



FREQUENTLY ASKED QUESTIONS

WATER ASSETS STRATEGIC REVIEW

What exactly is the Water Assets Strategic Review?

The Water Asset Strategic Review (WASR) is focussed on whether we should be in the business of owning and operating CWMS assets and the WBU's stormwater harvesting/alternative water supply scheme. It is examining both the risk and opportunities associated with the assets. No decisions have yet been made.

Council has identified six evaluation principles to inform the review. These principles relate to financial value, service levels, cost to community, risk, environment and water security. In mid-2022 Council received divestment proposals for our wastewater and stormwater recycling assets. After considering the proposals, Council decided to seek the view of the community because the proposals received satisfied the above principles. Council considered the results of the engagement at its meeting on 23 August 2023 and resolved to undertake further engagement.

Why is council considering divesting its water assets?

Wastewater management is a complex activity that is highly regulated. This process is part of a prudent review of our seven Community Wastewater Management Scheme (CWMS) network assets.

Most metropolitan councils do not manage wastewater. Across our seven networks we do not have the same economies of scale of the SA Water sewer network and our service charges are higher by comparison. Our current management of the CWMS complies with environmental and public health regulatory obligations and has established customer service standards in place. We already use

specialist contractors to deliver many aspects of our existing service, including via ownership and management of the Willunga Wastewater Treatment Plant. Divestment of these assets would see an increased role for specialised and experienced industry operators. It could further reduce risk and allow financial resources to be directed into other activities and services for the community.

Our stormwater recycling scheme Water Business Unit (WBU) is not able to supply enough water to meet customer needs nor operate as a self-sustaining business. The WBU is a significant financial liability for council. It operates at a cash operating loss, is not repaying capital costs for the scheme, nor does it fund future asset renewal.

Both the stormwater recycling and CWMS assets will require significant capital investment by council into the future, this will need to be funded via a combination of rates and debt.

Why is further community engagement being undertaken?

Council resolved to undertake further engagement in response to the outcomes of the 2022 engagement survey and submissions received. This included feedback that additional information was needed to make informed decisions. The matters highlighted included the financial history of our water assets, information on ownership options, future impacts on customer pricing and rates, environmental impacts and water security.

A Community Reference Group is being established to explore these matters and better understand what our community values. It will allow a more detailed investigation and discussion of issues and views than has been

possible through the previous two phases of community engagement.

The group will meet in June and July, with the outcomes being presented to Council in August 2023.

Further information on the Community Reference Group, including its Terms of Reference, can be found on the found on the project's Your Say page. What does divestment mean?

Divestment can mean several things – sale of assets, lease of assets, joint or part ownership, joint or part operation, or a combination of these approaches.

What are the possible benefits of divestment?

The potential benefits include:

- reduced legislative/financial/regulatory risk to council
- significant reduction in debt and/or allowing resources to be redirected into other services for the community
- increased availability of recycled water for irrigation of parks and clubs
- addressing lack of wastewater infrastructure at Sellicks Beach.

What are the potential benefits of retaining the water assets?

The potential benefits include:

- greater influence over pricing and service levels
- greater control over investment decisions
- ability to advocate for state ownership of CWMS.

How are proposals for the water assets being assessed?

Council has adopted six evaluation principles to guide its decision-making. These are:

Financial Value: Any consideration of a sale of the water assets should provide a favourable financial value outcome to Council over an appropriate time frame

Service Levels: Any consideration of a sale of the water assets should not result in a reduction of service level compared to council's current operations

Cost to Community: As part of any consideration of a sale of the water assets Council will investigate customer pricing that is no greater than its own pricing options over an appropriate time frame

Risk: Any consideration of a sale of the water assets should not increase the level of risk to Council

Environment: Any consideration of a sale of the water assets should maintain or improve environmental outcomes

Water Security: Any consideration of a sale of the water assets should improve access to water for the region and specifically for council open space.

Does all of our city have access to adequate wastewater infrastructure?

No.

The lack of adequate wastewater infrastructure in parts of Sellicks Beach and Silver Sands has been a long-standing public and environmental concern for the community. The current situation involves unacceptable public health and environmental impacts. To date Council has largely taken an advocacy role on this matter, seeking infrastructure and/or funding commitments from SA Water and the state and federal governments.

Having been unsuccessful to date in securing the desired outcomes through advocacy, there is the option of council playing a more direct role in delivering a solution through the expansion of our existing CWMS infrastructure and services in Sellicks Beach. For council to

undertake this alone would require a large investment and involve significant risk.

The proposals we have received include ideas for the expansion of infrastructure to Sellicks Beach.

How will CWMS customers be protected against price rises if the assets are divested?

Our CWMS assets are independently regulated and licenced by Essential Services Commission of South Australia (ESCOSA) and this will continue if new arrangements are put in place. Through the Request for Proposal (RFP) process we have also required a commitment not to increase customer pricing above current pricing (indexed for Consumer Price Index (CPI)) over an initial 5-year period.

Will I still be able to access local wetlands?

Yes.

A number of wetlands were constructed across our city to capture stormwater and now form part of the WBU. These wetland sites provide important amenity, passive recreation and environmental value to our community. Regardless of the outcomes of this strategic review process, council will continue to maintain these sites for the community. The wetlands will remain in public ownership with no restrictions on public access.

What are the next steps?

The outcomes of the Community Reference Group will be presented to Council in August and will form part of its consideration.

What happens if council elects to retain the assets?

If Council decides to not proceed any further with divestment, all associated investigations will cease, and the water assets will remain in council ownership.

Council will then commence addressing

matters identified as part of the strategic review which include infrastructure investment, asset renewal and resourcing.

Both the stormwater recycling and CWMS assets will require significant capital investment by council into the future, this will need to be funded via a combination of rates and debt.

Where can I find more information?

Further information can be found on the project's [Your Say page](#).