Queensland
Water Regional Alliance Program

# Annual Progress Report 2018

# What is **QWRAP**?

Funding provides an incentive for councils to collaborate and explore ways to improve regional water and sewerage services.


Councils identify practical opportunities and combine resources to leverage greater benefits.

Strong regional collaborations implement measures to reduce costs, improve efficiency, and prepare for future needs.

Regional communities have safe, secure, and sustainable water and sewerage services built on regional collaborations that drive efficiency.

# Councils currently participating in QWRAP












Blackall-Tambo
Regional Council

















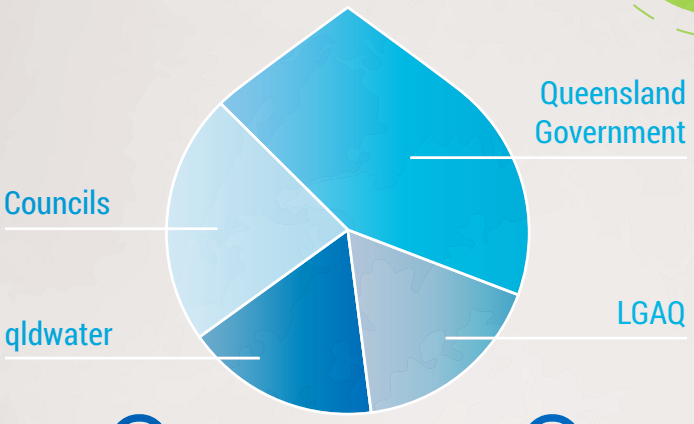

# QWRAP
## AT A GLANCE

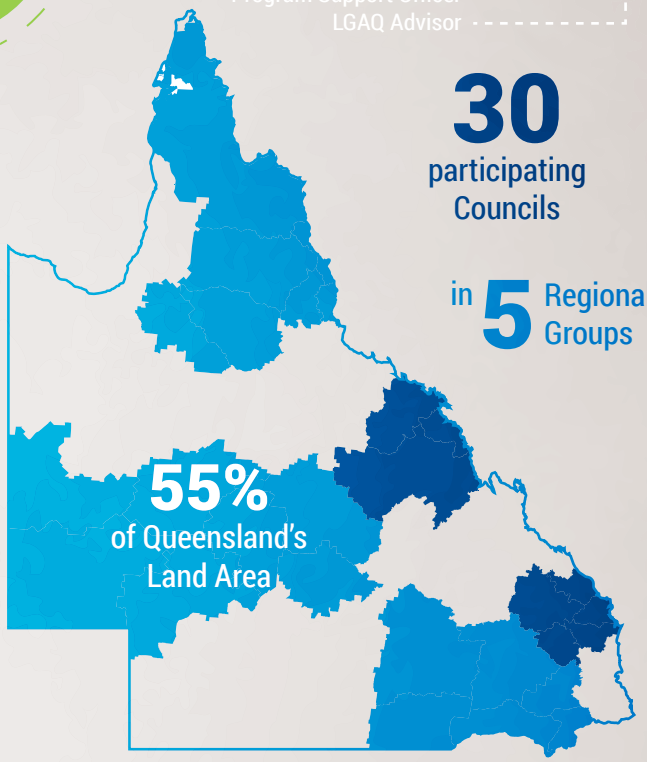
**4**
Sucessive Queensland Governments have funded the program

EST. 2 September **2011**

**8** People directly employed

Part-Time Regional Coordinators
Program Manager
Program Support Officer
LGAQ Advisor



**30** participating Councils

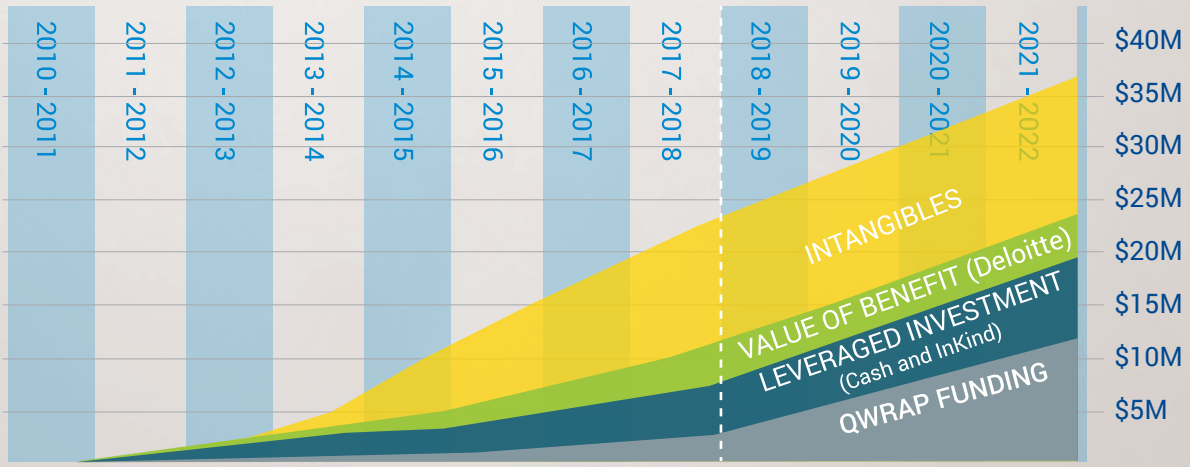
in **5** Regional Groups

**55%** of Queensland's Land Area


**$3M** in Savings

**21%** of Queensland's Population

Resulting in **improved water and sewerage services** for more than **200 communities** and a **strong return on investment**.




