

April 2021

## Improving Water Security in Regional and Remote SA

### Background

Water is one of the most fundamental basic human needs and is critical for our social, economic and cultural wellbeing. South Australians who live in the greater metropolitan Adelaide or are customers of SA Water's network are fortunate to have access to very reliable, safe and relatively affordable drinking water. However, the same cannot be said for some across the state – particularly for communities and townships outside of SA Water's network, who are serviced by smaller providers (local councils or private providers) or those who are part of SA Water's remote communities scheme.<sup>1</sup>

Regional and remote communities face specific issues and challenges when it comes to the provision of water services, including small economies of scale, poor quality water sources, inadequate infrastructure, high operating costs, and fragmented arrangements for service delivery.<sup>2</sup> Policies and reforms to date have largely remained silent on addressing the gap in standards of service delivery for drinking water services in smaller regional and remote communities, where full cost recovery is difficult. This largely reflects prioritisation from State Government on establishing appropriate arrangements for larger service providers, and a lack of visibility of the challenges and identification of appropriate solutions. As a result, some communities are receiving poor (sometimes unsafe), unreliable and high-cost water services.

The SA Government's state-wide pricing policy means that most customers pay the same price per kilolitre of water in all metropolitan and regional areas in the SA Water network. SA Water receives funding from the State Government in the form of Community Service Obligation (CSO) payments to meet the under-recovery of costs associated with providing water and sewerage services in remote and regional areas. While the provision exists for government to extend CSO payments to small providers, it currently does not – meaning that communities reliant on those providers are often either paying more than the state-wide price for water or are receiving substandard services. Coober Pedy is a well-known example, with residents paying two to three times more for water than SA Water customers.<sup>3</sup>

---

<sup>1</sup> SACOSS (2020) [Scoping Study on Water Issues in Remote Aboriginal Communities](#), Adelaide.

<sup>2</sup> Productivity Commission (2021) [National Water Reform 2020, Draft Report](#), Canberra; Willis et al (2015) [Water supply and governance options for outback towns in remote South Australia](#), Goyder Institute for Water Research Technical Report Series No. 15/7, Adelaide.

<sup>3</sup> <https://www.abc.net.au/news/2019-03-06/coober-pedy-water-supply-concerns-opal-capital/10867894>

In a state as prosperous as South Australia, it is simply unacceptable that some people and communities do not have access to safe, secure and affordable drinking water. While smaller providers only service 1 per cent of the state's population, the *essentiality* of water for basic human survival demands that we prioritise getting the policy, legislative and regulatory framework in place to make material improvements for those currently being left behind. There is currently a lack of policy imperative by the South Australian government to address the long-standing issues in a holistic manner, including greater transparency around how the CSOs operate.

### **Policy Response**

In 2020, SACOSS engaged water policy consultants, Aither to identify practical recommendations and actions to improve drinking water services for those living in regional and remote South Australia. Our policy response is guided by this work.<sup>4</sup> Foremost, there is an urgent need for the State Government to undertake a state-wide stocktake of South Australian regional and remote communities water services to better understand the extent and magnitude of the issues, root causes, any systemic challenges, and the level of investment required to address the issues. A greater sense of the collective problem would help to establish priorities and underpin a strategic, long-term and co-ordinated response.

Further, the development of a *basic level of service* would outline a standard of service the State Government commits to not falling below and would provide a clear state-wide basis and direction for policy decisions. If the costs of delivering this basic level of service is prohibitive for a particular community, then the State Government would need to consider how best to offset these costs through subsidies and concessions, including by potentially extending the use of CSO payments to all service providers, beyond SA Water.

### **SACOSS Proposal**

SACOSS seeks commitment from all parties that, in the next term of government, concrete steps are taken to fix drinking water supply to regional and remote South Australia, by:

1. Undertaking a **state-wide stocktake of current water supply arrangements** to townships and communities (including remote indigenous communities). This stocktake should consider drinking water security of supply, quality, governance and service delivery arrangements and costs, and look at delivery from the source to the household.
2. Developing a **policy that outlines a basic level of safe and reliable water services** for all South Australian towns and communities (basic level of service).
3. Undertaking water security planning in regional and remote communities.
4. Conducting a public review investigating the merits of **broadening the application of the Community Service Obligations (CSOs)** to all water service providers.

---

<sup>4</sup> Aither (2021) Falling through the gaps: A practical approach to improving drinking water services for regional and remote communities in South Australia, forthcoming

## Appendix A.

LEADERSHIP & STRATEGY		
Includes establishing clear roles and responsibilities, a strategy with a vision, objectives and principles		
KNOWLEDGE	LEVEL OF SERVICE	FUNDING
<b>UNDERSTAND CURRENT SITUATION</b> Undertake stock take of water supply services to townships/ communities including, adequacy of supply, quality, assets, pricing, governance and servicing.	<b>BASIC LEVEL OF SERVICE</b> Develop state wide agreed minimum (basic) level of service for all South Australian towns and communities.	<b>COMMUNITY SERVICE OBLIGATION</b> Broaden the application of the community service obligation (CSO) to all water service providers. This CSO is to meet the gap of cost of provision of service against the basic level of service.
LONG TERM PLANNING		
<b>WATER SECURITY PLANNING FOR REGIONAL AND REMOTE COMMUNITIES</b> Planning should include developing agreed levels of service, identification of options for delivery, understanding of costs and benefits determining most appropriate response arrangements.		

Figure 1. Summary of recommendations for improving water services to regional and remote communities