier and Cabinet Good Practice Guideline to Grant Administration
7. be transparent about all aspects of the program, particularly program objectives and funding allocation criteria, including method of prioritisation, inputs, outputs, and outcomes
8. recognise there may be situations where priority is high but the potential funding recipient may not be able to provide the required co-payment, and either accept this risk or develop a strategy to address genuine hardship.

Consistent with the practices adopted for the Country Towns Water Supply and Sewerage Program, for any future long-term assistance program the NSW Office of Water should:

9. develop and provide to stakeholders better practice guidance and tools, and then link financial assistance to the implementation of better practices
10. monitor and publish comparative performance to drive improvement.

The response from the Department of Trade and Investment, Regional Infrastructure and Services is in Appendix 1.

Introduction

1. Setting the scene

1.1 Local water utilities

In regional NSW, urban water supply and sewerage services are provided by:

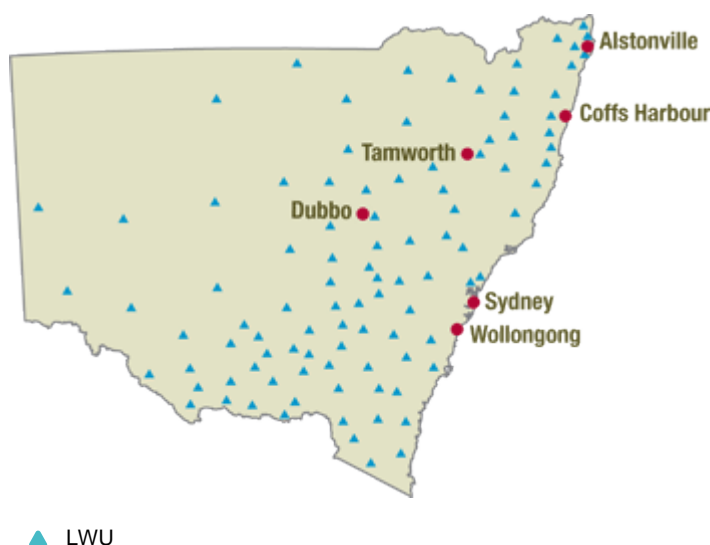
- 95 general purpose local government councils
- four water supply county councils
- one water supply and sewerage county council
- five water supply authorities.

The differences between these entities are detailed in Appendix 2.

The obligations of general purpose council and county council owned water utilities are set out in the *Local Government Act 1993*. The obligations of water supply authorities are set out in the *Water Management Act 2000*. Water utilities operating under these Acts are generally referred to as local water utilities (LWUs).

Of the 105 LWUs, 90 are responsible for water supply services and sewerage services, six for water supply services only and nine for sewerage only.

Exhibit 1: Location of local water utilities



Source: NSW Office of Water 2015.

LWUs provide services to around 1.8 million people, generate over \$1.2 billion in annual revenue and hold total water supply and sewerage assets valued at around \$26 billion. LWUs manage and operate:

- 350 water supply systems
- 295 sewerage systems.

The regional LWUs range in:

- area, from 130 kilometre square to over 50,000 kilometre square
- population served, from under 1,000 to 163,000
- properties connected, from 320 to 70,740.

Collectively, LWUs are the third largest water supply and sewerage operator in Australia after Sydney and Melbourne.

The regional LWUs are listed in Appendix 3.

1.2 Country Towns Water Supply and Sewerage Program

The purpose of the Program is to help LWUs provide appropriate, affordable and well-managed water supply and sewerage services in the urban areas of country NSW which meet community needs, protect public health and achieve sustainable environmental outcomes.

The Program has two broad elements:

- promote adoption of better practices through leadership, guidance, training and expert advice to LWUs, and monitor LWUs' performance
- financial assistance towards the capital cost of water supply and sewerage infrastructure backlog works.

The Program is currently managed by the NSW Office of Water (NOW), which is also the primary regulator for the 105 LWUs.

Since 1994, as a result of a series of restructures, responsibility for managing the Program has moved between six departments.

Exhibit 2: Young waste water treatment plant



Source: NSW Office of Water 2015.

1.3 About the audit

This audit assessed whether NOW and its predecessors have managed the Country Towns Water Supply and Sewerage Program funding for the 1996 infrastructure backlog works as intended and improved the management of water supply and sewerage infrastructure and services in LWUs. The audit criteria were:

- projects are assessed, prioritised and funded according to the Program's set rules and based on risk
- projects are implemented as agreed and are achieving the expected benefits
- the Program promotes improved management of water supply and sewerage infrastructure and services by LWUs.

See Appendix 4 for more information on the audit scope and focus.

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Key findings

2. Backlog works funding

The Program has made a financial contribution to the building of water supply and sewerage infrastructure in country towns. The 1996 backlog has reduced.

Some aspects of financial assistance to utilities have been well managed. Only genuine backlog works have been funded and the agencies responsible have gained reasonable assurance that projects were fit-for-purpose.

The financial assistance has, however, run twice as long as planned, and the backlog identified in 1994 will not be eliminated by 2016–17.

A ministerial review conducted in 2003 found a number of problems with administration of funding under the Program. The review found that three quarters of the original funding commitment had been allocated to projects, and the remaining funds were insufficient to eliminate the backlog. Most of the money had gone to larger, better-off utilities.

Since 2004, funding allocation has improved through:

- the adoption of prioritisation and means testing
- the linking of funding to the adoption of better practices
- tighter funding agreements and better management of project costs.

However, the responsible agencies have not:

- regularly reviewed project prioritisation
- developed all necessary procedures
- consistently applied and enforced funding conditions
- sufficiently improved data management, and monitoring and reporting
- evaluated the program
- increased Program transparency for stakeholders.

2.1 Brief history of financial assistance under the Program

The Program has operated since 1935, providing state government financial assistance and technical advice to councils.

Prior to 1994, NSW Government financial assistance was available to LWUs for backlog works, asset replacement and growth.

In 1994, the Program's financial assistance element was modified so that:

- NSW Government funding would only be provided for what it defined as backlog works
- LWUs would be required to self-fund capital works needed to meet growth or replacement/renewal of infrastructure
- to receive funding, the LWU's typical residential bill had to be at least \$253 per year.

The aim of the changed approach to funding was to eliminate the backlog and help LWUs to become financially sustainable.

The backlog works were defined as:

- provision of initial services to unserved towns
- upgrading the existing services to overcome deficiencies of a public health, safety, environmental or operational nature.

The change in policy effectively drew a 'line in the sand' at total water supply and sewerage backlog for NSW.

The then Department of Public Works and Services identified the backlog works based on this definition and estimated their cost at \$1.7 billion in 1994 dollars.

Exhibit 3: Backlog works as identified in 1994

Backlog category	Number of water supply projects	Number of sewerage projects	Total number of projects
Unserviced towns	31	125	156
Non-compliance with health and environmental requirements	100	124	224
Lack of capacity	94	101	195
Total	225	350	575

Source: NSW Office of Water 2015.

The government committed to cover half the cost required to eliminate the backlog over ten years, with individual LWUs funding the remaining 50 per cent. The plan was to provide \$85 million per year.

In 1996, the government:

- announced the rules for financial assistance under this new approach
- launched an updated definition of backlog, amended to include augmentation to 1996 drinking water quality and sewage effluent quality standards.

As a result, funding became available for a greater number of projects. All projects which were designed to bring water supply or sewerage services up to 1996 standards became eligible for funding. The projects on the 1994 backlog list became a sub-set of this 1996 backlog.

In 1997, the Minister for Land and Water Conservation announced increased financial assistance of up to 70 per cent for providing sewerage to 150 small unsewered towns. This sub-program was called Small Town Sewerage.

Since 2002, the Program funding has been indexed.

In 2003, the Minister for Energy and Utilities initiated a review of the Program. The review found that the Program has provided a direct benefit to regional NSW through the construction of water supply and sewerage infrastructure. However, the review identified several shortcomings regarding management and operation of the Program. It also found that annual financial allocations from Treasury had fallen short of expectations. The review recommended, amongst other things, that:

- implementation of the Better Practice Guidelines should be a mandatory criterion for LWUs to receive Program funding
- new applications for funding should no longer be accepted
- means testing and prioritisation of funding be introduced, including an annual review of priorities.

Following the review, an Inter-agency Prioritisation Committee was established to prioritise the projects. The Committee developed a prioritisation framework to identify projects that had the greatest public health, environmental and security of supply risks. The projects were ranked one to ten, one being the highest priority.

From July 2004, the funding rules were changed again, including:

- reducing funding for backlog projects in large LWUs to 20 per cent of the cost of the backlog works
- reducing funding for small towns backlog sewerage projects to 50 per cent
- increasing the eligibility threshold for typical residential bill to \$350 per year
- limiting the eligibility for financial assistance to the capital cost of the project less any external grants
- capping new sewerage schemes at \$30,000 per property
- excluding cost variations and scoping works from funding
- linking the eligibility for financial assistance to the substantial implementation of the Better Practice Guidelines by a LWU
- prioritising projects.

Under the rules, large LWUs have been defined as those with revenue over \$10 million per year for combined water supply and sewerage or over \$5 million per year for water supply only or sewerage only.

In late 2004, following submissions from LWUs, the projects were re-prioritised. The Inter-agency Prioritisation Committee acknowledged that the approved Small Town Sewerage projects were not adequately represented on the priority list, and as such did not adequately represent the government's previous commitment. The Committee recommended the approved Small Town Sewerage projects be considered separately to all other projects when determining priority for allocation of funding.

Also, the Committee recommended:

- Program funding be provided to projects eligible for subsidies from other sources, irrespective of ranking, to take advantage of the additional funding
- the priority list be reviewed annually.

Projects ranked one to four became eligible for funding.

In 2007–08, the government increased the Program funding by \$160 million, bringing the total to over \$1 billion at that time.

The government's total funding commitment for the Program is capped at \$1.2 billion. This includes backlog works and drought relief subsidies, minor works and Program administration. The Program is scheduled to run until 2016–17.

Changes to the Program funding rules over time are shown in Appendix 5.

2.2 Are projects assessed, prioritised and funded according to the Program's set rules and based on risks?

Finding: The responsible agencies ensured projects were allocated funding according to the rules of the day as approved by the government, and that projects were fit-for-purpose. This is despite procedures being outdated and incomplete.

Prioritisation based on risk was introduced in 2004, after three quarters of the government's promised funding was allocated. Priorities have not been routinely revisited.

NOW links Program funding to the adoption of better practice, but its decisions have not been always consistent and there is an absence of documented guidance and justifications.

Audit expectations

We expected that:

- Program rules would be followed and allocations made only for eligible backlog works
- assurance would be obtained that proposed project solutions were fit-for-purpose
- allocations would be prioritised based on risk
- procedures would be clearly documented and applications dealt with in a timely manner.

Findings covering period up to 2003 – based on 2003 ministerial review

Projects were assessed and funding allocated consistently with the Program rules and the responsible agencies ensured the proposed projects were fit-for-purpose. However:

- no means test was applied, and some recipients of Program funding could arguably have fully funded projects for which they received subsidies
- funding was handed out on a first-come, first served basis despite it being clear from the start that there was a high risk of insufficient funding to meet the Program objective of removing the 1994 backlog
- procedures were not adequately documented and funding requests were not always dealt with in a timely manner.

Findings covering period commencing 2004

Projects are assessed and funding allocated consistently with the Program rules.

The responsible agencies provided comprehensive guidance on financial assistance under the Program to LWUs.

NOW publishes on its website:

- the guidelines for financial assistance under the Program
- the details of the approval process for water supply and sewerage treatment works
- contact details of officers that can provide further information on the application and assessment process.

While NOW has a good process for assessing applications, this is not documented. The guidance that exists is outdated. There is a risk that if staff leave, incoming staff may follow the written guidance and assess applications inconsistently.

NOW obtains reasonable assurance that the projects proposed by LWUs are fit-for-purpose.

Under section 60 of the *Local Government Act 1993*, LWUs are required to obtain ministerial approval for the construction or modification of water supply or sewerage treatment works.

The approval process for section 60 includes an assessment by NOW of the proposed works to ensure that they are fit-for-purpose and provide robust, safe, cost-effective and sound solutions that meet public health and environmental requirements.

Each proposed water supply or sewage treatment works project requires an options study, concept design report and detailed design. These need to be prepared by suitably qualified and experienced practitioners. NOW assesses whether the LWU has adopted appropriate processes to select preferred solutions, and whether the solution proposed is consistent with the strategic and financial plans of the LWU.

Since the 2004 prioritisation exercise, 69 projects in 44 LWUs have received funding. We found that all these projects:

- addressed genuine 1996 backlog works
- were high priority
- had ministerial approval for funding
- received fixed dollar amounts based on tendered project cost for construction.

The funding was also means-tested, with those deemed able to pay more receiving a lower percentage contribution.

Substantial compliance by LWUs with the Best Practice Water Supply and Management Framework (Framework) has been a funding condition since 2004. The Framework is discussed in Chapter 3.

In practice, nearly 80 per cent of projects that received funding were in LWUs that did not comply substantially with the Framework. Instead, NOW imposes conditions designed to move LWUs toward substantial compliance. While this may be a sensible alternative approach, NOW has not documented a justification for this variation, has not drawn the variation to the attention of ministers when approving funds, and does not have documented procedures to ensure consistency in approach and facilitate transparency.

Consulted stakeholders raised concerns that project costs increased as a result of delays by NOW in approving documents under the Framework, and that assessments were inconsistent. We noted that NOW does not have documented procedures for assessing compliance with the Framework and has no target timeframes for completing assessments. NOW does not monitor assessment duration, so we are not able to comment on the validity of these stakeholder concerns.

The priorities established in 2004 remain in place today, whereas they should have been reviewed annually to remain contemporary and in line with recommendations of the ministerial review and Inter-agency Prioritisation Committee. It is reasonable to expect that priorities may have changed over ten years, given demographic changes and the likelihood that some utilities may have proceeded with works on their own initiative rendering the Program works unnecessary.

2.3 Are projects implemented as agreed and achieving the expected benefits?

Finding: Prior to 2004, the responsible agencies ensured that the projects were built as agreed, but project costs and Program allocations often exceeded their estimates. There was an open-ended approach to Program funding, with no incentives for LWUs to complete projects on time. As a result, by June 2003, 75 per cent of the approved Program budget was committed and there were insufficient funds left to cover the costs of remaining projects.