Snapshot from January 2018

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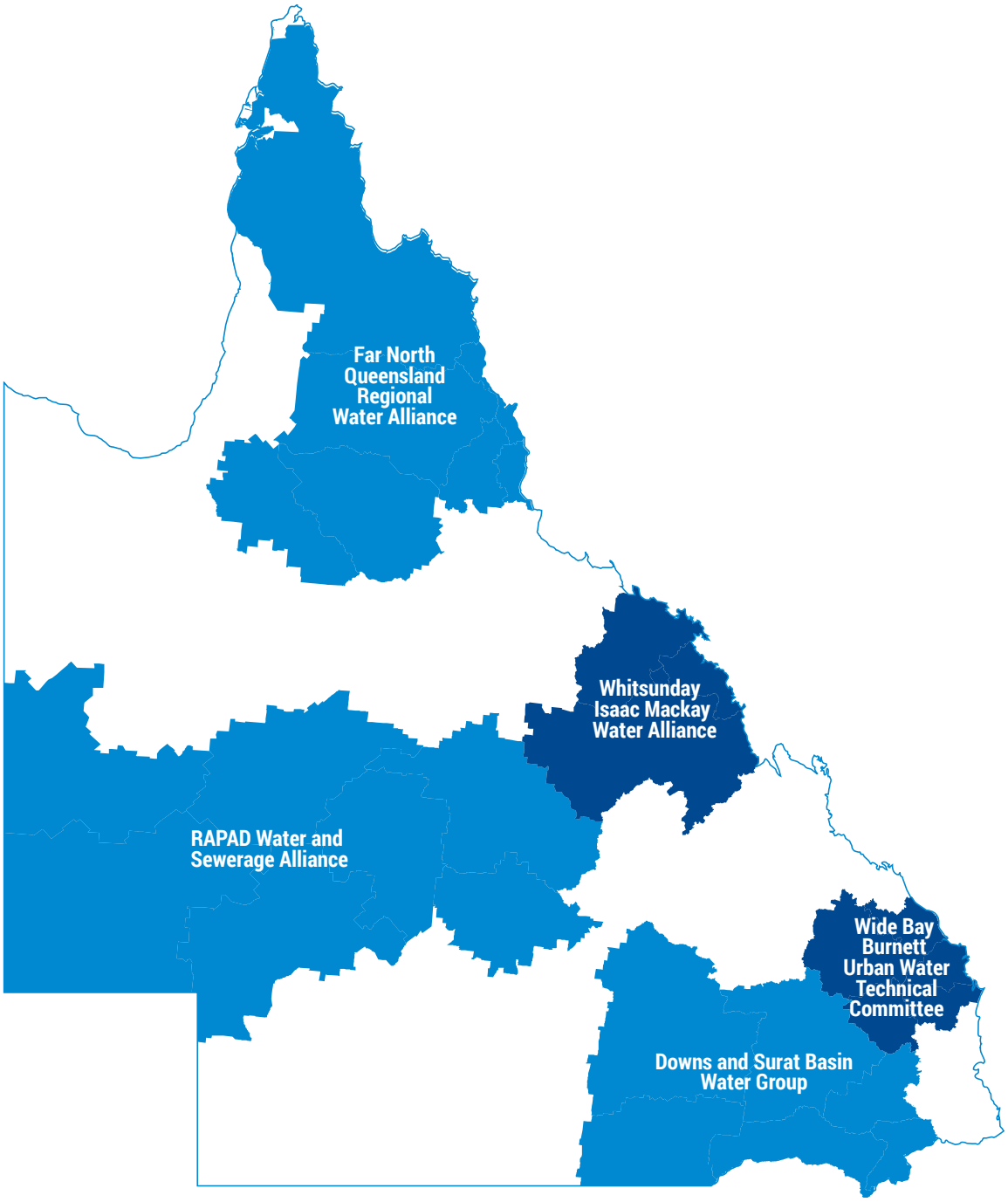
Figure 1 – Regional groups participating in QWRAP



# Introduction

The Queensland Government, in partnership with the Local Government Association of Queensland (LGAQ) and the Queensland Water Directorate (***qldwater***) have been encouraging regional collaboration among service providers through QWRAP since September 2011, when originally endorsed by then Minister for Environment and Resource Management, Kate Jones.

Funding the operation of the program has been achieved through financial contributions and staffing provided by all stakeholders. To date the Queensland Government has provided $6,970,000 in financial support. Participating councils, LGAQ and ***qldwater*** have also contributed more than $4,445,000, not including the value of in-kind investments. The Program is currently funded until June 2022.

The investment from each of the stakeholders has led to a return on their investment of at least 2:1, with a review by Deloitte's Access Economics in 2018 estimating that benefits from QWRAP are likely to range from $1.9 million to $4.0 million during previous funding periods (read more about this review in section on Program Reviews). The program has saved the Queensland Government and councils more than $3 million to date, with significant savings still to be realised as the program continues.

Currently collaborative groups in five regional areas are funded (Figure 1). The groups include 30 of the 77 local governments in Queensland, which cover 55% of the State's area and 21% of the State's population in more than 200 communities outside of Southeast Queensland. These local governments also manage more than $11.5 billion in water and wastewater assets.

The program is governed under the Memorandum of Agreement (MOA) between the Department of Natural Resources, Mines and Energy (DNRME), LGAQ, and ***qldwater***. As the Program's owner, LGAQ has overall responsibility for the program, with ***qldwater*** acting as the program manager, and DNRME the program's sponsor. Under the MOA a Partner Steering Committee is created to manage relations between the parties as well as provide oversight of QWRAP.

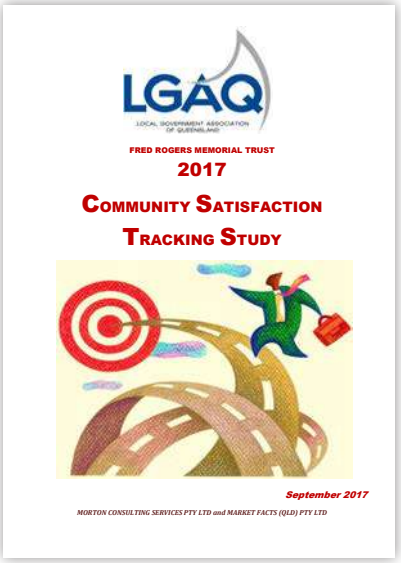
This annual report for QWRAP highlights the values and benefits of the program, as well as some of the challenges over the financial year of 2017-18. With the announcement by the Queensland Government of additional funding from 1 July 2018 to 30 June 2022, it is timely to also look back at the program since 2011 to explore its impact.


**Signing of the Urban Water Services Memorandum of Agreement that formally launched QWRAP in 2011.**
(David Wiskar, John Bradley and Greg Hallam)

# Delivery for the Community

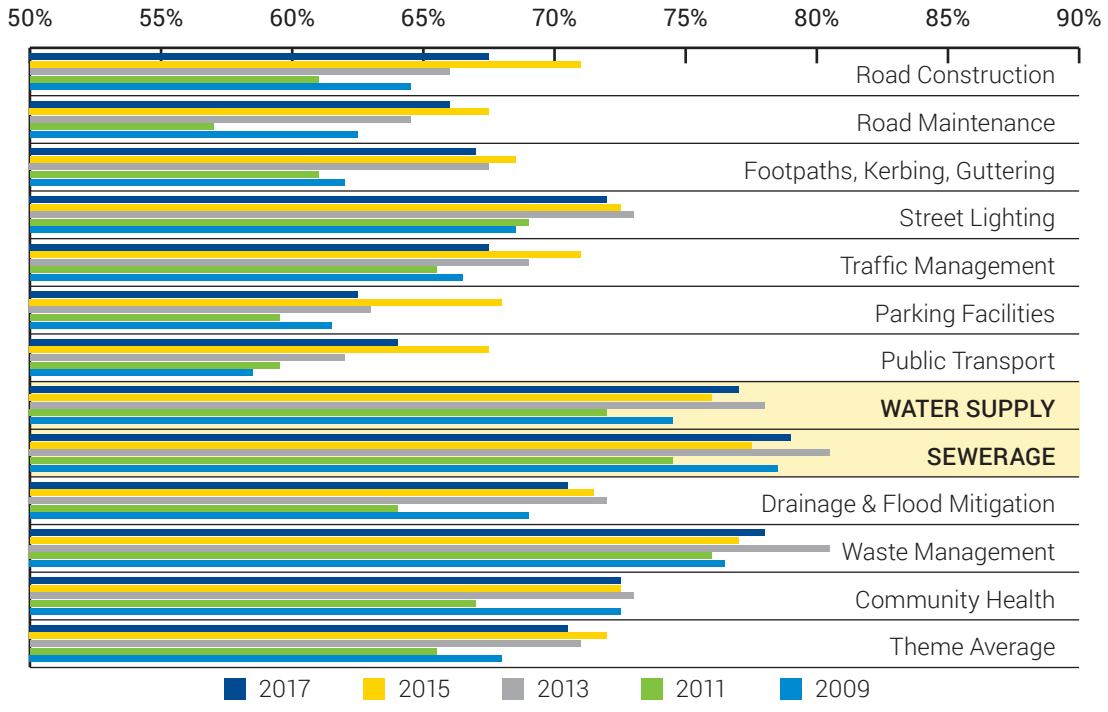
Water is vital for daily life. Fortunately, Queenslanders enjoy safe and reliable water and sewerage services in more than 350 communities across the state. For the most part, these services are rarely considered by the public except in times when there are temporary service disruptions or water quality concerns. Further, few people know about QWRAP as a program that is supporting these services and the value it provides to communities.