Since 2004, the responsible agencies have ensured that the projects were built as agreed, and the funding provided to each project did not exceed the approved allocation. The agencies also monitored benefits achieved. However, they have not ensured that LWUs complied with all conditions in the financial agreements before issuing the final payments.

Audit expectations

We expected to see:

- a fixed-dollar agreement with conditions to ensure timely project completion and drive uptake of best practice
- payments made on the achievement of milestones and conditions
- procedures to ensure projects were completed as agreed and to provide assurance that they achieved the expected benefits.

Findings covering period up to 2003 – based on 2003 ministerial review

Prior to 2004, the funding allocation to projects was percentage-based on the estimated final project cost. The actual amount of the funding continued to change throughout the project life. Actual project cost was higher than the pre-construction estimate on average by around 20 per cent. Also, the funded backlog proportion of projects varied from the initial estimates. Projects were not completed to agreed deadlines and there were no penalties for being late.

By June 2003, 75 per cent of the approved Program budget was committed and there were insufficient funds left to cover the costs of remaining projects. The 2003 ministerial review estimated a funding shortfall of about \$189 million for projects already committed and advised to councils at the time. This did not include funding for projects not on the capital works program. The review did not indicate the number or estimate the cost of such projects. Based on the review's observations about the poor administration of Program funding at the time, it is likely the agency responsible was not able to provide such information.

Funding was not used effectively to drive uptake of better practice, and there was no evidence of effective monitoring of benefits achieved.

Findings covering period from 2004

NOW enters fixed-dollar agreements with LWUs. These include conditions designed to ensure timely project completion and drive uptake of best practice. The agreements provide for payments to be made at key milestones and when other conditions are met.

Once a LWU's application is approved, it signs a funding agreement with NOW. These agreements specify roles and responsibilities of both parties and funding conditions. The funding conditions for a LWU include:

- a fixed-dollar grant
- payment on achieving agreed project milestones
- completing the project within three years of receiving ministerial approval.

For a LWU that does not already substantially comply with the Framework, final payments are made conditional on achieving specified improvements in implementing the Framework. The final payment as a proportion of the total funding varies widely between projects, from eight to 100 per cent. The reason for such variance is not clear. NOW does not have documented procedures to guide decisions about the proportion of funding that should be withheld for failure to meet conditions regarding implementation of the Framework.

Project funding is made progressively at the completion of each agreed milestone. A LWU provides NOW with a certificate of expenditure for financial assistance and an invoice for the completed work. NOW examines the claim based on information provided and either transfers the funds to the LWU or requests independent inspection of the work prior to the payment. NOW also conducts technical inspections from time to time to verify the construction of the project is proceeding as agreed.

Through stakeholder consultations and file reviews, we identified projects that provided significant benefits to communities. An example of such a project is described in Exhibit 4.

Exhibit 4: The Iluka Sewerage Scheme

The Iluka Sewerage Scheme was completed in 2013. It provides reticulated sewerage to Iluka, which was the largest unsewered town in New South Wales. The \$45 million project received over \$11 million in funding from the Program.

The Scheme's benefits include:

- 1,700 permanent residents received sewerage services
- 1,040 properties are connected, including over 780 properties that were identified as unserved in 1994
- 86.9 per cent of samples have met the environmental licence requirements.

In 2014, the Iluka Sewerage Scheme won:

- the International Water Association's regional Asia-Pacific Project Innovation Award competition
- a Grand Honour Award at the International Water Association Global Project Innovation Awards.

Source: Clarence Valley Council 2014.

At a Program level, NOW does not monitor:

- benefits expected and achieved from funded projects
- identified issues and the rectification dates for projects that did not achieve expected benefits at the agreed completion date.

Analysis of this information could help better manage projects in future.

Also, NOW is not sufficiently vigilant in ensuring conditions regarding the implementation of the Framework are satisfied before final payments are made. Of the 39 completed projects with such conditions, nine did not comply and should have had the final payment withheld. Of these, NOW withheld:

- the full amount of the final payment on one project in line with the agreement
- less money than specified in the agreement on four projects
- no money on four projects.

It is not clear why NOW did not withhold the final payment from all non-compliant LWUs.

2.4 Is backlog funding effectively monitored and reported?

Finding: Prior to 2004, monitoring and reporting of the financial assistance element of the Program was poor. There has been some improvement since then, but monitoring and reporting is still not effective. NOW could not provide a complete list of all 1996 backlog works and their status at the commencement of the audit.

Audit expectations

We expected:

- documented performance indicators for Program efficiency and effectiveness
- monitoring of the status of the program, including expenditure to date, works completed, benefits achieved, outstanding backlog and the estimated cost to eliminate it compared to remaining available funds
- internal reporting to assist Program management and external reporting for transparency.

Findings covering period up to 2003 – based on 2003 ministerial review

Monitoring and reporting up to and including 2003 was poor. The Program databases did not record actual expenditures as reported by financial systems. There were no data management procedures. An accurate view of Program status and future cash flows was difficult to determine from available data. While there was some limited internal reporting on Program status, there was no external reporting.

Findings covering period post 2004

Monitoring of the funding element of the Program has improved but still has many weaknesses. NOW has a better grasp of expenditure and financial commitments, but monitoring against the 1996 backlog is inadequate.

Other than the objective of removing the 1994 backlog, NOW does not have any documented performance indicators for the funding element of the Program.

The responsible agencies have not developed data management procedures.

Information on the backlog projects and Program funding is collected by NOW head office and regional offices. Regional offices keep backlog projects information in electronic and paper based format. Each regional office has set up these files differently, making it difficult to follow or audit. We found that some paper based project files were missing key documents, such as project applications assessments and ministerial approvals. Some recent project files did not have up-to-date information on project status.

NOW head office keeps information on the backlog projects and funding in a database. NOW was not able to provide a complete and accurate list of all 1996 backlog works and their status at the commencement of the audit. This is basic information needed for effective program monitoring and management. The list was created during the audit.

Throughout the audit, NOW provided different and contradictory estimates of the number of outstanding backlog projects, and the outstanding funding shortfall. Some of the reasons for the variation include:

- inability of the database to distinguish projects approved before and after 1994
- lack of timely updates
- lack of data validation/quality assurance
- changes to financial systems over time.

Some recorded information in the database was incorrect. The database is not connected to the finance system to ensure up-to-date project financial information and minimise errors. There is also no effective quality assurance process over data entry.

NOW advised that at the conclusion of each financial year, it discusses the database records of funds that have been applied with actual payments made to LWUs with the Trade and Investment finance group and NSW Treasury. Any discrepancies are investigated and any errors resolved.

As discussed earlier, we found examples where LWUs received final payment despite not meeting all funding conditions. Effective monitoring systems and approaches would prevent this occurring. The database has not been set up to flag LWUs' non-compliance with the conditions of funding agreements.

We also found substantial variation in the extent and quality of information recorded in the database on individual projects. Entries for some projects painted a clear and accurate picture of the project's funding position and progress. Entries for other projects, however, were outdated and lacked sufficient information for program administrators to monitor projects at a Program level.

While NOW holds information on individual projects, it has yet to draw this together effectively to enable systematic and routine monitoring of Program progress and achievements. Good information at a Program level is needed in order to assess the funding available for outstanding projects and any need to adjust rules to make better use of available funding.

Program funding lacks transparency. NOW reports annually to Treasury, but only on funds expended in the year. Other than this, there is no regular internal or public reporting on the Program's status.

2.5 Is the 1996 backlog reducing?

Finding: The 1996 backlog is reducing, but there is no clear objective or targets for the 1996 backlog works. There is a clear objective to eliminate the backlog identified in 1994, but this will not be achieved by the end of the Program.

Audit expectations

We expected:

- a clear objective for the 1996 backlog and milestone targets
- the Program to be achieving its targets and on-track to meet the objective.

Program objectives and targets

The initial objective of the funding element of the Program was to eliminate the 1994 backlog. NOW has advised that this is still an objective of the Program.

The objective for the 1996 backlog is not clear. We found nothing to indicate whether the objective was to eliminate the backlog, reduce the backlog and by how much, fund highest priority projects within available funding, or some other objective.

Since 2004, the approach has been to fund higher priority projects first, but this does not clarify what will happen with the lower priority projects. Just because a project was ranked lower priority in 2004 does not mean it is not worth doing.

The responsible agencies have also not established milestone targets.

The 1996 backlog works

The monitoring of Program funding by NOW has a number of deficiencies. Over the course of the audit we received several different estimates for the number of projects completed and the outstanding 1996 backlog projects. The analysis below uses the best information NOW was able to provide.

The information provided by NOW confirms that the 1996 backlog is reducing. We cannot say if the reduction met the government's expectations given the absence of a clear objective or target for the 1996 backlog.

As at February 2015, NOW data indicated that over \$1.108 billion has been spent on the Program, including:

- nearly \$242 million on water supply and dam safety projects
- over \$598 million on sewerage projects
- over \$67 million on minor works.

Of the allocated backlog funding, 74 per cent was provided to large LWUs and 26 per cent to small LWUs. The top ten LWUs, all large, received 55 per cent of funding.

LWUs also received subsidies to address the backlog from other sources, but the total value of these subsidies is not monitored at a Program level.

As at February 2015, there were 812 backlog projects identified under the Program. Of these:

- 375 backlog projects were completed
- seven projects were under construction
- 37 high priority projects had government commitment to fund
- 393 projects remained unfunded.

NOW advised that out of the 393 unfunded projects, 279 backlog projects were not prioritised because the respective LWUs were not able to provide the required co-payment even if the Program funding was available.

Exhibit 5: 1996 backlog works as at February 2015

	Water supply	Sewerage
Subsidised projects completed	176	181
Subsidised projects under construction	3	4
Projects with committed Program funding	13	24
Projects completed which were not subsidised (fully funded by LWUs)	10	8
Remaining backlog projects	163	230
Total backlog projects	365	447

Source: NSW Office of Water 2015.

Since prioritisation in 2004, over \$226 million has been allocated to 69 backlog projects. Of this funding:

- 44 per cent was allocated to large LWUs and 56 per cent to small LWUs
- 82 per cent was allocated to sewerage projects and 18 per cent to water supply projects.

There is a government commitment to fund the remaining 37 high priority backlog projects. Eight of these projects were on the 1994 list.

Exhibit 6: Remaining 1996 backlog works with committed funding

	Water supply projects	Sewerage projects
Large local water utilities	3	16
Small local water utilities	10	8
Total	13	24

Source: Audit Office analysis based on NSW Office of Water data 2015

NOW advised that the remaining funding of \$123 million has already been allocated (approved in principle) and, of that, \$51 million has been approved for construction.

A list of all 1996 backlog projects and their status, and the Program funding allocation by LWU are shown in Appendix 6 and Appendix 7 respectively.

The 1994 backlog works

The 1994 backlog works are a subset of the 1996 backlog. As at February 2015, out of 575 projects identified in 1994, 344 projects were completed and 231 projects were outstanding. The government objective to eliminate the 1994 backlog will not be achieved by the end of the Program.

A number of factors have led to this situation.

The then Department of Public Works and Services estimated the cost of the 1994 backlog works at \$1.7 billion. The government committed to provide half of this (\$855 million) with LWUs to provide the remainder. The objective was to eliminate the backlog over ten years.

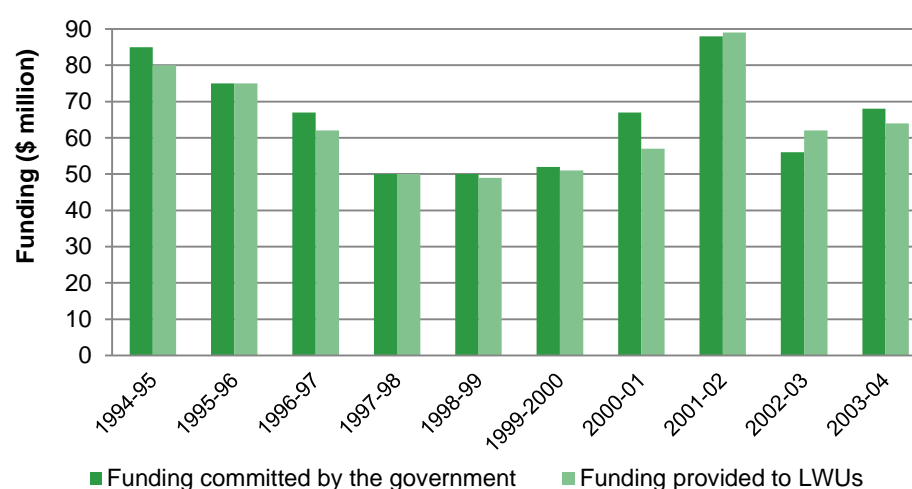
However, of the \$855 million:

- \$190 million was earmarked for work in progress that was not on the backlog works list
- \$65 million was earmarked for minor projects and Program administration.

Therefore, from the beginning, insufficient funds (\$600 million) were committed to fund half of the estimated cost of the backlog works.

Further, in 1994, DPWS advised that at least \$80 million a year over ten years, matched by LWUs, was required to eliminate the backlog identified at that time. Between 1994–95 and 2003–04, the government annual allocation was below \$80 million for all but two years.

Exhibit 7: Program funding between 1994–95 and 2003–04



Source: Audit Office analysis based on Budget papers and NSW Office of Water data.

Between 1997 and 2004, subsidies for Small Town Sewerage were increased to 70 per cent, and some backlog projects that were not on the original 1994 list were funded due to the change in eligibility rules in 1996. The government funding commitment to the Program did not increase to match these changes.

Funding also did not keep pace with inflation or the increasing costs of water supply and sewerage capital infrastructure works.

Since 1999–2000, several assessed projects received funding approval in principle, but the LWUs had to wait until government funding became available. We found that delays lasted for several years in some cases. These delays would have increased the cost of projects because of the increase in construction industry costs over the period.

The actual costs of works, and the financial assistance provided for projects, turned out to be much higher than originally planned.

Before 2004 the funding level for a project was the same irrespective of the revenue generated by LWUs. By 2004, over 76 per cent of funding allocated by that time was for large LWUs. If the means test had been introduced to project applications from 1996, then a larger number of projects could have been funded.

LWUs need community approval/support to implement a project because the community contributes to fund the upgrades through residential water supply and sewerage bills. Often small communities that would benefit from the infrastructure cannot afford or are unwilling to countenance a significant increase in user charges. The cost of a project per property is significantly higher for a small LWU/community. Parts of the community within LWUs that do not benefit directly from a project may also not wish to subsidise the cost of new infrastructure.

2.6 Has backlog funding been evaluated regularly?

Finding: There was only one major external review of the Program initiated by the minister.

Audit expectations

We expected the responsible agencies to:

- regularly evaluate the funding program
- report publicly on the outcomes of the evaluation.

Findings

The agencies administering the Program have not evaluated the efficiency and effectiveness of Program funding.

Good practice requires this to be done every three to five years. Regular evaluations can identify any changes needed to Program administration and any lessons to promote continuous improvement.

The responsible minister initiated an external review of the management of the Program in 2003. It was thorough but the report was not published.

NOW has advised that it will evaluate the Program in 2015. Such an evaluation should help the government make decisions about what, if anything, it needs to do about outstanding backlog projects.

In the interim, NOW needs to improve its data management and transparency, so that robust Program information and informed community input are available to the evaluators and decision makers.

Recommendations

Financial assistance under the Country Towns Water Supply and Sewerage Program is due to cease in 2016-17. Therefore, the recommendations from this audit are focused principally towards future similar long-term assistance programs.

For any future long-term assistance program the NSW Office of Water should:

1. prioritise financial allocations from the beginning, and review the priorities regularly to ensure they remain current
2. when determining allocations, use a methodology designed to achieve program outcomes, for example means-testing
3. design data collection and management systems so administrators can show the inputs applied to the program and the outputs and outcomes of the program
4. use information on inputs, outputs and outcomes to continuously improve program management
5. document and utilise procedures and guidelines for assessing and determining funding allocations to assist staff in making consistent and appropriate decisions, and make these available to stakeholders
6. evaluate the program every three to five years in line with the recommendation of the Department of Premier and Cabinet Good Practice Guideline to Grant Administration
7. be transparent about all aspects of the program, particularly program objectives and funding allocation criteria, including method of prioritisation, inputs, outputs, and outcomes
8. recognise there may be situations where priority is high but the potential funding recipient may not be able to provide the required co-payment, and either accept this risk or develop a strategy to address genuine hardship.

3. Promotion of better practices

Overall, the level of service and efficiency of LWUs in regional NSW has improved over the last twenty years.

In our view, the Program has contributed to these good results.

As part of the Program, the NSW Best Practice Management of Water Supply and Sewerage Framework (Framework) was developed. The purpose of the Framework is to achieve effective and efficient delivery of water supply and sewerage services and sustainable water conservation and water demand management throughout NSW.

Since 2004, financial assistance towards the capital cost of backlog works under the Program has been conditional upon LWUs achieving or improving their compliance with the Framework.

NOW and its predecessors have also:

- provided tools, guidance and support to help utilities adopt better practices
- provided incentives to promote implementation of better practices, including the linking of infrastructure funding to implementation of better practices
- monitored LWUs' implementation of better practices and the impact on LWUs' service delivery and demand management.

The stakeholders we spoke to highly praised NOW for providing expert advice, training and guidance to assist LWUs implement the Framework, and monitoring and reporting of LWU comparative performance.

3.1 Is appropriate guidance and support provided to local water utilities?

Finding: The relevant agencies have provided appropriate guidance and support to LWUs. This includes the development of the Framework, training and expert advice, benchmarking and performance feedback, and linking of financial assistance to the adoption of better practice. LWUs praised the Framework and support, and advised that these helped them improve their performance.

The Program promotes continuous improvement of LWUs' performance.

Over the past 20 years, relevant agencies have provided expert advice and technical support to LWUs, including:

- regular inspections of LWU water and sewerage treatment works
- dam safety inspections
- training seminars, courses and mentoring for water supply and sewerage operators
- trade waste regulation courses
- help desk services.

The approach adopted since 1995 has been to progressively encourage best-practice management by LWUs to achieve effective, efficient and sustainable water supply and sewerage businesses. In 2004, the Framework was introduced to help LWUs achieve effective and efficient delivery of water supply and sewerage services and sustainable water conservation and water demand management throughout NSW. The Framework consists of six elements:

- integrated water cycle management
- strategic business planning
- regulation and pricing of water supply, sewerage and trade waste
- water conservation
- drought management
- performance monitoring.

The core of the Framework is Integrated Water Cycle Management (IWCM), widely recognised by experts as the best approach for urban water management.

Exhibit 8: Integrated Water Cycle Management

Integrated Water Catchment Management is a holistic approach to urban water management. It involves integrating the water supply, sewerage, and stormwater services within a whole catchment strategic framework.

The IWCM process adopted in NSW consists of:

- IWCM evaluation, which lists all LWU and urban service targets and identifies all issues relating to planning and service delivery for urban water supply, sewerage and stormwater over 30 years
- IWCM strategy which identifies the best mix of capital works, non-build solutions, policies and operation and maintenance activities to address the identified issues and maximise benefits to the community and the environment.

The goal of IWCM is to provide access to all relevant information, improve interactions with other systems, ensure information is transparent to stakeholders, and ensure balanced decisions are made.

Source: Audit Office research.

Each LWU is eligible for the Program financial assistance to develop their first IWCM strategy. As at February 2015, over \$7 million has been allocated to LWUs to help them develop these documents.

Since 2004, financial assistance towards the capital cost of backlog works under the Program has been conditional upon LWUs achieving or improving their compliance with the Framework.

The Framework has been updated regularly.

The merits of the Framework have been recognised by the Independent Inquiry into Secure Urban Water Supply and Sewerage Services for Non-Metropolitan NSW in 2008 and the Productivity Commission in 2011.

The Environment Protection Authority is planning to link the risk based licensing for LWUs to the implementation of the Framework. Also, the implementation of IWCM by LWUs will be a prerequisite for accessing the NSW Government's priority funding initiatives.

NOW has prepared comprehensive guidelines and software tools to assist efficient implementation of the Best Practice Framework.

The stakeholders consulted highly praised NOW for providing expert advice, training and guidance to assist LWUs improve their performance.

3.2 Are LWUs' performance and compliance with the Best Practice Management of Water Supply and Sewerage Framework improving?

Finding: LWUs' performance has improved since 1994. There is now widespread adoption of better practices by LWUs. This has coincided with the development and implementation of the Best Practice Management of Water Supply and Sewerage Framework.

Overall the level of service and efficiency of LWUs in regional NSW has improved over time. The Program has, in our view, contributed to the improvement over time and the favourable position compared to other States. The Program has played a critical role in the adoption of better practices by LWUs. Implementation of the Framework resulted in improved capacity of the majority of LWUs to be self-sufficient.

The following table illustrates the improvement in LWU performance over time.

Exhibit 9: Performance of local water utilities over time – selected indicators

	1995–96	2003–04	2012–13
Population with reticulated water supply	1.57 million	1.73 million	1.81 million
Population with reticulated sewerage	1.46 million	1.65 million	1.69 million
LWUs' compliance with Australian Drinking Water Guidelines (microbiological)	77%*	84%	98%
Annual residential water use (kL/property)	220	215	166
Water main breaks (per 100 km of main)	14	11	10
LWUs' compliance with the environmental requirements for sewerage (BOD licence)	73%	77%	89%
LWUs with sound strategic water business and financial plans in place	31%**	42%	92%
LWUs with sound strategic sewerage business and financial plans in place	31%**	38%	93%
LWUs with full cost recovery for water supply		70%	100%
LWUs with full cost recovery for sewerage services		52%	96%

Source: Audit Office research.

Note: * Australian Drinking Water Standards were less stringent in 1995–96.

** This indicator was monitored from 1998–99

In many areas of performance, NSW LWUs compare favourably to other Australian states and capital city utilities. Some examples of NSW LWUs' results are shown in Exhibit 10.

Exhibit 10: Performance comparisons with selected metropolitan and regional utilities in other jurisdictions, 2012–13

	NSW LWUs	Sydney	Melbourne	Brisbane	Vic Country	Qld Country*
Annual residential water use (kL/per property)	166	198	152	154	176	186
Water main breaks (per 100 km of main)	10	29	18	26	21	12
Typical residential bill water and sewerage (\$/property/year)	\$1,110	\$1,112	\$885	\$1,073	\$1,030	\$1,361
Real losses (L/service connections/day)	60	87	72	84	68	81

Source: NSW Office of Water 2014.

Note: * Based on nine Queensland utilities reported in the National Performance Report 2012–13.

Stronger water pricing signals have encouraged more efficient water use. There is evidence that the reduction in water consumption as a result of pricing may have avoided further investment in additional infrastructure. NOW has estimated these savings to be over \$1 billion. Also, lower average water main breaks than all other Australian states and capital cities indicate relatively good asset condition.

The cost recovery results demonstrate a clear improvement over time. NOW defines full cost recovery as an Economic Real Rate of Return (ERRR) greater than or equal to zero, or a significant increase in prices. We share the view of the Productivity Commission, however, that this is not true 'full cost recovery'. The Productivity Commission, in its 2011 report on Australia's Urban Water Sector, commented that:

- this definition does not provide for a return on capital
- a number of utilities earn consistently negative ERRRs but continue to be assessed as achieving full cost recovery.

Increasing prices in response to poor returns in the preceding year does not constitute genuine full cost recovery and is unlikely to be sustainable.

In 2012–13, 27 LWUs had negative ERRR for water supply and 37 LWUs had negative ERRR for sewerage.

The Productivity Commission also recognised that some LWUs may not be able to achieve full cost recovery solely through customer charges given the costs of meeting the LWU's social, health or environmental obligations, and recommended that the NSW Government provide explicit community service obligation payments to these utilities.

The 2014 assessment of the National Water Initiative confirmed the issue of affordability in some LWUs.

The number of LWUs that comply fully with all requirements of the Framework for water supply and sewerage has increased over time.

Exhibit 11: LWUs' full compliance with the Best Practice Framework

	Water supply				Sewerage			
	2003–04		2012–13		2003–04		2012–13	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Large LWUs	10	38%	19	54%	9	39%	25	78%
Small LWUs	5	6%	24	39%	0	0%	26	39%
All LWUs	15	13%	43	45%	9	8%	51	52%

Source: Audit Office analysis based on NSW Office of Water data.

Exhibit 11 only includes LWUs that fully comply with all Framework indicators. The following provides a different perspective on the level of compliance. The Framework has:

- ten requirements for water supply and 96 LWUs provide these services. NOW assessed that 91 per cent of the total of 960 requirements were met
- nine requirements for sewerage and 99 LWUs provide these services. NOW assessed that 88 per cent of the total of 891 requirements were met.

In 2012–13, overall compliance with the Framework (with both water supply and sewerage requirements) was 90 per cent compared to 46 per cent eight years ago.

3.3 Is the impact of the promotion of better practice being monitored and evaluated?

Finding: The responsible agencies have effectively monitored the performance of the LWU sector, including benchmarking and adoption of the Best Practice Management of Water Supply and Sewerage Framework. While there is little doubt the Program helped the sector improve, the extent to which the Program has contributed to the sector's improvement has not been evaluated.

The performance of LWUs has been monitored since 1986 to facilitate continuous improvement.

Agencies managing the Program have developed a variety of performance indicators to effectively monitor LWUs' performance. Over 100 water supply and sewerage performance indicators cover areas such as pricing, finance, customer service, asset management, health and environmental impacts.

Several performance indicators used in NSW have been adopted by the National Water Initiative to monitor performance of LWUs that serve 10,000 or more connected properties across Australia.

Performance monitoring and benchmarking have become increasingly important management tools for several reasons, namely:

- they provide assurance to the NSW Government that each LWU is performing satisfactorily
- they provide valuable comparative data which enables each LWU to review and improve its productivity and performance
- they are required under the National Water Initiative and the National Competition Policy
- they are strongly endorsed by the Independent Pricing and Regulatory Tribunal.

NOW routinely monitors implementation of the Framework's 19 requirements and 100 indicators. The requirements are listed in Appendix 8.

The performance monitoring system operated by NOW has been implemented as a 'one stop shop'. The system assures data reliability, minimises the regulatory burden and avoids duplication in reporting by LWUs.

As part of the monitoring system, NOW:

- provides and maintains a web-based database for the 105 LWUs to annually report their water supply and sewerage data
- validates, reviews and analyses the supplied data
- publishes annually NSW Water Supply and Sewerage Performance Monitoring and Benchmarking reports.

In addition, NOW provides an annual performance report for each LWU's water supply and sewerage business. The report:

- addresses the LWU's implementation of the Framework's requirements and its performance in managing water supply and sewerage
- ranks each LWU's performance against similar size LWUs.

These reports enable LWUs to prepare annual action plans to councils which address any emerging issues or areas of under-performance. The action plans also report results for the key actions set out in the LWU's strategic business plan for the financial year. A key role for the action plan is to 'close the planning loop' with the LWU's strategic business plan.

Feedback from LWUs to the audit was that they found the performance monitoring and reporting, particularly the benchmarking, useful in identifying improvement opportunities.

The Productivity Commission has also commended NOW for its data-auditing approach.

In 2013, NOW commissioned an audit of the NSW performance monitoring system to assess its effectiveness in mitigating high inherent risks related to:

- failure to comply with the National Performance Framework
- LWUs failure to comply with the Best Practice Management of Water Supply and Sewerage Framework
- late detection and remediation of water supply and sewerage contamination or pollution.

The audit found that the system appears to be effective in mitigating these risks.

While the performance of LWUs improved markedly over the 20 years, the relevant agencies have not evaluated the impact of promoting the adoption of better practices to assess the extent to which the Program is driving improvement, and to identify opportunities to refine it.

Recommendations

Financial assistance under the Country Towns Water Supply and Sewerage Program is due to cease in 2016–17. Therefore, the recommendations from this audit are focused principally towards future similar long-term assistance programs.

Consistent with the practices adopted for the Country Towns Water Supply and Sewerage Program, for any future long-term assistance program the NSW Office of Water should:

9. develop and provide to stakeholders better practice guidance and tools, and then link financial assistance to the implementation of better practices
10. monitor and publish comparative performance to drive improvement.