A long running community survey of local government services conducted by the LGAQ confirms that people living in Queensland believe these services are important and they are performing well. In the most recent survey in 2017, water and sewerage services ranked number 3 and number 1, respectively, in terms of how they are performing across all local government services (see Figure 2). While the value of these services differs between metropolitan and rural areas, the level of importance and performance have consistently been very high over the 20 years that the survey has been conducted.




Consequently, water and sewerage services are among the most highly valued by communities. These services rely on programs like QWRAP to ensure there is adequate support and development. Though much of the work done through QWRAP is not directly visible to the public outcomes from QWRAP projects are sometimes recognised. Some examples are explored below.

## FIGURE 2: BASIC SERVICES & INFRASTRUCTURE PERFORMANCE



## Improved water quality

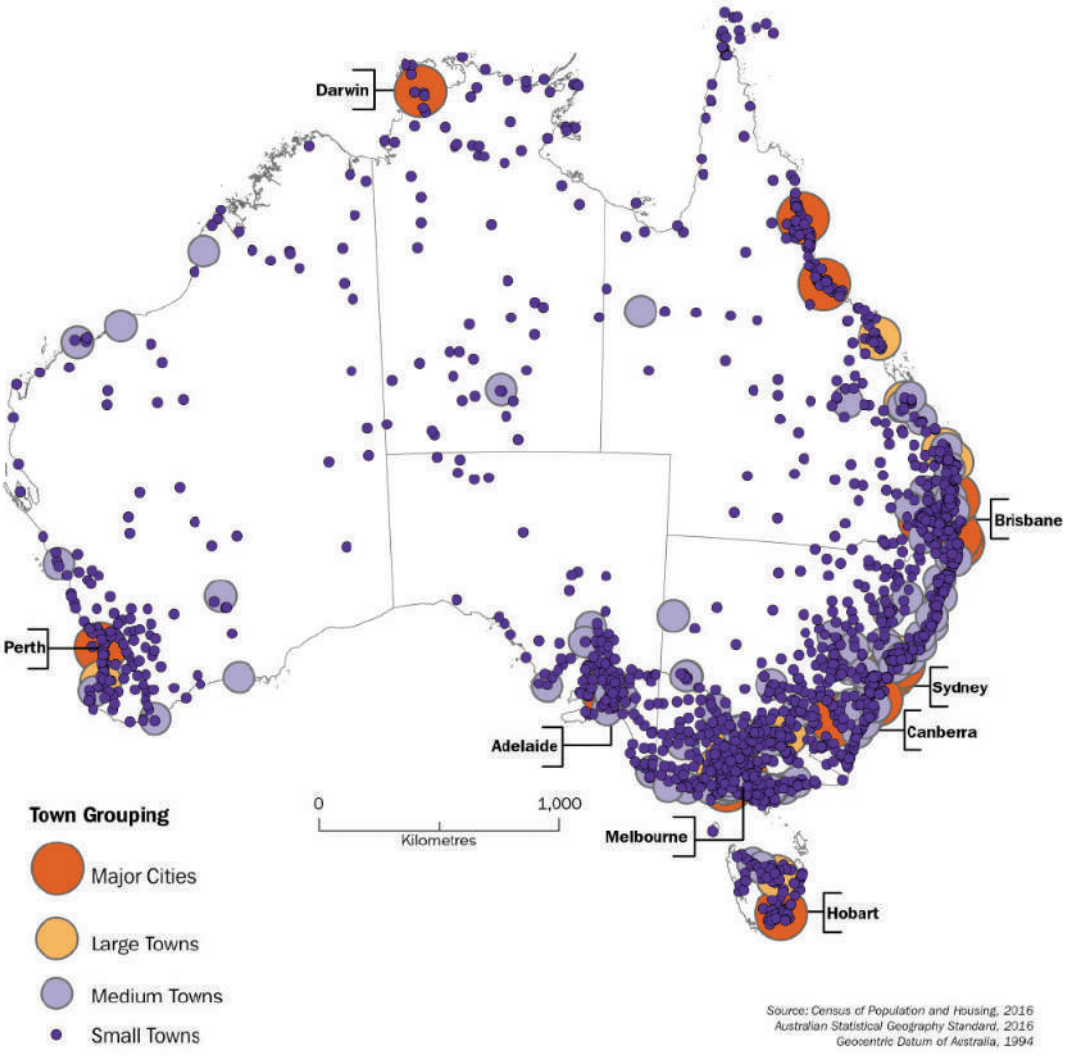
When the RAPAD Water and Sewerage Alliance completed projects to scour water mains and clean water reservoirs, one resident contacted council to complement them on improving the water quality. Safe water has not always meant consistent tasting water in some regional communities in Queensland, as many groundwater sources have high levels of natural elements that influence taste and odour. With limited funding and high costs to deliver regional and remote services, the focus has typically been on ensuring the water remains safe. Through QWRAP, councils have been able to develop and implement projects that improve water quality. This happens through upgrading treatment processes and technologies, and changing operations to better deal with source water.

## Reducing pressures on prices

One reason for the creation of QWRAP was the perception that water and sewerage services in regional areas are expensive. The great distances between the point of service, the supplies, and the services needed to operate them is one of the most significant reasons for the expense. For example, Birdsville is more than 1600 kilometres from Rockhampton, a 21-hour drive. About 40% of Queensland's communities exist in either remote or very remote areas, meaning that the average distance to support them is two to four times greater than in more densely populated areas.

"40% of Queensland's communities exist in either remote or very remote areas."

QWRAP is helping to address this challenge by reducing costs that drive customer prices, particularly through joint planning and procurement activities and improved operations. Often the 'establishment' portion of a service – getting to the site – is a large part of the cost. Where the service is



jointly procured there is typically only one deployment rather than a separate deployment for each council, thus reducing the cost. Further, many communities are unable to easily access consultants or contractors due to their cost and lack of interest in very small or remote projects. Through joint procurement councils can share the costs and create larger programs of work to generate interest from external providers of services. In practice, the only way to put downward pressure on prices in remote communities is through continued participation in regional approaches like QWRAP.

## Faster response to natural disasters

In Queensland natural disasters are common. Infrastructure in the arid west and in the tropics are disproportionately affected by cyclones, flooding, and droughts when compared with other Australian jurisdictions. On average, a large flood occurs every 16 years[1], and severe droughts occur every 18 years[2]. In addition, there have been 207 tropical cyclones along Australia's east coast since 1858, an average of 4.7 per year[3]. When natural disasters happen, there are often disruptions to water and sewerage services. Queensland councils have done well in responding to these disasters, and often draw on neighbouring councils to provide immediate support.

The collaborative and regional approach encouraged by QWRAP is also helping during disasters. For example, when Cyclone Debbie hit the Whitsunday and Mackay regions in 2017, staff were able to quickly draw on existing relationships to expedite the response. The familiarity with neighbouring systems meant that advice provided was more relevant and more timely for those seeking it. Ensuring that professional and organisational networks are in place before disasters strike is essential to better responding to disasters when they happen. For the communities affected, quickly returning services like water and sewerage is essential in getting through the tough recovery that follows the disaster.