Appendices

Appendix 1: Response from the Department of Trade and Investment, Regional Infrastructure and Services



**Trade &
Investment**

Office of the Secretary

BN15/2045

Mr Grant Hehir
Auditor-General
GPO Box 12
SYDNEY NSW 2001

Dear Mr Hehir

**Performance Audit
Country Towns Water Supply and Sewerage Program**

Thank you for your letter dated 1 April 2015 (your ref: PA6550) inviting my formal response to the above Auditor-General's final report.

I agree with all 10 recommendations of your report, which will improve documentation, transparency, data management systems, program management and include publication of an Annual Report disclosing the Program's effectiveness, efficiency, achievements and outcomes.

I have therefore approved an implementation plan of your recommendations with timelines which will be regularly monitored through the audit committee of the Department.

I am pleased to note that your report has found that the Program has helped improve the performance of local water utilities (LWUs), has effectively promoted adoption of better management practices by LWUs, has made a financial contribution to the building of water supply and sewerage infrastructure in country towns, the 1996 backlog has been reduced, only genuine backlog works have been funded and that the projects were fit-for-purpose.

Should you wish to discuss the above matter further, please contact Mr Stephen Palmer, A/Director, Urban Water, NSW Office of Water. Mr Palmer may be contacted on 9842 8511.

Thank you for the opportunity to provide a formal response to your final performance audit report.

Yours sincerely


Mark I Paterson AO
Secretary
24.4.15

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Appendix 2: Service delivery models in regional NSW

General purpose local government councils

General purpose local government councils provide a range of functions (for example roads, waste disposal and childcare services). Some councils also have direct responsibility for operating and managing of water supply and wastewater infrastructure. In New South Wales, the water supply and wastewater operations of local councils are required to be financially ring-fenced from other council activities.

County councils

County councils operate independently of local councils, with boards of management appointed by constituent councils. County councils own all relevant assets, and are responsible for service delivery, operation and maintenance of assets, and investment. There are four water supply county councils and one water supply and wastewater county council in New South Wales. County councils are established by proclamation under the *Local Government Act 1993* (NSW), and any change to the constitution of a county council must be approved by the minister.

Water supply authorities

Water supply authorities are established by legislation as distinct legal entities. The Governor appoints the members of a water supply authority. On their appointment, the water supply authority is constituted as corporation. Establishing a corporation would involve transferring asset ownership and operating responsibility from existing utilities to the corporation. Any change to the constitution of a water supply authority must be approved by the Governor.

Appendix 3: Local water utilities in 2012–13

Local Water Utility	Revenue	Water supply		Sewerage	
	\$million	Population served	Number of properties connected	Population served	Number of properties connected
Albury	\$32.0	49,400	23,260	48,000	21,630
Armidale Dumaresq	\$14.9	21,200	8,520	20,500	8,330
Ballina	\$23.6	37,100	13,980	35,700	13,740
Balranald	\$1.0	2,300	910	2,300	850
Bathurst Regional	\$22.2	33,600	15,230	32,900	15,120
Bega Valley	\$23.7	24,200	14,340	20,700	12,150
Bellingen	\$4.8	9,600	4,080	7,700	2,990
Berrigan	\$4.3	6,800	3,510	6,800	3,350
Bland	\$1.1			4,100	1,830
Blayney	\$1.2			3,800	1,980
Bogan	\$2.2	2,500	1,120	2,500	1,030
Bombala	\$1.0	1,900	890	1,800	770
Boorowa	\$1.0	1,700	640	1,400	650
Bourke	\$2.3	2,100	1,310	2,100	1,220
Brewarrina	\$1.8	1,500	510	1,500	500
Byron	\$20.9	20,700	11,040	20,500	10,370
Cabonne	\$2.3	1,800	1,140	4,400	2,260
Carrathool	\$1.9	2,000	1,110	1,900	830
Central Darling	\$0.9	1000	740	580	230
Central Tablelands	\$5.2	12,200	5,430		
Clarence Valley	\$28.0	45,700	21,350	30,400	14,640
Cobar	\$4.5	6,000	2,260	5,000	1,740
Coffs Harbour	\$47.4	69,200	24,750	68,100	23,400
Coolamon	\$0.4			2,400	1,000
Cooma-Monaro	\$6.3	7,100	3,660	6,900	3,270
Coonamble	\$1.5	3,000	1,690	3,000	1,370
Cootamundra	\$3.3	5,600	3,000	5,600	2,830
Corowa	\$8.5	10,100	5,370	10,100	4,670
Cowra	\$9.7	8,600	5,360	8,700	3,420
Deniliquin	\$5.6	6,600	3,510	6,600	3,170
Dubbo	\$29.3	34,500	16,940	32,700	15,840
Essential Energy	\$23.1	19,200	10,510	19,200	9,720
Eurobodalla	\$30.3	31,300	19,460	27,400	17,920
Fish River	\$8.8	62,000	23,500		
Forbes	\$4.5	7,900	3,650	7,900	3,190
Gilgandra	\$1.5	2,900	1,350	2,900	1,370
Glen Innes Severn	\$3.1	6,200	2,950	6,200	2,800

Local Water Utility	Revenue	Water supply		Sewerage	
	\$million	Population served	Number of properties connected	Population served	Number of properties connected
Goldenfields	\$16.5	60,500	29,170		
Gosford	\$84.8	163,200	70,740	159,300	68,970
Goulburn Mulwaree	\$20.2	22,500	9,930	22,100	9,620
Greater Hume	\$2.5	4,700	1,820	5,900	2,590
Griffith	\$15.6	24,600	8,390	24,600	7,860
Gundagai	\$1.4	2,400	910	2,400	760
Gunnedah	\$5.5	9,900	4,680	9,000	3,990
Guyra	\$1.7	2,500	1,350	2,500	1,190
Gwydir	\$2.0	2,600	1,470	2,600	1,150
Harden	\$2.6	3,900	1,820	2,100	940
Hawkesbury	\$5.6				7,650
Hay	\$2.0	2,400	1,330	2,400	1,290
Inverell	\$6.3	11,900	5,480	11,500	4,690
Jerilderie	\$0.7	770	490	770	430
Junee	\$0.7			4,600	1,620
Kempsey	\$17.5	25,300	12,620	19,900	9,330
Kyogle	\$2.2	3,700	1,900	3,600	1,710
Lachlan	\$4.0	5,400	2,830	5,000	2,170
Leeton	\$5.8	8,900	3,730	7,800	3,270
Lismore	\$20.8	30,700	14,240	28,000	12,670
Lithgow	\$11.9	20,900	8,060	20,900	7,470
Liverpool Plains	\$3.4	5,900	2,770	4,900	2,070
Lockhart	\$0.4			1,800	870
MidCoast	\$69.9	81,700	38,480	81,000	34,920
Mid-Western Regional	\$13.3	16,400	7,780	14,600	6,990
Moree Plains	\$7.9	10,600	4,610	9,800	4,080
Murray	\$3.7	7,300	2,910	7,300	2,960
Murrumbidgee	\$0.6	1,700	790	1,700	790
Muswellbrook	\$14.1	13,000	5,750	12,700	5,650
Nambucca	\$7.7	14,400	6,320	12,600	5,680
Narrabri	\$6.1	11,800	4,450	10,700	3,950
Narrandera	\$3.5	4,800	2,080	4,800	1,700
Narromine	\$2.6	4,900	2,120	4,900	1,960
Oberon	\$2.1	3,200	1,330	3,200	1,220
Orange	\$25.8	40,100	16,930	40,100	16,200
Palerang	\$3.9	5,000	2,120	4,600	2,150
Parkes	\$10.0	14,000	5,880	12,200	5,020
Port Macquarie-Hastings	\$43.6	80,200	29,730	74,000	27,250
Queanbeyan	\$21.9	38,100	16,280	38,100	16,280

Local Water Utility	Revenue	Water supply		Sewerage	
	\$million	Population served	Number of properties connected	Population served	Number of properties connected
Richmond Valley	\$13.3	16,500	7,120	16,100	6,620
Riverina	\$25.0	70,200	29,350		
Rous	\$19.8	113,100	45,540		
Shoalhaven	\$61.7	90,000	46,600	78,500	41,130
Singleton	\$10.0	18,700	6,590	15,100	5,560
Snowy River	\$6.1	4,000	5,160	4,100	4,700
Tamworth Regional	\$36.4	44,000	21,240	44,000	19,170
Temora	\$0.7			4,600	2,130
Tenterfield	\$3.0	3,700	2,020	3,700	1,710
Tumbarumba	\$1.5	1,700	1,160	1,700	980
Tumut	\$6.7	8,600	4,430	8,600	4,190
Tweed	\$49.7	79,200	31,560	75,200	30,070
Upper Hunter	\$8.3	11,100	4,660	11,100	4,240
Upper Lachlan	\$2.8	2,900	1,960	2,800	1,530
Uralla	\$1.3	2,800	1,420	2,400	1,100
Urana	\$0.2			720	320
Wagga Wagga	\$16.7			61,400	26,060
Wakool	\$2.1	2,600	1,470	2,300	1,010
Walcha	\$1.0	1,700	870	1,700	800
Walgett	\$2.4	6,500	1,930	6,500	1,700
Warren	\$1.1	1,900	960	1,800	810
Warrumbungle	\$3.9	5,900	3,320	4,900	2,540
Weddin	\$0.3			2,000	930
Wellington	\$4.6	6,500	2,890	5,900	2,660
Wentworth	\$3.6	4,000	2,340	4,000	1,840
Wingecarribee	\$25.4	39,600	18,730	34,600	14,690
Wyang	\$77.1	149,900	60,620	147,900	59,570
Yass Valley	\$5.2	6,700	3,170	5,800	2,280
Young	\$5.8	9,500	4,690	8,700	3,770

Source: Water services and sewerage Triple bottom line performance reports, NSW Office of Water 2014.

Appendix 4: About the audit

The audit assessed whether NOW and its predecessors have managed County Towns Water Supply and Sewerage Program funding for the 1996 infrastructure backlog works as intended and improved the management of water supply and sewerage infrastructure and services in LWUs. The audit used the following criteria:

- projects are assessed, prioritised and funded according to the Program's set rules and based on risk
- projects are implemented as agreed and are achieving the expected benefits
- the Program promotes improved management of water supply and sewerage infrastructure and services by LWUs.

Scope

The audit:

- focused on backlog works funding since 2004
- examined information collected and monitored by NOW
- covered the period between June 1994 and January 2015.

Audit exclusions

The audit did not:

- examine the funding to drought affected areas
- examine the impact of other funding sources that affect service quality
- challenge the appropriateness of solutions selected by LWUs
- challenge the adequacy of water supply and sewerage pricing and cost recovery
- seek evidence directly from LWUs as they are outside the mandate of the Audit Office.

Audit approach

The audit team acquired subject matter expertise through:

- interviews with relevant staff in NOW and NSW Treasury
- examination of relevant data and documents, including legislation, policies, guidelines, reports, strategies, reviews, business cases and plans
- discussions with representatives of key stakeholders and experts
- discussions with selected LWUs
- research into better practices
- a comparison with other approaches in NSW and other jurisdictions where relevant and appropriate.

Audit selection

We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to Parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing, and to reflect current thinking on performance auditing practices. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the NSW Office of Water. In particular we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

Audit team

Henriette Zeitoun and Bettina Ocias conducted the performance audit. Sean Crumlin, Rod Longford and Kathrina Lo provided direction and quality assurance.

Audit cost

Including staff costs and overheads, the estimated cost of the audit is \$411,934.

Appendix 5: Changes to the Country Towns Water Supply and Sewerage Program funding rules over time

Component	Pre 1994	1 July 1994 to 30 June 2004	From 1 July 2004
Growth	50%	0%	0%
Asset replacement	50%	0%	0%
Backlog Small Town Sewerage	50%	*70%	50%
Backlog other projects	50%	50%	50% small LWUs 20% large LWUs
Eligibility threshold (TRB)	Variable	\$253 per annum	\$350 per annum
Cap on the sewerage schemes	No	No	\$30,000 per property
Scoping	Yes	Yes	No
Pre-construction	Yes progressive	Yes progressive	Yes only at start of construction
Construction	Yes progressive plus variations	Yes progressive plus variations	Yes on milestones, no variations
Prioritisation	No	No	Yes
Substantial compliance with better practice Framework	No	No	Yes

Source: NSW Office of Water 2015.

*Introduced in 1997.

Appendix 6: Status of the 1996 backlog projects

Local Water Utility	Project name	Status
Albury	ETTAMOGAH SGE	Backlog
Albury	TABLE TOP SGE	Backlog
Albury	HUME WEIR VILLAGES SGE	Backlog
Albury	ALBURY SGE	Completed
Albury	ALBURY WS STG2	Completed
Albury	HUME WEIR VILLAGES WS	Backlog
Armidale	EBOR WS	Backlog
Armidale	ARMIDALE WS	Backlog
Armidale	HILLGROVE WS	Backlog
Armidale	MALPAS DAM - SAFETY	Backlog
Armidale	ARMIDALE SGE	Backlog
Ballina	WARDELL WS	Backlog
Ballina	BALLINA-LENNOX HEAD SGE	Completed
Ballina	ALSTONVILLE/WOLLONGBAR WS	Completed
Ballina	WARDELL SGE	Completed
Ballina	BALLINA WS STAGE 2	Backlog
Balranald	EUSTON WS	Completed
Balranald	EUSTON SGE	Completed
Balranald	BALRANALD WS WATER METERS	Completed
Bathurst	ROCKLEY SGE	Backlog
Bathurst	ROCKLEY W/S	Backlog
Bathurst	SOFALA W/S	Backlog
Bathurst	PERTHVILLE SGE	Completed
Bathurst	HILL END SGE	Completed
Bathurst	BATHURST WS	Completed
Bathurst	SOFALA SGE	Backlog
Bathurst	BATHURST SGE	Completed
Bathurst	HILL END SGE	Backlog
Bega Valley	KALARU SGE (BEGA SHIRE VILLAGES)	Backlog
Bega Valley	(Not Used) BEGA VALLEY SHIRE SGE - VILLAGES	Backlog
Bega Valley	BEGA VALLEY SHIRE SGE	Completed
Bega Valley	BEGA VALLEY WS – SECURITY	Completed
Bega Valley	BEGA SGE	Backlog
Bega Valley	CANDELO SGE(BEGA SHIRE VILLAGES)	Backlog
Bega Valley	MERIMBULA WS	Backlog
Bega Valley	BEMBOKA SEWERAGE	Backlog
Bega Valley	BEGA VALLEY TELEMETRY	Completed
Bega Valley	COBARGO SGE(BEGA SHIRE VILLAGES)	Backlog
Bega Valley	WOLUMLA SGE (BEGA SHIRE VILLAGES)	Backlog
Bega Valley	TANTAWANGLO WS	Completed
Bega Valley	WALLAGA LAKE SOUTH SGE (BEGA SHIRE VILLAGES)	Backlog
Bega Valley	BEGA VALLEY WS – TREATMENT	Backlog
Bega Valley	COBARGO WS	Backlog
Bega Valley	BEGA WS	Backlog

Local Water Utility	Project name	Status
Bega Valley	BEMBOKA WS	Backlog
Bellingen	LOWER BELLINGER WS	Backlog
Bellingen	BELLINGEN DISTRICT WS	Backlog
Bellingen	SOUTH URUNGA / HUNGRY HEAD SGE	Backlog
Bellingen	BELLINGEN SGE	Completed
Bellingen	MYLESTOM SEWERAGE	Backlog
Bellingen	URUNGA SGE	Completed
Bellingen	DORRIGO SGE	Funding allocated
Bellingen	NORTH DORRIGO SGE	Backlog
Berrigan	FINLEY SGE	Backlog
Berrigan	BAROOGA WS STAGE 1	Completed
Berrigan	BERRIGAN SGE	Backlog
Berrigan	FINLEY WS SLUDGE MANAGEMENT	Completed
Berrigan	FINLEY WS	Completed
Berrigan	FINLEY WS RESERVOIR	Backlog
Berrigan	TOCUMWAL WS	Backlog
Berrigan	TOCUMWAL WS PAC	Completed
Bland	UNGARIE WS	Backlog
Bland	WEST WYALONG SGE	Backlog
Blayney	BLAYNEY WS	Backlog
Blayney	MILLTHORPE WS	Backlog
Blayney	MANDURAMA SGE	Backlog
Blayney	LYNDHURST SGE	Backlog
Blayney	BLAYNEY SGE	Completed
Blayney	CARCOAR SGE	Backlog
Blayney	MILLTHORPE SGE	Completed
Bogan	BOGAN SHIRE WS	Completed
Bogan	NYNGAN WS PAC	Completed
Bogan	NYNGAN & COBAR WS – ALBERT PRIEST CHANNEL	Funding allocated
Bombala	BOMBALA WS – ROOFING RESERVOIR	Completed
Bombala	DELEGATE WS	Backlog
Bombala	BOMBALA SGE	Funding allocated
Boorowa	BOOROWA SGE	Backlog
Bourke	BOURKE WEIR REMEDIAL WORKS	Completed
Bourke	BOURKE SGE	Backlog
Bourke	BOURKE WS AUG	Backlog
Bourke	ENNGONIA SGE	Completed
Bourke	BYROCK WS	Backlog
Bourke	NORTH BOURKE SGE	Backlog
Bourke	BOURKE WS – IMPROVEMENTS TO WTP	Completed
Bourke	BOURKE SGE EFFLUENT MANAGEMENT	Backlog
Bourke	ENNGONIA WS	Completed
Bourke	BOURKE WS SLUDGE MANAGEMENT	Backlog
Brewarrina	ANGLEDPOOL WS – BORE	Backlog
Brewarrina	BREWARRINA SGE EFFL & WS SLUDGE MGMT	Backlog
Brewarrina	BREWARRINA SHIRE COUNCIL WATER METERS	Completed

Local Water Utility	Project name	Status
Brewarrina	GOODDOGA WS	Completed
Byron	RICHMOND-BRUNSWICK REGIONAL WS	Completed
Byron	BYRON BAY SGE STG 3	Completed
Byron	OCEAN SHORES SGE	Completed
Byron	MULLUMBIMBY WS – ROOF RESERVOIR	Completed
Byron	BRUNSWICK AREA SGE	Completed
Byron	BYRON BAY WS	Backlog
Byron	NEW BRIGHTON / BILLINUDGEL SGE	Completed
Byron	MULLUMBIMBY SGE	Backlog
Byron	BYRON BAY SGE STAGE 2	Completed
Byron	BANGALOW SGE	Completed
Cabonne	MO LONG SGE	Backlog
Cabonne	YEOVAL SGE	Construction
Cabonne	CUDAL SGE	Completed
Cabonne	EUGOWRA SGE	Completed
Cabonne	MANILDRA SGE	Completed
Cabonne	CANOWINDRA SGE	Completed
Cabonne	CUMNOCK SGE	Construction
Cabonne	YEOVAL WS	Backlog
Cabonne	BORENORE CK & MO LONG CK DAM – SAFETY	Backlog
Cabonne	CARGO SGE (CABONNE VILLAGES)	Backlog
Cabonne	EUGOWRA WS	Backlog
Cabonne	CANOWINDRA WS	Backlog
Carrathool	HILLSTON WS	Backlog
Carrathool	GOOLGOWI WS	Completed
Carrathool	CARRATHOOL WS	Backlog
Carrathool	HILLSTON SGE	Backlog
Carrathool	MERRIWAGGA SGE	Backlog
Carrathool	GOOLGOWI SGE	Backlog
Central Darling	WHITE CLIFFS WS	Backlog
Central Darling	WILCANNIA SGE	Completed
Central Darling	WILCANNIA WS – WEIR	Backlog
Central Darling	IVANHOE SGE	Funding allocated
Central Tablelands Water	GRENFELL–BLAYNEY WS – ROOFING OF RESERVOIRS	Completed
Central Tablelands Water	QUANDIALLA WS	Completed
Central Tablelands Water	MANILDRA-CUDAL WS	Completed
Clarence Valley	COPMANHURST WS INVESTIGATION	Completed
Clarence Valley	MINNIE WATER SGE	Backlog
Clarence Valley	ILUKA SGE	Completed
Clarence Valley	MACLEAN/TOWNSEND SGE	Completed
Clarence Valley	WOOLI WS	Completed
Clarence Valley	JUNCTION HILL SGE	Completed
Clarence Valley	GLENREAGH SGE	Backlog
Clarence Valley	WOOLI SGE	Funding allocated
Clarence Valley	YAMBA SGE AUG	Funding allocated
Clarence Valley	MINNIE WATER WS	Completed

Local Water Utility	Project name	Status
Clarence Valley	GRAFTON WS LIME/CO2 DOSING	Undertaken by LWU
Clarence Valley	LAWRENCE SGE	Undertaken by LWU
Clarence Valley	WATERVIEW/SEELANDS WS	Completed
Clarence Valley	GLENREAGH WS AUGMENTATION	Completed
Clarence Valley	GULMARRAD SGE	Backlog
Clarence Valley	GRAFTON SGE AUG	Completed
Clarence Valley	GRAFTON WS	Backlog
Clarence Valley	ULMARRA SGE	Backlog
Clarence Valley	COPMANHURST SGE	Backlog
Clarence Valley	WOOMBAH SGE	Backlog
Clarence Valley	LOWER CLARENCE REGIONAL WS – SHANNON CK DAM	Completed
Clarence Valley	YAMBA SGE INTERIM WORKS	Completed
Clarence Valley	BROOMS HEAD SGE	Backlog
Clarence Valley	ILARWILL SGE	Completed
Clarence Valley	LOWER CLARENCE REGIONAL WS – TRANSFER SYSTEM	Completed
Cobar	COBAR WS AUG	Backlog
Cobar	EUABALONG AND EUABALONG WEST WS	Backlog
Cobar	MURRIN BRIDGE SGE	Backlog
Coffs Harbour	CORAMBA WS	Backlog
Coffs Harbour	COFFS HARBOUR REGIONAL SGE – MOONEE / EMERALD BEACH SGE	Completed
Coffs Harbour	NANA GLEN WS	Completed
Coffs Harbour	COFFS HARBOUR REGIONAL SGE – SOLUTION DEVELOPMENT	Completed
Coffs Harbour	NANA GLEN SGE	Backlog
Coffs Harbour	(Not used) COFFS HARBOUR NTHN AREAS SGE	Backlog
Coffs Harbour	CORAMBA SGE	Backlog
Coffs Harbour	COFFS HARBOUR WS STAGE 3	Backlog
Coffs Harbour	CORINDI SGE	Completed
Coffs Harbour	COFFS HARBOUR REGIONAL SGE – STAGE 2 PRIORITY WORKS	Completed
Coffs Harbour	COFFS HARBOUR REGIONAL SGE – STAGE 1 PRIORITY WORKS	Completed
Coffs Harbour	COFFS HARBOUR WS STAGE 3	Completed
Conargo	WANGANELLA SGE	Backlog
Conargo	WANGANELLA WS	Backlog
Coolamon	BECKOM SGE	Backlog
Coolamon	GANMAIN SGE	Completed
Coolamon	ARDLETHAN SGE	Backlog
Coolamon	MARRAR SGE	Backlog
Coolamon	MATONG SGE	Backlog
Cooma-Monaro	NIMMITABEL WS	Completed
Cooma-Monaro	NIMMITABEL SGE	Completed
Cooma-Monaro	BREDBO WS	Backlog
Cooma-Monaro	COOMA WS AUG	Undertaken by LWU
Cooma-Monaro	COOMA SGE	Completed
Cooma-Monaro	COOMA WS PAC	Completed

Local Water Utility	Project name	Status
Cooma-Monaro	COOMA WS	Backlog
Coonamble	COONAMBLE SGE	Backlog
Coonamble	COONAMBLE WS	Backlog
Coonamble	GULARGAMBONE SGE	Backlog
Coonamble	GULARGAMBONE WS	Backlog
Cootamundra	COOTAMUNDRA SGE	Backlog
Cootamundra	COOTAMUNDRA SGE EFFLUENT REUSE SCHEME	Completed
Cootamundra	WALLENDREEN SGE	Backlog
Cootamundra	STOCKINBINGAL SGE	Backlog
Corowa	SAVERNAKE WS	Backlog
Corowa	DAYSDALE WS	Backlog
Corowa	BALLDALE SGE	Backlog
Corowa	BALLDALE WS	Funding allocated
Corowa	COROWA WS	Completed
Corowa	COROWA SGE	Completed
Corowa	MULWALA SGE AUG	Completed
Cowra	WYANGALA SGE	Funding allocated
Cowra	DARBYS FALLS WS	Construction
Cowra	COWRA SGE STAGE 2	Completed
Cowra	WYANGALA WS TREATMENT	Completed
Cowra	COWRA WS SLUDGE MANAGEMENT	Backlog
Cowra	COWRA SGE RESEARCH	Completed
Cowra	NOONBINNA WS	Backlog
Cowra	WOODSTOCK/WESTVILLE SGE	Backlog
Deniliquin	DENILIKIN SGE STAGE 2	Completed
Deniliquin	DENILIKIN SGE STAGE 1	Completed
Deniliquin	DENILIKIN WS WATER METERS	Completed
Deniliquin	DENILIKIN WS	Backlog
Dubbo	BROCKLEHURST SGE – CONSTRUCTION	Undertaken by LWU
Dubbo	BROCKLEHURST SGE (PRECON ONLY)	Backlog
Dubbo	WONGARBON SGE	Undertaken by LWU
Dubbo	BROCKLEHURST WS	Completed
Dubbo	BALLIMORE WS	Undertaken by LWU
Dubbo	WONGARBON WS	Completed
Dubbo	EUMUNGERIE WS	Backlog
Dubbo	DUBBO SGE	Completed
Dubbo	DUBBO WS	Completed
Essential Water	MENINDEE SGE	Funding allocated
Essential Water	MENINDEE WS	Backlog
Essential Water	SILVERTON WS	Backlog
Essential Water	SUNSET STRIP WS	Completed
Essential Water	BROKEN HILL SGE EFFLUENT MANAGEMENT	Backlog
Eurobodalla	NAROOMA SGE	Backlog
Eurobodalla	POTATO POINT SGE	Backlog
Eurobodalla	BATEMANS BAY SGE STAGE 2	Completed
Eurobodalla	TURLINJAH SGE	Completed

Local Water Utility	Project name	Status
Eurobodalla	BATEMANS BAY SGE EMERGENCY	Completed
Eurobodalla	EUROBODALLA WS STAGE 4A – TRUNK MAIN	Completed
Eurobodalla	MORUYA SGE AUG	Completed
Eurobodalla	NELLIGEN SGE	Backlog
Eurobodalla	MORUYA HEADS SGE	Completed
Eurobodalla	MOGO SGE	Completed
Eurobodalla	BODALLA SGE	Funding allocated
Eurobodalla	TILBA TILBA SGE	Backlog
Eurobodalla	CONGO SGE	Backlog
Eurobodalla	EUROBODALLA EFFLUENT	Backlog
Eurobodalla	AKOLELE & KOORI VILLAGE SGE	Funding allocated
Eurobodalla	EUROBODALLA WS STAGE 4B – WTPs	Undertaken by LWU
Eurobodalla	POTATO POINT WS	Completed
Eurobodalla	MYSTERY BAY SGE	Backlog
Eurobodalla	CENTRAL TILBA SGE	Backlog
Eurobodalla	ROSEDALE/GUERILLA BAY SGE	Funding allocated
Eurobodalla	TILBA TILBA WS	Backlog
Eurobodalla	SOUTH DURRAS SGE	Funding allocated
Forbes	FORBES WS SLUDGE MANAGEMENT	Backlog
Forbes	FORBES WS WATER METERS	Completed
Forbes	FORBES SGE ST.2	Completed
Forbes	FORBES SGE	Completed
Gilgandra	GILGANDRA SGE EFFLUENT MANAGEMENT	Backlog
Glen Innes Severn	GLEN INNES WS	Backlog
Glen Innes Severn	DEEPWATER WS RESERVOIR ROOFING	Completed
Glen Innes Severn	GLEN INNES SGE AUG STG 2	Completed
Glen Innes Severn	BEARDY WATERS DAM	Backlog
Glen Innes Severn	DEEPWATER WS	Completed
Glen Innes Severn	EMMAVILLE SGE	Backlog
Gloucester	STRATFORD / CRAVEN WS	Backlog
Gloucester	BARRINGTON SGE	Undertaken by LWU
Gloucester	GLOUCESTER SGE	Backlog
Gloucester	GLOUCESTER WS	Completed
Gloucester	BARRINGTON WS	Undertaken by LWU
Gloucester	STRATFORD SGE	Backlog
Gosford	DALEYS POINT SGE	Completed
Gosford	GOSFORD/WYONG WS	Backlog
Gosford	PATONGA CREEK SGE	Funding allocated
Gosford	MOONEY MOONEY / CHEERO POINT SGE	Completed
Gosford	BENSVILLE SGE	Funding allocated
Gosford	LITTLE WOBBY SGE	Funding allocated
Gosford	BAR POINT SGE	Funding allocated
Goulburn Mulwaree	GOULBURN SGE STAGE 2	Completed
Goulburn Mulwaree	GOULBURN WS PAC	Completed
Goulburn Mulwaree	MARULAN WS	Completed
Goulburn Mulwaree	TARAGO SGE	Funding allocated
Goulburn Mulwaree	GOULBURN SGE STAGE 3	Completed