Cyclone Debbie – 2017

1 Australian Government: Geoscience Australia. www.ga.gov.au/scientific-topics/hazards/flood/
2 Australian Government: Bureau of Meteorology. "Drought." www.bom.gov.au/climate/drought/
3 Australian Government: Bureau of Meteorology. "Tropical Cyclones in Qld". www.bom.gov.au/cyclone/

# Comparison with Other Programs

A regional approach to water and sewerage is not unique to Queensland. Increasingly, there has been a global shift towards regional collaboration or aggregation, as well as increased commercialisation of these services[1]. There are many factors contributing to this change, such as declining populations in regional areas, aging infrastructure, increasing costs and regulation, greater customer expectations and public health incidents.

However, the largest driver for regionalisation is financial sustainability. Small towns that are unable to fund operations and maintenance let alone capital replacement are dependent on increasingly infrequent and haphazard funding from other levels of government. The only other alternatives are unsustainable borrowing or cross-subsidisation within a local government's budget, which inevitably reach a tipping point when the costs outweigh the capacity to fund them.

## New Zealand

In New Zealand, consideration of a regional approach is being driven by a significant waterbourne outbreak[2]. Following the 2016 campylobacteriosis incident in Havelock North, where 5,500 of the town's 14,000 residents were estimated to have become ill, the New Zealand government is considering a regional approach to improve the capacity to deliver safe services. Some examples of aggregated water providers already exist in Auckland's Watercare and Wellington Water. The New Zealand government has yet to initiate a move towards regionalisation, but views the success in other countries as one way to lift capability and provide a more sustainable funding model.

> "... the largest driver for regionalisation is financial sustainability."

## Tasmania

Within Australia, the most recent example of regionalisation is TasWater, formed in 2013[3]. The corporation is an aggregation of 29 council-owned water and sewerage services created by the *Water and Sewerage Corporation Act*. While councils still retain ownership of the services, the move to a single corporation has allowed the acceleration of work to remove public health alerts in 24 regional towns. The *24 glasses, Regional Towns Water Supply Program*[4] exceeded the goal in August 2018, removing the alerts from 27 communities. Negotiations between TasWater and the Tasmanian Government are exploring a partnership approach that will see the state government purchase a 10% stake at $200 million over 10 years to help fund the on-going upgrades and maintenance costs.

As a result of the changes in Tasmania, Queensland and New South Wales are now the last jurisdictions in Australia where water and sewerage services are predominantly provided directly by local governments outside of capital cities. Consequently, they are the only places where regional collaborative programs are operating in Australia.

## New South Wales

Both amalgamation and collaboration have been implemented in regional New South Wales. Amalgamated regional 'county councils' supply water services across multiple

1 Fearon, Rob. 2015. Reform of Water and Sewerage Utilities: Review of Sustainable Models. www.***qldwater***.com.au/LiteratureRetrieve.aspx?ID=215726
2 Government floats water service mergers. www.newsroom.co.nz/2018/05/30/112346/government-floats-water-service-mergers
3 Who is TasWater? www.taswater.com.au
4 24 glasses: Regional Towns Water Supply Program. 24glasses.com.au

council areas[5]. Formal collaboration occurs through 'alliances' or 'regional organisations of councils'. These collaborative regional approaches began in 2005 with the formation of the Northern Rivers Water Group (NRWG), followed by the Lower Macquarie Water Utilities Alliance (LMWUA) in 2008 and the Centroc Water Utilities Alliance (CWUA) in 2009. However, only the LMWUA and CWUA are established through a formal deed of Agreement under Section 355 of the ***New South Wales Local Government Act*** and make binding decisions on an equal voting basis per member Council.

Together these arrangements mean that about half of the 65 New South Wales utilities with fewer than 10,000 connections participate in some form of regional collaborative arrangement, or obtain bulk water and/or water distribution services from a broader regional entity. These collaborative arrangements allow local governments to deliver services more efficiently; for example, the CWUA's regional water procurements alone have saved its members over $700 000 since its inception.

Each of the New South Wales water alliances have encouraged different aspects of regional collaboration. For the LMWUA, councils have benefited from an improvement in the planning and implementation of best practice elements for the procedures and processes that are used to operate utilities. This has included regional audits that have identified gaps, and focused work to fill the gaps. The CWUA councils have focused more on matching projects to available funding programs. The increased access to financial support from a regional facilitator has helped councils to meet their regulatory requirements and responsibility to their communities. Both alliances have done well in progressing workforce planning and regional training programs.

Despite these benefits, the New South Wales alliances have been limited in their ability to attract funding directly to support regional collaboration. Because the alliances were voluntary and not entities with formal governance, they have been ineligible for grant programs without a council sponsor. A recent change to the local government legislation in New South Wales has created the option to form joint organisations that would be eligible for such funding, but councils have not yet explored that opportunity. Additionally, the current alliances have been unable to progress potential regional solutions they have identified. This is partly due to the influence of elected members that can easily dissent from a regional approach. The strong governance and commitment to the alliances needed to drive these regional ideas are still being developed.

"The drive towards regionalisation is likely to increase in the future."

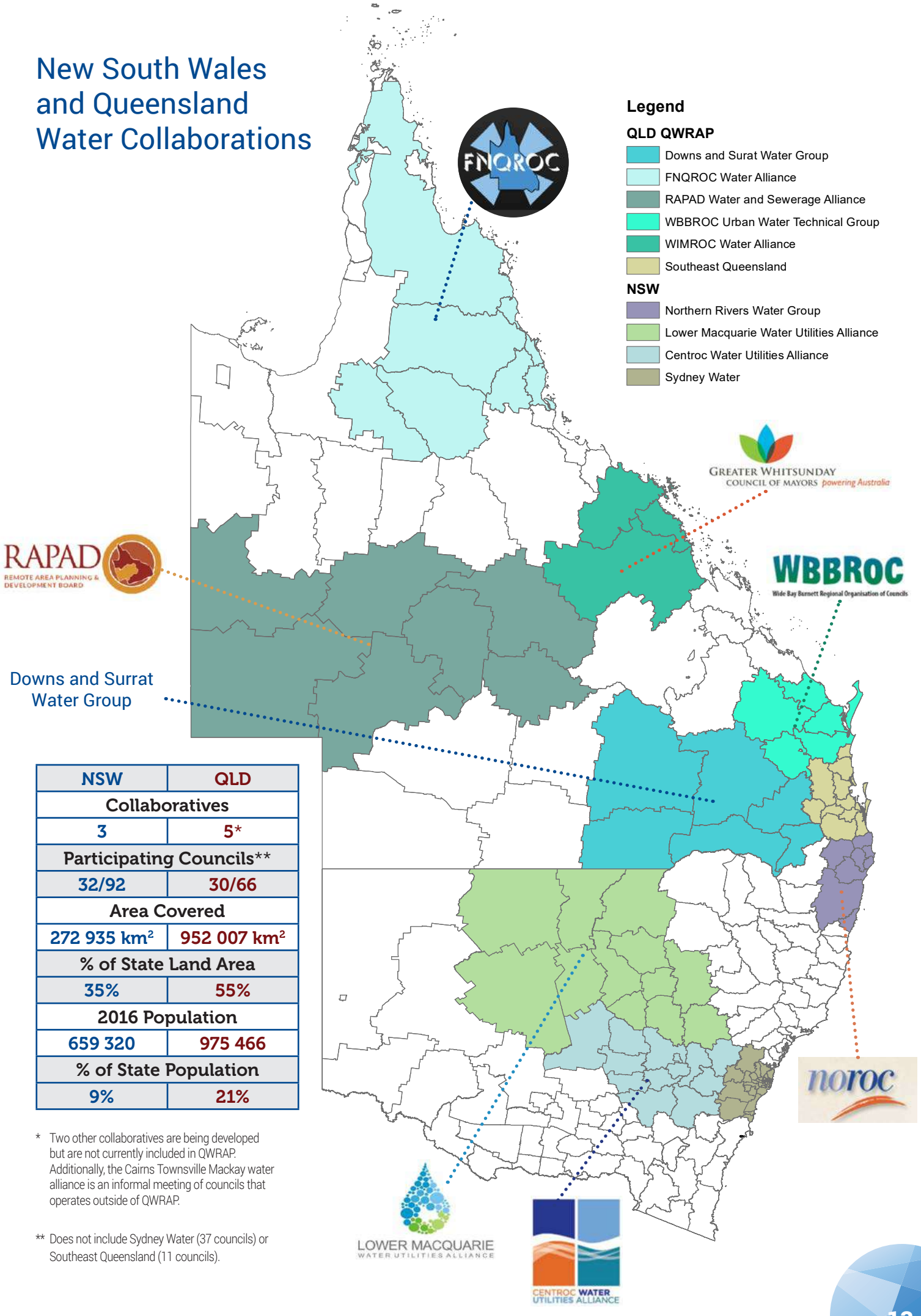
### New South Wales versus Queensland

When compared with QWRAP, a key difference is the investment by both states into regional programs. New South Wales does not fund regional collaborations, but does have capital funding program of $1 billion over 10 years for regional councils through its Safe & Secure Water Program[6]. In contrast, Queensland has no capital funding program, but through QWRAP directly funds regional collaborations. Councils participating in QWRAP can identify potential regional solutions, but there are no funding, incentives, or strong governance processes to progress them.

Given the trends internationally, combined with the experience in Australia, the drive towards regionalisation is likely to increase in the future. While elements of regional collaboration have led to positive outcomes in both New South Wales and Queensland, the significant potential to manage the high costs in regional areas remains untapped.

5 Rous Water, Goldenfields Water, MidCoast Water, Central Tablelands Water and Riverina Water.
6 Safe and Secure Water Program. www.industry.nsw.gov.au/water/plans-programs/infrastructure-programs/safe-and-secure-water-program

# New South Wales and Queensland Water Collaborations




| NSW | QLD |
|---|---|
| Collaboratives | |
| 3 | 5* |
| Participating Councils** | |
| 32/92 | 30/66 |
| Area Covered | |
| 272 935 km² | 952 007 km² |
| % of State Land Area | |
| 35% | 55% |
| 2016 Population | |
| 659 320 | 975 466 |
| % of State Population | |
| 9% | 21% |

* Two other collaboratives are being developed but are not currently included in QWRAP. Additionally, the Cairns Townsville Mackay water alliance is an informal meeting of councils that operates outside of QWRAP.

** Does not include Sydney Water (37 councils) or Southeast Queensland (11 councils).

## CASE STUDY: Regional Collaboration in the United States


In the United States, regional approaches through collaboration were identified as one of the Seven Big Ideas[1] for transforming the water industry. After centuries of development the approach to managing water is 'splintered', with thousands of distinct municipalities, authorities, private businesses, and regulatory agencies having narrow slices of authority over some aspect of water. In the absence of a national program incentives, programs to encourage regionalisation are being led by state governments.

The US Water Alliance (itself a collaborative approach) identified four key issues that collaboration can address.

1. **Supporting coordination and shared services**
   Despite the hyper-fragmentation of our water systems in the United States, necessity is driving communities to collaborate with their neighbors on water management. Resource coordination and solution sharing provide significant benefits for utilities within a region.

2. **Reforming governance structure of utilities**
   Solving today's complex water challenges requires breaking away from established practices and exploring new business and governance models that can help utilities improve service and efficiency.

3. **Expanding watershed-scale thinking and action**
   Watershed-level management brings together regional partners from within and beyond the water sector in joint planning and collaborative action to protect the shared natural resource.

4. **Meeting the needs of the most challenged systems**
   Some US cities have shrunk dramatically from historic population levels and with declining tax bases, these cities are simply unable to fund many needed improvements. Federal and state funding programs provide some relief, but more support is needed.

1 One Water for America Policy Framework: Big Idea 1 – Advance Regional Collaboration on Water Management. uswateralliance.org/initiatives/listening-sessions/seven-big-ideas/big-idea-1

# Governance Reviews

Council consideration of at least three alternative governance models is the only program requirement for councils to participate in QWRAP. In other jurisdictions the journey to revise governance arrangements to optimise regional approaches has typically occurred in stages leading towards increasing levels of formalisation and corporatisation (Fearon, 2015). Without a significant trigger to align political will and justify the expense of reform, a staged approach is the most likely to lead to sustainable changes in governance. The key advantages are that it allows participants to learn from the successes and failures of early cooperation and understand the risks and benefits of a regional approach.

Each QWRAP group has approached this governance question in a different way. Some regions undertook a review of regional strengths and weaknesess and how they might be addressed better under alternative arrangements. One region focused on the financial implications of alternative governance and how they would impact each community. More recently, regions have undertaken a review of councils aims and strategies, determined where there was commonality, and investigated whether such aims could be promoted through different regional arrangements.

"The model that has received most support is a formalised Regional Alliance."

Despite the different approaches, there have been commonality in the 'alternative models'considered by each region. All regions have considered a spectrum of alternatives ranging from informal cooperation to corporatised council-controlled entities to manage water and sewerage services on a regional basis. The outcomes have been varied for each region based on number of councils involved, their sizes and histories.

By the time the governance review is underway, each region has typically been meeting for at least a year and commenced some joint activities. Consequently, the region has already progressed towards something more formalised than ad hoc

**A panel session at the Council Controlled Entities workshop.**
Greg Hoffman (facilitator), Cr. David Schefe (Maranoa), Cr. Nancy Sommerfield (Toowomba), and Jason Devitt (Mackay).

cooperation. However, the idea of centralisation and corporatisation of water and sewerage services has consistently been rejected by councils. Despite sometimes having a projected net financial benefit this approach is seen as politically extreme. Corporatising services is also sometimes viewed as creating inequities for communities across a region (e.g. based on current pricing and service levels).

The alternative governance model that has received the most support to date is a formalised Regional Alliance. Under this model councils agree formally to pursue joint projects and activities and sometimes to align services and standards with the aim of being better prepared for further regionalisation in future. Four of the five QWRAP groups have adopted this model. The Regional Alliance has been the most popular because if confers the following advantages.

1. The model has been tested elsewhere in Queensland and NSW (see above).
2. It does not commit future councils to collaboration and allows councils to 'opt-out'of individual projects and activities that they judge to be of little benefit for their communities.
3. It allows for flexibility in how strategic directions are set and in the type and extent of projects that are undertaken.

A state-wide forum on Council Controlled Entities was held in 2017 to expand the discussion on governance options. Participants of the forum ranged from local government officers and councillors to interstate senior leadership who had experienced other forms of institutional arrangements. The forum examined the constraints and barriers, as well as some of the enabling factors to voluntary regionalisation in Queensland. Participants in the forum acknowledged that individual councils have a responsibility to their own communities and must be able to justify the additional costs and risks that come with regionalisation before economies of scale and critical mass are realised.