Local Water Utility	Project name	Status
Goulburn Mulwaree	MARULAN SGE	Completed
Goulburn Mulwaree	GOULBURN WS STAGE 2 – SOOLEY DAM	Completed
Goulburn Mulwaree	TARAGO WS	Backlog
Goulburn Mulwaree	GOULBURN WS STAGE 3 (TREATMENT)	Backlog
Greater Hume	BURRUMBUTTOCK SGE	Backlog
Greater Hume	WALLA WALLA WS	Backlog
Greater Hume	WALLA WALLA SGE	Backlog
Greater Hume	HENTY SGE	Backlog
Greater Hume	WOOMARGAMA SGE	Backlog
Greater Hume	HOLBROOK WS	Backlog
Greater Hume	HOLBROOK SGE	Backlog
Greater Hume	CULCAIRN SGE	Backlog
Griffith	GRIFFITH SGE	Completed
Griffith	THARBOGANG SGE	Backlog
Griffith	YENDA SGE	Backlog
Griffith	NERICON SGE	Backlog
Griffith	GRIFFITH WS	Backlog
Griffith	LAKE WYANGAN SGE	Backlog
Gundagai	GUNDAGAI SGE	Backlog
Gunnedah	GUNNEDAH WS	Completed
Gunnedah	CARROLL WS	Backlog
Gunnedah	MULLALEY WS	Backlog
Gunnedah	CURLEWIS SGE	Backlog
Gunnedah	CURLEWIS WS – DISINFECTION	Completed
Gunnedah	GUNNEDAH WS DISINFECTION	Completed
Gunnedah	GUNNEDAH SGE	Completed
Gunnedah	CURLEWIS WS	Backlog
Guyra	GUYRA WS	Backlog
Guyra	GUYRA WS DESTRATIFICATION OF DAM	Completed
Guyra	GUYRA SGE	Completed
Guyra	TINGHA SGE	Completed
Gwydir	BINGARA SGE	Backlog
Gwydir	GRAVESEND WS	Completed
Gwydir	WARIALDA SGE	Backlog
Gwydir	BINGARA WS – BORES	Completed
Gwydir	WARIALDA WS	Completed
Gwydir	NORTH STAR WS	Completed
Gwydir	BINGARA WS TREATMENT	Completed
Harden	HARDEN SGE	Backlog
Hay	HAY SGE	Backlog
Hay	MAUDE SGE	Backlog
Hay	HAY RAW WS	Completed
Hay	HAY WS WATER METERS	Completed
Hunter Water Corporation	WALLALONG SGE	Backlog
Hunter Water Corporation	CLARENCE TOWN SGE	Completed
Hunter Water Corporation	VACY & MARTINS CREEK SGE	Backlog
Hunter Water Corporation	HUNTER SEWERAGE PROJECT	Completed

Local Water Utility	Project name	Status
Hunter Water Corporation	LOCHINVAR SGE	Backlog
Hunter Water Corporation	GRESFORD SGE	Backlog
Hunter Water Corporation	HEXHAM SGE	Backlog
Hunter Water Corporation	HINTON SGE	Backlog
Hunter Water Corporation	GRESFORD WS	Completed
Hunter Water Corporation	DUNGOG VILLAGES WS	Backlog
Hunter Water Corporation	AWABA SGE	Backlog
Hunter Water Corporation	ELLALONG SGE	Backlog
Hunter Water Corporation	DUNGOG SGE	Completed
Hunter Water Corporation	PATERSON SGE	Backlog
Inverell	LAKE INVERELL – DAM SAFETY	Backlog
Inverell	INVERELL WS	Backlog
Inverell	GILGAI SGE	Completed
Inverell	ASHFORD SGE	Backlog
Inverell	INVERELL SGE	Completed
Inverell	INVERELL SGE	Backlog
Inverell	DELUNGRA WS	Completed
Inverell	DELUNGRA SGE	Backlog
Inverell	INVERELL WS	Completed
Inverell	ASHFORD WS	Backlog
Inverell	YETMAN SGE	Backlog
Jerilderie	JERILDERIE WS AUG	Backlog
Jerilderie	JERILDERIE SGE	Backlog
Junee	ILLABO SGE	Backlog
Junee	OLD JUNEE SGE	Backlog
Kempsey	FREDERICKTON SGE	Backlog
Kempsey	YESSABAH SGE	Backlog
Kempsey	STUARTS POINT / GRASSY HEAD SGE	Backlog
Kempsey	KEMPSEY SGE	Completed
Kempsey	CRESCENT HD SGE	Completed
Kempsey	KEMPSEY WS	Completed
Kempsey	WILLAWARRIN SGE	Funding allocated
Kempsey	BURNT BRIDGE SGE	Backlog
Kempsey	STUARTS POINT WS	Completed
Kempsey	HAT HEAD SGE	Completed
Kempsey	SMITHTOWN / GLADSTONE SGE	Backlog
Kempsey	GRASSY HEAD SGE	Backlog
Kempsey	CRESCENT HEAD WS	Construction
Kempsey	BELLBROOK SGE	Backlog
Kyogle	BONALBO DAM	Backlog
Kyogle	BONALBO WS – TREATMENT	Completed
Kyogle	BONALBO-WOODENBONG SEWAGE EFFLUENT REUSE SCHEME	Completed
Kyogle	KYOGLE WS AUG BACKLOG	Funding allocated
Kyogle	KYOGLE SGE	Completed
Kyogle	BONALBO WS ALTERNATE SOURCE	Undertaken by LWU
Kyogle	KYOGLE WS	Completed

Local Water Utility	Project name	Status
Kyogle	BONALBO WS	Completed
Kyogle	KYOGLE WS AND SGE	Completed
Kyogle	KYOGLE SGE AUG STAGE 2	Completed
Lachlan	LAKE CARGELLIGO / TULLIBIGEAL WS	Completed
Lachlan	TOTTENHAM SGE	Backlog
Lachlan	CONDOBOLIN SGE	Backlog
Lachlan	LACHLAN SHIRE SGE EFFLUENT MANAGEMENT	Backlog
Lachlan	LACHLAN SHIRE TELEMETRY	Completed
Lachlan	TOTTENHAM WS	Backlog
Lachlan	CONDOBOLIN WS RESERVOIR ROOFING	Completed
Leeton	LEETON SGE	Completed
Leeton	WHITTON WS	Backlog
Leeton	WHITTON SGE	Completed
Leeton	WAMOON SGE	Backlog
Leeton	YANCO SGE	Backlog
Lismore	CLUNES WS	Backlog
Lismore	CLUNES SGE	Funding allocated
Lismore	DUNOON SGE	Backlog
Lismore	NIMBIN WS AUG (PRECON ONLY)	Completed
Lismore	LISMORE SGE DISINFECTION	Completed
Lismore	LISMORE SGE	Completed
Lismore	BEXHILL SGE	Backlog
Lismore	DUNOON/ THE CHANNON WS	Backlog
Lismore	NIMBIN WS	Completed
Lismore	THE CHANNON SGE	Backlog
Lismore	NIMBIN WS AUG – CONSTRUCTION	Undertaken by LWU
Lithgow	LITHGOW WS TREATMENT	Backlog
Lithgow	WALLERAWANG WS	Backlog
Lithgow	WALLERAWANG SGE AUG	Completed
Lithgow	PORTLAND SGE	Backlog
Lithgow	LITHGOW SGE STAGE 3	Completed
Lithgow	LITHGOW NO.1 DAM – SAFETY	Backlog
Lithgow	CULLEN BULLEN SGE	Backlog
Lithgow	CULLEN BULLEN WS	Backlog
Lithgow	PORTLAND WS	Backlog
Liverpool Plains	PREMER WS	Backlog
Liverpool Plains	WILLOW TREE SGE	Backlog
Liverpool Plains	QUIRINDI WS	Backlog
Liverpool Plains	QUIRINDI SHIRE WS DISINFECTION	Completed
Liverpool Plains	BLACKVILLE WS CHLORINATION	Completed
Liverpool Plains	WERRIS CREEK SGE	Backlog
Liverpool Plains	WALLABADAH SGE	Backlog
Liverpool Plains	WERRIS CREEK WS PAC	Completed
Liverpool Plains	QUIPOLLY NO 2 DAM – DAM SAFETY	Completed
Liverpool Plains	WERRIS CREEK WS – COEYPOLLY DAM NUTRIENT CONTROL	Completed
Liverpool Plains	QUIRINDI SGE	Backlog

Local Water Utility	Project name	Status
Liverpool Plains	BLACKVILLE WS	Backlog
Lockhart	LOCKHART SGE EFFLUENT REUSE SCHEME	Backlog
Lockhart	THE ROCK SGE	Completed
Lockhart	YERONG CREEK SGE	Completed
MidCoast	FORSTER/GREEN POINT SGE	Completed
MidCoast	TEA GARDENS WS	Backlog
MidCoast	MANNING DISTRICT WS STAGE 2C (DAM)	Backlog
MidCoast	NORTH ARM COVE SGE	Backlog
MidCoast	LANSDOWNE SGE	Completed
MidCoast	TAREE SGE	Completed
MidCoast	PACIFIC PALMS SGE	Completed
MidCoast	JOHNS RIVER WS	Backlog
MidCoast	COOPERNOOK SGE	Completed
MidCoast	MANNING POINT SGE	Completed
MidCoast	TUNCURRY SGE AUG	Undertaken by LWU
MidCoast	ALLWORTH SGE	Backlog
MidCoast	PACIFIC PALMS WS	Backlog
MidCoast	STROUD SGE AUG	Completed
MidCoast	BULAHDELAH WS	Completed
MidCoast	WINGHAM SGE	Backlog
MidCoast	TEA GARDENS/HAWKS NEST WS	Undertaken by LWU
MidCoast	TUNCURRY WS	Backlog
MidCoast	NABIAC SGE	Completed
MidCoast	STROUD WS	Completed
MidCoast	ALLWORTH WS	Backlog
MidCoast	OLD BAR SGE	Completed
MidCoast	TEA GARDENS/HAWKS NEST SGE	Completed
MidCoast	PINDIMAR SGE	Backlog
MidCoast	STROUD ROAD SGE	Backlog
MidCoast	NORTH KARUAH SGE	Completed
MidCoast	BULAHDELAH SGE	Completed
MidCoast	MOUNT GEORGE SGE	Backlog
MidCoast	CROWDY HEAD SGE	Completed
MidCoast	MANNING DISTRICT WS STAGE 2B (WTP)	Completed
MidCoast	MCW4 WARDS RIVER SGE	Backlog
MidCoast	MANNING DISTRICT WS STAGE 2A RESERVOIRS	Completed
MidCoast	NORTH ARM COVE WS	Backlog
MidCoast	LIMEKILNS SGE	Completed
MidCoast	COOMBA PARK SGE	Backlog
MidCoast	NERONG WS	Backlog
MidCoast	NERONG SGE	Backlog
MidCoast	MCW3 LIMBURNERS CREEK SGE	Backlog
MidCoast	HARRINGTON SGE	Completed
MidCoast	FAILFORD SGE	Backlog
MidCoast	MCW4 WOOTTON SGE	Backlog
MidCoast	MCW3 SEAL ROCKS SGE	Backlog

Local Water Utility	Project name	Status
MidCoast	BUNDABAH SGE	Backlog
Mid-Western	REDBANK CREEK DAM – SAFETY	Completed
Mid-Western	CHARBON SGE	Backlog
Mid-Western	RYLSTONE SGE	Backlog
Mid-Western	RYLSTONE DAM – SAFETY	Funding allocated
Mid-Western	GULGONG WS AUG	Completed
Mid-Western	RYLSTONE SGE EFFLUENT MANAGEMENT	Backlog
Mid-Western	KANDOS SGE	Backlog
Mid-Western	RYLSTONE WS PAC	Completed
Mid-Western	ULAN SGE	Backlog
Mid-Western	ULAN WS	Backlog
Mid-Western	RYLSTONE WS TELEMETRY	Completed
Mid-Western	MUDGEE WS AUG	Completed
Mid-Western	WOLLAR WS	Backlog
Mid-Western	GULGONG SGE	Completed
Mid-Western	LUE W/S	Backlog
Mid-Western	HARGRAVES WS	Backlog
Mid-Western	MUDGEE SGE AUG	Completed
Mid-Western	WINDEYER WS	Backlog
Moree Plains	GARAH WS	Completed
Moree Plains	ASHLEY SGE	Completed
Moree Plains	GARAH WS	Backlog
Moree Plains	BOGGABILLA SGE	Completed
Moree Plains	MOREE SGE	Completed
Moree Plains	PALLAMALLAWA SGE	Backlog
Moree Plains	MOREE WS AUG	Backlog
Moree Plains	BINIGUY WS	Backlog
Moree Plains	ASHLEY WS	Backlog
Moree Plains	MUNGINDI SGE	Completed
Moree Plains	MOREE SGE - SE SECTOR	Undertaken by LWU
Murray	(Not used) BUNNALOO WS	Backlog
Murray	BUNNALOO WS	Backlog
Murray	WOMBOOTA WS	Backlog
Murray	MOAMA SGE	Completed
Murray	MOAMA WS WATER METERS	Completed
Murray	MOAMA WS	Backlog
Murray	MATHOURA WS	Backlog
Murray	MATHOURA WS PAC	Completed
Murrumbidgee	NORTH DARLINGTON POINT SGE	Completed
Murrumbidgee	DARLINGTON POINT WS	Backlog
Murrumbidgee	DARLINGTON POINT SGE	Backlog
Murrumbidgee	DARLINGTON POINT WS	Backlog
Murrumbidgee	COLEAMBALLY WS	Backlog
Murrumbidgee	COLEAMBALLY SGE	Backlog
Murrumbidgee	DARLINGTON PT AND COLEAMBALLY WS	Backlog
Muswellbrook	MUSWELLBROOK WS	Backlog
Muswellbrook	MUSWELLBROOK SGE	Backlog