Cooktown Sewage Treatment Plant

# Regional Coordinators

The 2015-18 funding period was the first attempt to establish coordinators in each regional alliance. Acknowledging that participation in QWRAP was in addition to the daily job of everyone involved, there was a need to have a person who could progress projects between meetings. The coordinator role is employed locally and receives supplementary funding through a QWRAP grant.

During this funding period a total of $450,000 was allocated to support regional coordinators. Only 83% of this funding was spent in support of coordinators, due to the late appointment of coordinators in the newer alliances. Unspent funds were reallocated to the bid pool, discussed in the next section. An additional $700,000 has been allocated to continue this support from 2018 to 2022. The alliances match this funding, and in many instances exceed the amount of the QWRAP grant in their contributions to employment of the coordinator.

Every alliance has employed a coordinator to facilitate meetings, drive project delivery, and facilitate strategic planning. During the development of the proposal for the coordinators the alliances expressed their desire to have the coordinator do more than run meetings and manage projects. Consequently, the coordinators are expected to contribute substantially to strategic development of policy initiatives and funding opportunities. The coordinator initiative has become a fundamental component of regional collaboration, with most of the money saved to date resulting in large part from this investment.

> "The coordinator initiative has become a fundamental component of regional collaboration."

The five alliances have approached the employment of a coordinator in different ways. The first coordinator, employed by the RAPAD Water and Sewerage Alliance at the end of 2014, was a position they put to tender. Three of the alliances have taken the same approach. One of the coordinator roles was won by a local engineering firm and three others by independent consultants. The FNQROC continued their existing practice of having a member of staff look after the alliance and used the grant to supplement their staff costs. All five coordinators were in place by early 2017.

Importantly, the coordinators provide a meaningful key point of contact with the participating councils in each region. While regional collaboration assists councils within a region, it also provides a more effective communication framework for state government departments and other external stakeholders. A single point of contact for multiple councils has improved engagement and the sharing of information, as well as reducing the impression of a fragmented water sector.

## Forums and briefings

In addition to coordinating the work in each alliance, the coordinators and chairs attend regular forums and briefing sessions. This is an attempt to share the work that is being done between the alliances. There have been three in-person forums held in Brisbane, and two briefings held by teleconference. The intent is to convene quarterly briefings and annual forums in the coming years.

The meetings have been useful to share the learnings from collaborative projects and investigations. Some projects, such as sewer relining, have been taken up by other alliances. Sharing what worked and didn't work has helped subsequent projects to improve upon the process. Further, the meetings allow the coordinators to seek feedback from the other coordinators and build a network of support. Finally, the meetings create a point of

First Chairs and Coordinators Forum in October 2016

Second Chairs and Coordinators Forum in April 2017

accountability that allows for program management and other stakeholders to receive updates on projects and learn about the benefits and challenges there were in completing them.

While the previous round of funding included a portion to convene an annual forum, this has not continued into the future funding. The costs associated with these meetings will be absorbed into the program management costs.

### Successes and Challenges

A common challenge for the coordinators is to progress work in a timely manner. The task of getting staff, managers, and councillors to review and approve work can take time within a council. Getting work reviewed and approved by multiple councils can require patience at the best of times. The coordinators have been essential in this aspect of collaboration. Though timelines are still often extended, there is no doubt that they would be much longer without the coordinators.

"The unique combination of technical experience, project management, and strategic skills have been difficult to find in a single person."

The unique combination of technical experience (typically engineering-related), project management, and strategic skills have been difficult to find in a single person. All of the current coordinators have technical experience, which has been excellent for progressing the projects and supporting the meetings. However, there have been some delays in building the strategic directions of the some of the alliances. Strategic work often involves engagement with political stakeholders and advocacy. It can be difficult to balance these needs with technical roles.

An attempt was made to fund a separate strategic position within the alliances or employ an external resource when needed. The proposal to support focused, strategic and advocacy capability in the future funding was not successful. However, these types of activities are not usually funded externally.

Splitting the coordinator role would have enabled alliances to employ people with the skills needed to adequately support strategic development and related activities. This would have assisted the alliances in developing and reviewing annual strategic plans, work to improve engagement with external stakeholders and relevant commercial interests, and provide support for community engagement and awareness. The program will now consider ways to support the current coordinators to enhance their capability in this area.

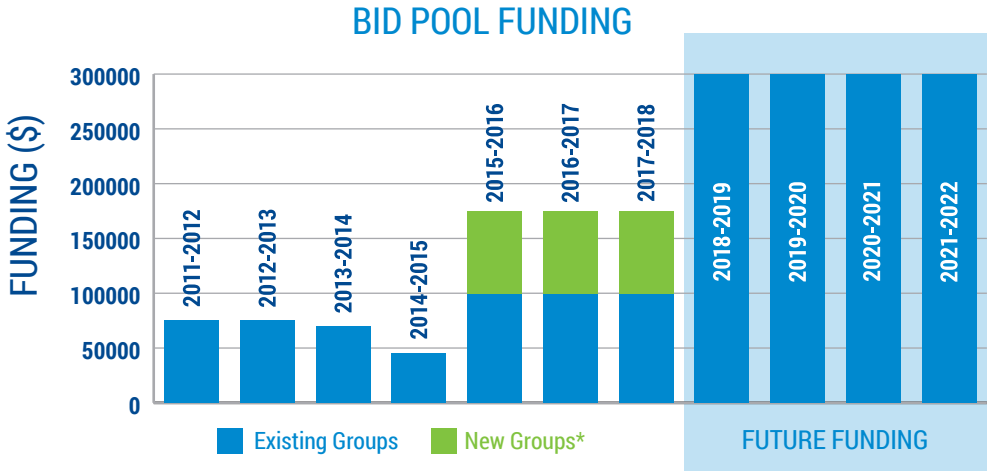
# Bid Pool Projects

The bid pool is an allocation of funding that contributes to projects that clearly demonstrate a regional approach to urban water and sewerage services. These projects demonstrate and produce direct evidence for the advantages and challenges of collaboration by each of the councils within the QWRAP alliances.

In addition to assessing potential governance options in the first year of the program, there was a need to enable the regional alliances to begin pursuing some of the opportunities identified. From the beginnings of QWRAP a 'bid pool' was established contribute funding for the group to undertake key pieces of work. The bid pool has been critical to overcoming initial transaction costs and barriers to collaboration.

## Funding

A total of $570,000 has been made available through the QWRAP bid pool to contribute to the council funding of collaborative projects. In addition to the money given to the alliances to support a regional coordinator, the bid pool funding is the other portion that goes directly to councils. The funding has grown from $75,000 in the first year to the future level of $300,000 per year until 2022. This funding is competitive and is matched or often exceed by the councils.




*During the 2015-18 period a portion of bid pool funding was quarantined for new groups entering the program so they would not have to compete with existing groups.

## Regional Projects

To date there have been 26 projects funded through the bid pool, with nine additional projects that have been funded entirely by the councils. These projects had a total cost of almost $1 million, and QWRAP contributed an average of $17,500 per project. The return on this investment has been at least 2:1 noting the funding is matched by councils, but likely to be higher. For many of the projects there have been direct financial savings to councils and/or the Queensland Government, as well as significant intangible savings (see section on Intangibles).

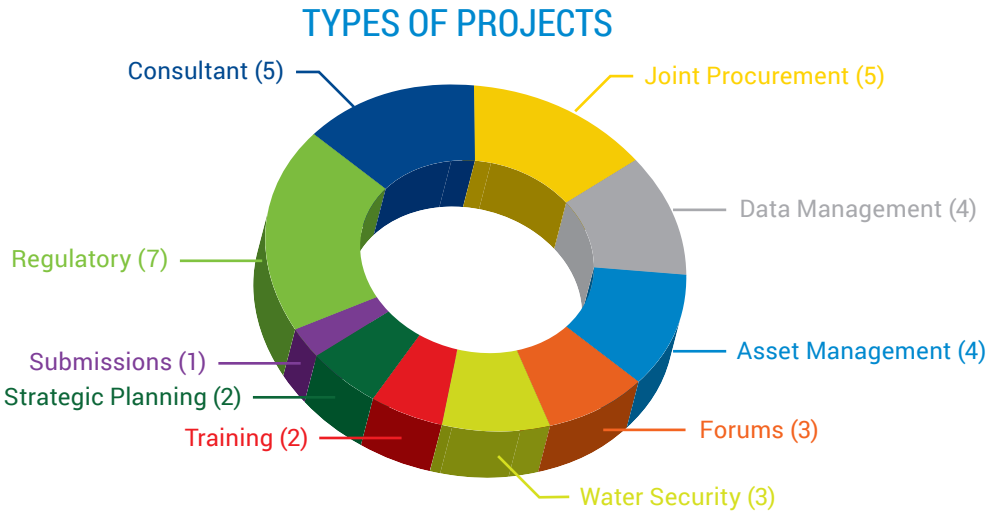
As the funding has increased so has the scale and impact of the projects developed by the alliances. The largest bid pool projects (two have attracted more than $50,000 of bid pool funding) have all occurred within the last year and contributed to the greatest portion of the savings realised to date. Through these two projects alone a savings of more than $3 million has been achieved, with greater savings expected in the coming years, particularly as alliances tackle significant capital investment decisions.

The older alliances have been able to complete more projects, with the first alliance - RAPAD Water and Sewerage Alliance completing the most and receiving the most bid pool funding. The role of the coordinator in progressing the projects appears to be the single biggest factor in their quantity and scale. However, the maturity of the collaboration is also a factor. While bid pool projects can occur at the same time as governance reviews, most of the groups have delayed these projects until the completion of the review and the formation of a formal alliance.

| Group | Projects | | | Bid Pool Funding |
|---|---|---|---|---|
| | Bid Pool | Non-Bid Pool | Total | |
| RAPAD Water and Sewerage Alliance | 11 | 1 | 12 | $156,350 |
| FNQROC Water Alliance | 2 | 4 | 6 | $10,800 |
| WBBROC Urban Water Technical Committee | 6 | 1 | 7 | $141,450 |
| Whitsunday ROC Water Alliance | 4 | 1 | 5 | $124,900 |
| Downs and Surat Water Group | 2 | 2 | 4 | $19,000 |
| Yarrabah | 1 | 0 | 1 | $4,000 |

## Types of Projects

There have been a variety of bid pool projects, including addressing regulatory responsibilities, engaging consultants, joint procurement, training, and strategic planning. These projects have increased the economies of scale in rural and remote areas of Queensland, enabling councils to access and engage with services that were previously unavailable.




The engagement of external consultants, the second largest category of bid pool projects, has improved the regional knowledge of water and sewerage infrastructure and the operations around it. Although direct financial savings have not been calculated from this improved understanding, there is likely to be better decision making and increased efficiency in these regional services. For example, a project in the WBBROC Urban Water Technical Committee created the fourth regional design and construct code for water and sewerage infrastructure in Queensland. This code standardises the requirements and expectations of the infrastructure and is an essential reference for property developers. The regional consistency will reduce the amount of work needed to modify work to suit specific needs from one council to another.

Joint procurement has been another obvious area of benefit for a regional approach. Most of the financial savings from QWRAP have been a result of this type of project. The savings are typically the result of reducing the number of times a contractor must travel to the regional area. Discounts by the contractors, in recognition that the work is for multiple councils rather than one, also contributes to the savings. However, the true benefits extend beyond immediate financial savings when the planning, execution and risk management around such projects are improved for all participants and particularly for some smaller councils because if the increased capacity and capability provided by joint activities.

## Project Benefits

Across all the bid pool projects more than 25 external providers have been employed, some having limited or no previous experience in the regional areas where the projects occurred. The joint procurements have enticed the interest of more companies that would not have been interested in the small scale of work on offer by individual councils. As awareness of QWRAP is growing, companies have begun to target the regional groups in their marketing - encouraging councils to consider engaging them as part of an alliance.

> "More than 25 external providers have been employed, some having limited or no previous experience in the regional areas where the projects occurred "

While some of the work may have happened in a more restrained way regardless of QWRAP, other work would not have occurred without it. The first bid pool project to save money, a joint procurement to clean 13 water reservoirs in the RAPAD Water and Sewerage Alliance, is one example. The use of divers to clean reservoirs is not innovative, having been around for years in more populated areas of Queensland, but was a first for the region. The divers were able to clean the reservoirs without first emptying them – saving water that is critically important in the severe drought that is affecting this part of the state. The work would not have been done without QWRAP.

# Regulatory Benefits

As identified in the previous section, the most common collaborative project has been to align and engage better with regulators. There are diverse regulatory requirements of councils within and between each of the QWRAP alliances, which has historically meant that each council must separately meet with regulators and employ consultants to meet their regulatory requirements.

With both an agreement to work together and a regional coordinator to act as a point of contact, the alliances have worked to align timelines (e.g. reporting and audit dates) with Queensland's Drinking Water Regulator. Because of this process the regulator has rearranged staffing arrangements to reduce the number of staff assigned to each alliance – having a single officer where possible. This is leading to greater consistency in regulatory advice, and a greater awareness of regional challenges and improvements both for the councils and the regulator.

"There is strong potential that the participating councils will have improved compliance with regulatory requirements."

Once the timelines have been aligned, the alliances are then able to jointly procure services to employ any needed support. To date this has resulted in savings of close to $100,000 through the reduced costs of travel and discounts given by the companies that have been engaged. Further, the regional approach improves consistency between councils in the alliance, and any works needed to respond to recommendations can also be jointly procured at reduced cost.

One of the providers, Viridis Consultants, was engaged by two QWRAP groups to perform regulatory audits of drinking water quality management plans. The company undertook audits of roughly 50% of water service providers in Queensland in 2017-18 and noted a difference with those councils in QWRAP.

> *"Viridis' experience in working with the program [QWRAP] has been very positive. From our perspective it made it easier from procurement to finalisation. By undertaking numerous audits at one time we are able to make time and cost savings… But possibly the most important aspect is, through a group approach, there has been greater learning experiences and an ability to share resources." – James Howey, Viridis Consultants*

Although the program is still too young to measure regulatory improvement, there is strong potential that the participating councils will have improved compliance with regulatory requirements. For example, the engagement of Viridis to undertake the audits as a region allowed the councils to debrief afterwards and discuss what was and wasn't working for other councils. This shared knowledge is helping councils to know what is acceptable or what alternative approaches may also be acceptable and better suited to their circumstances.