Local Water Utility	Project name	Status
Muswellbrook	DENMAN SGE	Backlog
Muswellbrook	DENMAN WS	Completed
Muswellbrook	SANDY HOLLOW WS	Completed
Muswellbrook	SANDY HOLLOW SGE	Backlog
Nambucca	NAMBUCCA DISTRICT WS TREATMENT	Completed
Nambucca	WARRELL CREEK WS	Backlog
Nambucca	NAMBUCCA HEADS SGE	Completed
Nambucca	MACKSVILLE SGE	Completed
Nambucca	NAMBUCCA DISTRICT WS STG.2	Construction
Nambucca	BOWRAVILLE SGE	Completed
Nambucca	NAMBUCCA HEADS SGE AUG	Completed
Nambucca	SCOTTS HEAD SGE	Completed
Narrabri	NARRABRI SGE	Completed
Narrabri	NARRABRI WS AUG	Backlog
Narrabri	BELLATA SGE	Backlog
Narrabri	BAAN BAA WS	Backlog
Narrabri	WEE WAA SGE	Backlog
Narrabri	BOGGABRI SGE	Backlog
Narrabri	BOGGABRI WS SECURITY	Completed
Narrabri	BELLATA WS	Backlog
Narrabri	WEE WAA, BOGGABRI, BELLATA CHLORINATION	Completed
Narrandera	BARELLAN SGE	Backlog
Narrandera	NARRANDERA SGE	Backlog
Narrandera	BARELLAN WS	Backlog
Narrandera	NARRANDERRA WS	Backlog
Narromine	TOMINGLEY WS	Completed
Narromine	NARROMINE SGE	Completed
Oberon	OBERON WS	Completed
Oberon	OBERON SGE	Backlog
Orange	SPRING CREEK DAM - SAFETY	Completed
Orange	SPRING HILL / LUCKNOW WS	Backlog
Orange	ORANGE WS	Completed
Orange	ORANGE SGE	Completed
Orange	SUMA PARK DAM - SAFETY	Funding allocated
Palerang	CAPTAINS FLAT WS	Completed
Palerang	CAPTAINS FLAT SGE	Backlog
Palerang	BRAIDWOOD SGE	Backlog
Palerang	BRAIDWOOD WS	Backlog
Palerang	BRAIDWOOD SGE AUG	Completed
Palerang	BUNGENDORE SGE AUGMENTATION	Backlog
Palerang	BUNGENDORE WS	Backlog
Palerang	BUNGENDORE WS CHLORINATION	Completed
Parkes	PARKES WS AUG	Funding allocated
Parkes	PARKES SGE STAGE 1	Completed
Parkes	PARKES SGE STAGE 2	Funding allocated
Parkes	PEAK HILL SGE	Backlog

Local Water Utility	Project name	Status
Parkes	TULLAMORE SGE	Completed
Parkes	PARKES-PEAK HILL WS	Completed
Parkes	TRUNDLE SGE	Completed
Parkes	TULLAMORE RESERVOIR ROOFING	Completed
Parkes	TRUNDLE WS	Completed
Parkes	BOGAN GATE SGE	Backlog
Parkes	PARKES WS - RESERVOIR ROOFING	Completed
Parkes	LAKE ENDEAVOUR - DAM SAFETY	Funding allocated
Port Macquarie-Hastings	COMBOYNE, TELEGRAPH POINT, LONG FLAT WS	Completed
Port Macquarie-Hastings	COMBOYNE SGE	Backlog
Port Macquarie-Hastings	LAKE CATHIE/BONNY HILLS SGE	Completed
Port Macquarie-Hastings	HASTINGS DISTRICT WS DISTRIBUTION STAGE 2	Completed
Port Macquarie-Hastings	WAUCHOPE SGE	Backlog
Port Macquarie-Hastings	KEW/KENDALL SGE	Completed
Port Macquarie-Hastings	NORTH SHORE SGE	Funding allocated
Port Macquarie-Hastings	HASTINGS DISTRICT WS SOUTHERN PIPELINE	Funding allocated
Port Macquarie-Hastings	HERONS CREEK SGE	Funding allocated
Port Macquarie-Hastings	BEECHWOOD SGE	Backlog
Port Macquarie-Hastings	LONG FLAT SEWERAGE	Backlog
Port Macquarie-Hastings	HASTINGS DISTRICT WS TREATMENT	Completed
Port Macquarie-Hastings	TELEGRAPH POINT SGE	Backlog
Port Macquarie-Hastings	WAUCHOPE WS	Completed
Port Macquarie-Hastings	TELEGRAPH POINT WS	Backlog
Port Macquarie-Hastings	HASTINGS EFFLUENT MANAGEMENT	Backlog
Port Macquarie-Hastings	HASTINGS DISTRICT WS DISTRIBUTION STAGE 1	Completed
Port Macquarie-Hastings	TELEGRAPH POINT WS	Completed
Port Macquarie-Hastings	HASTINGS DISTRICT WS COWARRA DAM	Completed
Port Macquarie-Hastings	CAMDEN HAVEN SGE	Completed
Port Macquarie-Hastings	PORT MACQUARIE SGE	Completed
Queanbeyan	QUEANBEYAN WS	Backlog
Queanbeyan	WICKERSLACK WS	Backlog
Richmond Valley	RICHMOND RIVER SHIRE TELEMETRY	Completed
Richmond Valley	CORAKI, WOODBURN, EVANS HEAD SGE	Backlog
Richmond Valley	CASINO WS METERS	Completed
Richmond Valley	RILEYS HILL SGE	Completed
Richmond Valley	BROADWATER WS	Completed
Richmond Valley	CORAKI SGE AUG	Completed
Richmond Valley	BROADWATER SGE	Completed
Richmond Valley	EVANS HEAD/WOODBURN SGE	Completed
Riverina Water	RAND-WALBUNDRIE WS	Completed
Riverina Water	URANQUINTY WS	Completed
Riverina Water	URANA OAKLANDS WS	Backlog
Rous	ROCKY CREEK - PUMP	Backlog
Rous	ROCKY CREEK DAM - SAFETY	Completed
Shoalhaven	SHOALHAVEN REGIONAL EFFLUENT	Construction

Local Water Utility	Project name	Status
	MANAGEMENT SCHEME 1B	
Shoalhaven	BENDALONG SGE	Backlog
Shoalhaven	TOMERONG SGE	Backlog
Shoalhaven	LAKE TABOURIE SGE	Completed
Shoalhaven	SHOALHAVEN SGE TELEMTRY	Completed
Shoalhaven	SHOALHAVEN HEADS / COOLANGATTA SGE	Backlog
Shoalhaven	CUNJURONG SGE	Backlog
Shoalhaven	CALLALA BAY SGE	Completed
Shoalhaven	SHOALHAVEN SLUDGE MANAGEMENT	Backlog
Shoalhaven	KANGAROO VALLEY SGE	Completed
Shoalhaven	MILTON/ULLADULLA SGE AUG	Completed
Shoalhaven	SHOALHAVEN REGIONAL EFFLUENT MANAGEMENT SCHEME 1A	Completed
Shoalhaven	SHOALHAVEN CITY WS	Completed
Shoalhaven	CURRARONG SGE	Completed
Shoalhaven	BERRY SGE	Completed
Shoalhaven	FISHERMANS PARADISE SGE	Backlog
Shoalhaven	CULBURRA/ORIENT POINT SGE	Completed
Shoalhaven	MANYANA SGE	Backlog
Shoalhaven	BAWLEY POINT / KIOLOA WS	Backlog
Shoalhaven	CONJOLA REGIONAL SGE	Completed
Shoalhaven	SUSSEX INLET EFFLUENT MANAGEMENT STRATEGY	Backlog
Shoalhaven	NORTH NOWRA / BOMADERRY SGE	Backlog
Singleton	JERRYS PLAINS WS	Completed
Singleton	JERRYS PLAINS SGE	Backlog
Singleton	SINGLETON WS	Backlog
Singleton	BULGA WS	Backlog
Singleton	CAMBERWELL WS	Backlog
Singleton	BROKE WS	Undertaken by LWU
Snowy River	JINDABYNE SGE	Completed
Snowy River	DALGETY WS	Completed
Snowy River	ADAMINABY SGE	Backlog
Snowy River	BERRIDALE SGE	Completed
Snowy River	BERRIDALE WS TREATMENT	Completed
Snowy River	ADAMINABY WS AUGMENTATION	Completed
Tamworth Regional	DUNGOWAN DAM SAFETY	Completed
Tamworth Regional	BARRABA WS SECURITY - SPLITROCK PIPELINE	Completed
Tamworth Regional	PARRY SHIRE TELEMTRY	Completed
Tamworth Regional	BARRABA WS	Completed
Tamworth Regional	MANILLA SGE	Completed
Tamworth Regional	TAMWORTH SGE STAGE 2B1 - SWAN ST	Completed
Tamworth Regional	BENDEMEER WS - TREATMENT	Completed
Tamworth Regional	TAMWORTH WS	Completed
Tamworth Regional	NUNDLE WS	Completed
Tamworth Regional	BENDEMEER SGE	Backlog
Tamworth Regional	NUNDLE SGE	Backlog

Local Water Utility	Project name	Status
Tamworth Regional	BARRABA SGE	Backlog
Tamworth Regional	MOONBI SGE	Backlog
Tamworth Regional	WOOLOMIN WS	Backlog
Tamworth Regional	DURI SGE	Backlog
Tamworth Regional	TAMWORTH SGE STAGE 2A - WESTDALE	Completed
Tamworth Regional	ATTUNGA WS	Completed
Tamworth Regional	WOOLOMIN SGE	Backlog
Tamworth Regional	TAMWORTH WS PEEL RIVER INTAKE	Funding allocated
Tamworth Regional	TAMWORTH SGE STAGE 2B2 - STP AND REUSE	Completed
Tamworth Regional	DURI WS	Backlog
Tamworth Regional	ATTUNGA SGE	Backlog
Tamworth Regional	BENDEMEER WS	Completed
Tamworth Regional	ATTUNGA WS	Backlog
Tamworth Regional	KOOTINGAL/MOONBI WS	Completed
Temora	ARIAH PARK SGE	Backlog
Tenterfield	TENTERFIELD WS DISINFECTION-ROOF RESERVOIRS	Completed
Tenterfield	TENTERFIELD WS	Completed
Tenterfield	TENTERFIELD SGE	Completed
Tenterfield	URBENVILLE SGE	Backlog
Tenterfield	JENNINGS SGE	Backlog
Tenterfield	TENTERFIELD WS AUG	Backlog
Tenterfield	URBENVILLE WS	Backlog
Tenterfield	TENTERFIELD CREEK DAM - SAFETY	Funding allocated
Tenterfield	URBENVILLE, WOODENBONG, MULI MULI WS	Completed
Tenterfield	TENTERFIELD DAM FLOOD WARNING SYSTEM	Completed
Tibooburra Water Trust	TIBOOBURRA SGE	Backlog
Tibooburra Water Trust	TIBOOBURRA WS	Completed
Tumbarumba	TUMBARUMBA SGE	Funding allocated
Tumbarumba	TUMBARUMBA WS WATER METERS	Completed
Tumbarumba	TUMBARUMBA WS	Completed
Tumut	BATLOW WS	Completed
Tumut	BATLOW SGE	Backlog
Tumut	TUMUT WS	Backlog
Tumut	BRUNGLE WS	Completed
Tumut	BRUNGLE SGE	Completed
Tumut	ADELONG WS	Completed
Tumut	TUMUT SGE	Completed
Tumut	ADELONG SGE	Completed
Tumut	TUMUT SGE STG 2	Completed
Tweed	BANORA POINT SGE	Backlog
Tweed	KINGSCLIFF SGE - CONSTRUCTION	Undertaken by LWU
Tweed	UKI SGE	Completed
Tweed	TWEED DISTRICT WS	Completed
Tweed	MURWILLUMBAH SGE	Completed
Tweed	UKI WS TREATMENT	Completed
Tweed	KIEL VALE SGE	Backlog

Local Water Utility	Project name	Status
Tweed	TWEED AREA SGE	Completed
Tweed	BURRINGBAR / MOOBALL SGE	Completed
Tweed	TUMBULGUM SGE	Completed
Tweed	HASTINGS POINT SGE	Completed
Tweed	KINGSCLIFF SGE INTERIM UPGRADE	Completed
Tweed	BURRINGBAR WS	Backlog
Tweed	CLARRIE HALL DAM - SAFETY	Completed
Tweed	TYALGUM WS AUG	Undertaken by LWU
Upper Hunter	ABERDEEN SGE	Backlog
Upper Hunter	CASSILIS SGE	Backlog
Upper Hunter	SCONE-ABERDEEN WS TREATMENT	Funding allocated
Upper Hunter	SCONE SGE	Backlog
Upper Hunter	MURRURUNDI WS DAM RAISING	Funding allocated
Upper Hunter	ABERDEEN WS	Completed
Upper Hunter	SCONE-ABERDEEN WS SECURITY	Completed
Upper Hunter	SCONE-ABERDEEN WS STAGE 1	Completed
Upper Hunter	CASSILIS WS	Backlog
Upper Hunter	MERRIWA SGE EFFLUENT DISPOSAL STRATEGY	Completed
Upper Lachlan	CROOKWELL WS	Backlog
Upper Lachlan	CROOKWELL WS STG 2	Backlog
Upper Lachlan	CROOKWELL SGE	Completed
Upper Lachlan	GUNNING SGE	Backlog
Upper Lachlan	TARALGA WS AUG	Completed
Upper Lachlan	GUNNING - DALTON WS AUGMENTATION	Completed
Upper Lachlan	DALTON WS	Completed
Upper Lachlan	TARALGA SGE	Completed
Uralla	URALLA SGE	Completed
Uralla	BUNDARRA SGE	Backlog
Uralla	URALLA WS	Backlog
Urana	URANA / OAKLANDS SGE	Completed
Wagga Wagga	COLLINGULLIE SGE	Undertaken by LWU
Wagga Wagga	SAN ISIDORE SGE	Backlog
Wagga Wagga	LADYSMITH SGE	Backlog
Wagga Wagga	WAGGA WAGGA SGE EFFLUENT	Backlog
Wagga Wagga	WAGGA WAGGA SMALL TOWNS SGE	Backlog
Wagga Wagga	WAGGA WAGGA WS	Backlog
Wakool	KORALEIGH WS	Completed
Wakool	MOULAMEIN WS	Completed
Wakool	BARHAM WS	Completed
Wakool	WAKOOL WS	Completed
Wakool	TOOLEYBUC WS	Completed
Wakool	BARHAM SGE	Backlog
Wakool	WAKOOL SGE	Completed
Wakool	BARHAM WS	Backlog
Wakool	TOOLEYBUC SGE	Backlog
Walcha	WALCHA SGE	Funding allocated

Local Water Utility	Project name	Status
Walgett	ROWENA WS	Backlog
Walgett	CARINDA SGE	Backlog
Walgett	WALGETT AND COLLARENEBRI WS - WATER METERS	Completed
Walgett	COLLARENEBRI SGE	Backlog
Walgett	LIGHTNING RIDGE WS	Completed
Walgett	LIGHTNING RIDGE SGE	Completed
Walgett	CUMBORAH WS	Backlog
Walgett	COLLARENEBRI WS	Completed
Walgett	WALGETT WS	Completed
Walgett	WALGETT WS AUG	Backlog
Walgett	CARINDA WS	Backlog
Walgett	BURREN JUNCTION SGE	Backlog
Warren	WARREN WS	Completed
Warren	WARREN SGE	Backlog
Warrumbungle	BARADINE SGE	Completed
Warrumbungle	COONABARABRAN SGE	Completed
Warrumbungle	MERRYGOEN WS	Backlog
Warrumbungle	BINNAWAY WS	Backlog
Warrumbungle	MENDOORAN SGE	Backlog
Warrumbungle	COOLAH SGE	Backlog
Warrumbungle	MENDOORAN WS	Completed
Warrumbungle	DUNEDOO SGE	Backlog
Warrumbungle	COONABARABRAN SGE AUG	Backlog
Warrumbungle	COOLAH WS	Completed
Warrumbungle	DUNEDOO WS	Backlog
Warrumbungle	BARADINE WS	Completed
Warrumbungle	BINNAWAY SGE	Backlog
Warrumbungle	COONABARABRAN WS	Backlog
Warrumbungle	BUGALDIE WS	Backlog
Weddin	QUANDIALLA WS	Backlog
Weddin	GRENFELL SGE	Backlog
Weddin	QUANDIALLA SGE	Backlog
Weddin	GREENETHORPE SGE	Backlog
Weddin	COMPANY DAM - SAFETY	Completed
Weddin	CARAGABAL SGE	Backlog
Wellington	STUART TOWN WS	Backlog
Wellington	STUART TOWN SGE	Backlog
Wellington	MUMBIL WS	Backlog
Wellington	WELLINGTON DAM	Completed
Wellington	GEURIE SGE	Completed
Wellington	GEURIE WS	Completed
Wellington	WELLINGTON SGE	Completed
Wellington	MUMBIL SGE	Completed
Wentworth	WENTWORTH SHIRE SGE SCHEME	Backlog
Wentworth	POONCARIE WS AUG	Backlog
Wentworth	BURONGA/GOL GOL/DARETON WS	Completed

Local Water Utility	Project name	Status
Wentworth	BURONGA GOL GOL SGE	Completed
Wentworth	DARETON SGE	Backlog
Wentworth	POONCARIE WS	Completed
Wentworth	POONCARIE SGE	Backlog
Wentworth	DARETON WS	Backlog
Wentworth	WENTWORTH S.C. WATER METERS	Completed
Wingecarribee	BERRIMA / MOSS VALE WS	Backlog
Wingecarribee	YERRINBOOL SGE	Backlog
Wingecarribee	ALUM SLUDGE REUSE	Completed
Wingecarribee	BOWRAL SGE STAGE 2	Completed
Wingecarribee	BERRIMA SGE RETICULATION	Completed
Wingecarribee	(Not Used) MITTAGONG REGIONAL SGE - VILLAGES	Backlog
Wingecarribee	ROBERTSON SGE	Completed
Wingecarribee	ROBERTSON / BURRAWANG WS	Completed
Wingecarribee	BUNDANOON SGE AUG	Completed
Wingecarribee	BOWRAL SGE STAGE 3	Completed
Wingecarribee	MOSS VALE SGE	Completed
Wingecarribee	MITTAGONG REGIONAL SGE	Completed
Wingecarribee	WINGECARRIBEE WTP	Completed
Wyong	WYONG SGE	Backlog
Yass Valley	YASS DAM SAFETY	Backlog
Yass Valley	YASS WS - TREATMENT	Backlog
Yass Valley	YASS WS - SECURITY	Backlog
Yass Valley	MURRUMBATEMAN WS AUG	Funding allocated
Yass Valley	SUTTON WS	Backlog
Yass Valley	BINALONG SGE (YASS VILLAGES)	Backlog
Yass Valley	BOWNING SGE (YASS VILLAGES)	Backlog
Yass Valley	GUNDAROO SGE	Backlog
Yass Valley	YASS SGE	Completed
Yass Valley	SUTTON SGE	Backlog
Yass Valley	MURRUMBATEMAN SGE	Funding allocated
Yass Valley	BINALONG WS	Backlog
Young	YOUNG WS	Completed
Young	YOUNG SGE AUGMENTATION	Construction

Source: NSW Office of Water 2015

Appendix 7: Program funds approved by LWU since 1994

Local Water Utility	Approved funds	LWU	Approved funds
Albury	\$5,184,737	Greater Hume	\$7,414
Armidale	\$14,806	Griffith	\$305,975
Ballina	\$3,930,731	Gunnedah	\$820,006
Balranald	\$1,966,970	Guyra	\$4,993,422
Bathurst	\$24,670,911	Gwydir	\$4,946,691
Bega Valley	\$39,640,207	Hay	\$893,712
Bellingen	\$2,823,443	Hunter Water Corporation	\$67,177,945
Berrigan	\$2,204,018	Inverell	\$1,176,636
Blayney	\$2,942,734	Jerilderie	\$70,347
Bogan	\$495,680	Kempsey	\$18,049,189
Bombala	\$161,750	Kyogle	\$2,394,859
Boorowa	\$190,125	Lachlan	\$18,013,366
Bourke	\$742,958	Leeton	\$2,946,781
Brewarrina	\$666,234	Lismore	\$10,341,257
Byron Shire	\$18,046,483	Liverpool Plains	\$2,603,262
Cabonne Council	\$15,726,492	Lockhart	\$1,030,713
Carrathool Shire	\$1,156,498	MidCoast	\$52,611,514
Central Darling	\$1,646,575	Mid-Western Regional	\$18,729,573
Central Tablelands Water	\$1,555,240	Milparinka Progress Association	\$33,997
Lithgow	\$16,417,028	Moree Plains	\$8,135,947
Clarence Valley	\$69,319,724	Murray	\$2,101,124
Cobar Shire	\$1,145,046	Murrumbidgee	\$277,825
Coffs Harbour	\$57,201,162	Muswellbrook	\$1,971,701
Conargo	\$69,000	Nambucca	\$24,894,764
Coolamon	\$2,242,000	Narrabri	\$4,568,502
Cooma-Monaro	\$7,709,925	Narrandera	\$309,335
Cootamundra	\$215,000	Narromine	\$2,512,590
Corowa	\$7,086,777	Oberon	\$2,812,562
Cowra	\$17,563,255	Orange	\$54,299,909
Deniliquin	\$2,930,990	Palerang	\$5,175,855
Dubbo	\$9,390,534	Parkes	\$11,306,961
Essential Water	\$1,293,608	Port Macquarie-Hastings	\$37,208,068
Eurobodalla	\$14,789,760	Richmond Valley	\$6,409,078
Forbes	\$5,296,640	Riverina	\$825,422
Gilgandra	\$287,020	Rous	\$1,563,898
Glen Innes Severn	\$2,794,599	Shoalhaven	\$95,649,145
Gloucester	\$60,173	Singleton	\$74,750
Gosford City	\$4,950,885	Snowy River	\$5,945,822
Goulburn Mulwaree	\$39,901,302	Tamworth Regional	\$27,298,204

Local Water Utility	Approved funds	LWU	Approved funds
Tenterfield	\$5,734,206	Walcha	\$11,847
Tibooburra Water Trust	\$1,293,878	Walgett	\$3,426,951
Tumbarumba	\$1,155,622	Warren	\$1,211,762
Tumut	\$8,435,902	Warrumbungle	\$4,360,045
Tweed	\$17,056,020	Weddin	\$145,372
Upper Hunter	\$7,399,418	Wellington	\$7,633,699
Upper Lachlan	\$10,074,451	Wentworth	\$2,707,655
Uralla	\$643,350	Wingecaribee	\$56,340,543
Urana	\$2,352,565	Wyong	\$71,390
Wagga Wagga City	\$201,102	Yass Valley	\$4,806,131
Wakool	\$5,017,449	Young	\$6,493,231

Source: NSW Office of Water 2015.

Note: some of the LWUs have been amalgamated.

Appendix 8: The Best Practice Water Supply and Sewerage Management Framework requirements

Water supply	Sewerage
<ol style="list-style-type: none"> 1. Complete, current 20 to 30-year strategic business plan and financial plan 2. Full cost-recovery, minimal cross subsidies 3. Appropriate residential charges 4. Revenue from residential usage charges $\geq 75\%$ 5. Appropriate non-residential charges 6. DSP with commercial developer charges 7. Sound water conservation plan implemented 8. Drought management plan implemented 9. Complete performance reporting by 15 September each year 10. Integrated water cycle management strategy commenced 	<ol style="list-style-type: none"> 1. Complete, current 20 to 30-year strategic business plan and financial plan 2. Full cost-recovery, minimal cross subsidies 3. Appropriate residential charges 4. Appropriate non-residential charges 5. Appropriate trade waste fees and charges 6. DSP with commercial developer charges 7. Liquid trade waste regulation policy and approvals implemented 8. Complete performance reporting by 15 September each year 9. Integrated water cycle management strategy commenced

Source: 2012-13 NSW Water Supply and Sewerage Performance report, NSW Office of Water 2014.

Performance auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in the *Public Finance and Audit Act 1983*.

Why do we conduct performance audits?

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit's scope.

During the planning phase the audit team develops an understanding of agency activities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the CEO for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in parliament includes a response from the CEO on the report's conclusion and recommendations. In multiple agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

Do we check to see if recommendations have been implemented?

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report's recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee (PAC) to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report is tabled. These reports are available on the parliamentary website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every four years. The review's report is tabled in parliament and available on its website.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100

Performance audit reports

No	Agency or issues examined	Title of performance audit report or publication	Date tabled in parliament or published
251	Department of Trade and Investment, Regional Infrastructure and Services – NSW Office of Water	<i>Country Towns Water Supply and Sewerage Program</i>	4 May 2015
250	NSW Health	<i>Managing the length of stay and unplanned readmissions in NSW public hospitals</i>	23 April 2015
249	Department of Education and Communities	<i>Vocational Education and Training reform</i>	29 January 2015
248	Transport for NSW Roads and Maritime Services Sydney Water Corporation	<i>Security of critical IT infrastructure</i>	21 January 2015
247	Roads and Maritime Services WestConnex Delivery Authority Infrastructure NSW Transport for NSW NSW Treasury Department of Premier and Cabinet	<i>WestConnex: Assurance to the Government</i>	18 December 2014
246	Department of Education and Communities	<i>The Learning Management and Business Reform Program</i>	17 December 2014
245	Environment Protection Authority Department of Trade and Investment, Regional Infrastructure and Services	<i>Managing contaminated sites</i>	10 July 2014
244	Office of Finance and Services Department of Education and Communities Forestry Corporation of NSW Fire and Rescue NSW NSW Businesslink Pty Ltd Essential Energy Sydney Trains	<i>Making the most of Government purchasing power – Telecommunications</i>	26 June 2014
243	NSW Treasury	<i>Use of purchasing cards and electronic payment methods</i>	5 June 2014
242	NSW Police Force	<i>Effectiveness of the new Death and Disability Scheme</i>	22 May 2014
241	Road and Maritime Services	<i>Regional Road funding – Block Grant and REPAIR programs</i>	8 May 2014
240	NSW State Emergency Service	<i>Management of volunteers</i>	15 April 2014
239	Fire and Rescue NSW NSW Rural Fire Service	<i>Fitness of firefighters</i>	1 April 2014
238	Transport for NSW Department of Attorney General and Justice Department of Finance and Service Roads and Maritime Services NSW Police Force Department of Education and Communities	<i>Improving legal and safe driving among Aboriginal people</i>	19 December 2013
237	Department of Education and Communities	<i>Management of casual teachers</i>	3 October 2013
236	Department of Premier and Cabinet Ministry of Health – Cancer Institute NSW Transport for NSW – Rail Corporation NSW	<i>Government Advertising 2012-13</i>	23 September 2013

No	Agency or issues examined	Title of performance audit report or publication	Date tabled in parliament or published
235	NSW Treasury NSW Police Force NSW Ministry of Health Department of Premier and Cabinet Department of Attorney General and Justice	<i>Cost of alcohol abuse to the NSW Government</i>	6 August 2013
234	Housing NSW NSW Land and Housing Corporation	<i>Making the best use of public housing</i>	30 July 2013
233	Ambulance Service of NSW NSW Ministry of Health	<i>Reducing ambulance turnaround time at hospitals</i>	24 July 2013
232	NSW Health	<i>Managing operating theatre efficiency for elective surgery</i>	17 July 2013
231	Ministry of Health NSW Treasury NSW Office of Environment and Heritage	<i>Building energy use in NSW public hospitals</i>	4 June 2013
230	Office of Environment and Heritage - National Parks and Wildlife Service	<i>Management of historic heritage in national parks and reserves</i>	29 May 2013

Performance audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au.

Our vision

Making a difference through audit excellence.

Our mission

To help parliament hold government accountable for its use of public resources.

Our values

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

Professional people with purpose

Making a difference through audit excellence.

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