The benefits of the alliance approach have not been confined to drinking water. With the major restructure of the Department of Environment and Sciences (DES) regulatory approach (i.e. centralised licensing and decisions on enforcement actions), some councils have struggled to adapt. Given limited resources for both the Queensland Government and councils, workshops and consultation sessions with each council has been limited. However, the FNQROC and WBBROC alliances approached DES to invite them to meet. Both groups have held a number of meetings, and plan to continue regional engagement with DES on current and emerging issues. The opportunity to engage with multiple councils at once was welcomed and has changed the way in which DES now engages with those councils.

# Intangibles

The value of joint procurement in saving money is easy to demonstrate. The financial savings are simply a comparison of the cost between individual and group procurement activities. However, the value of a regional and collaborative approach extends far beyond joint procurement. There are many intangible, or non-market benefits that the alliances have realised that are much harder to estimate. A few examples are provided, but no attempts have been made to quantify the value of these benefits to date.

## Improved understanding

A typical starting point for any initiative is to gather data or information. For regional and rural water service providers their familiarity with their systems is usually obtained from many years of experience working with them. However, these areas also experience high levels of staff turnover, which don't always pass on that experience to new staff. Thus, the QWRAP alliances have invested both time and money into better understanding their systems and processes to recapture information that has been lost over time. This knowledge improves operational decisions, strategic planning, and asset management.

## External corporate knowledge

The alliances have also been a critical external reservoir of knowledge for councils. When all three water managers in the Whitsunday Isaac Mackay Water Alliance left their councils in 2016, the new water managers were able to attend the alliance meetings and quickly discover work that had been done previously. The alliances were also able to direct the new managers to previously developed resources or provide explanations about why things were done a certain way. This 'cloud back-up' of corporate knowledge helped the managers settle into their roles much more quickly, potentially shaving 6 months to a year off the time it would have taken for them to settle into their role.

## Professional relationships

The regular meetings of the alliances create opportunities for staff from each of the councils to build their professional network. This network is based on both the experience gained from participation in the alliance meetings and their involvement in regional projects

*Thargomindah Bore*

*Burgowan Water Treatment Plant*

*Examining the Balonne Water Tower*

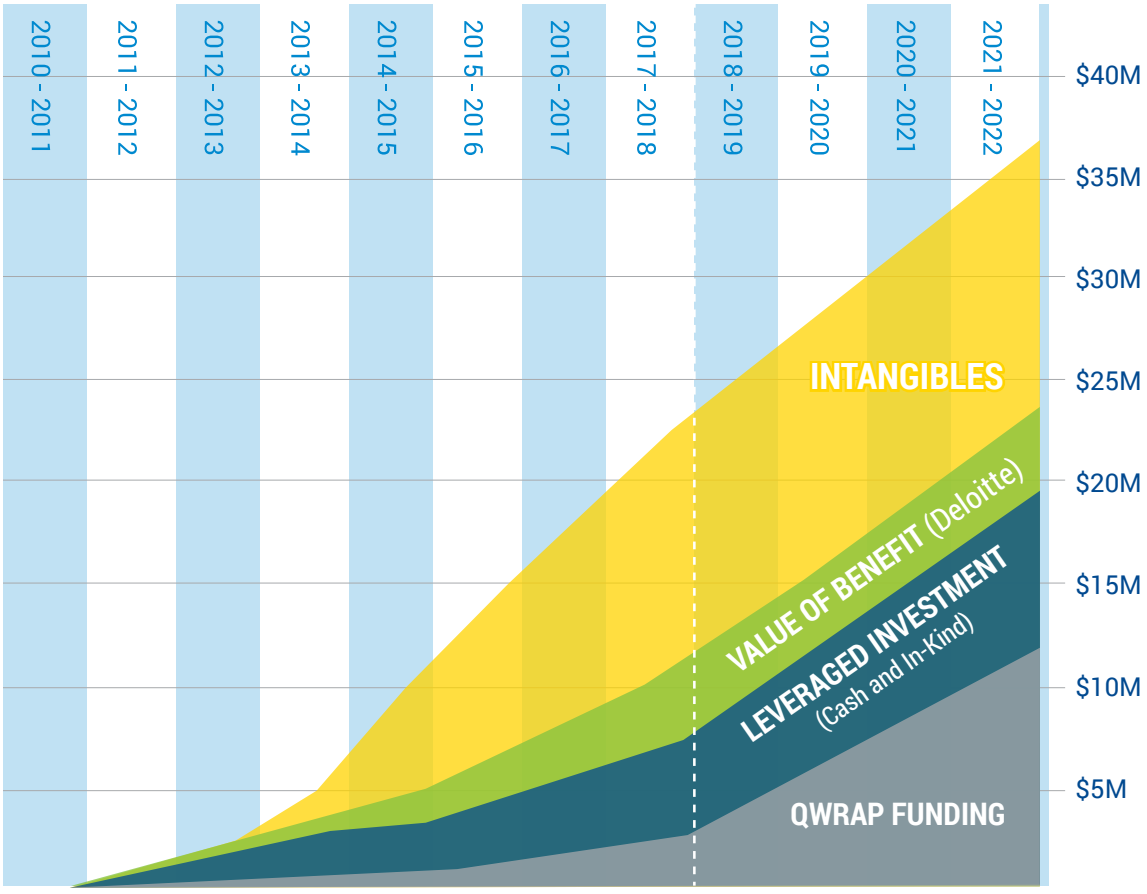
facilitated by the alliance. These projects not only give insights into an individual council's perspective, but also the other councils that are involved. Thus, the staff are familiar with infrastructure and operations in councils outside their own. This network was a key element in the response to Cyclone Debbie in 2017, when affected councils were able to call upon other councils for assistance. The response was quicker due to the existing professional network that had been established before the event.

### Interoperability

An increasing benefit of the regional approach is the move towards standardisation of both infrastructure and operations. When a joint procurement is awarded the contractor typically will use the same equipment and approach in meeting the requirements of the job. Though the goal is not to implement a one-size-fits-all solution to every water and sewerage service, if commonalities can be achieved the surrounding councils can benefit. Where this has occurred, councils are able to share staff, who can work in other areas with a minimal amount of training. Councils can also more easily share equipment and reduce the number of redundant stand-by assets. For rural and remote councils, the ability to quickly find replacements can reduce interruptions to services by several days or weeks.

### Value of intangibles

As shown at the beginning of this report (see figure 3 below) the value of these and other intangible benefits are a substantial part of the value of the program. Their value is in addition to the direct investment by the participants, the in-kind contributions, and the direct savings through the program activities. Intangibles result in measurable reductions in time to complete work, and more importantly better decisions that avoid costly mistakes. There is no question that there is value in these benefits, but the scale of that value is something that the program is working to better quantify in the future.



# Indigenous and Torres Strait Island Councils

The QWRAP initiative was designed to support all rural and remote councils, including the Indigenous and Torres Strait Island councils. However, the participation of these councils has not been targeted, occurring in limited ways as part of the collaborations with other regional councils. Initially the key participation was through the FNQROC, with both Wujal Wujal and Yarrabah Aboriginal Councils attending meetings.

The bid pool projects conducted by the FNQROC have benefitted the Indigenous councils where it has been practical to include them. For example, a joint procurement to improve the economies of scale for water treatment chemicals, namely sodium hypochorate, has saved councils money. Recently, the group purchasing power was able to reduce the price for Yarrabah Aboriginal Council by more than $1 per litre (approximately 75% of the previous price). Another joint procurement for the disposal of biosolids also included Yarrabah for dredging works of the wastewater treatment settling ponds, which will provide a reduced cost for the service when it is needed.

"The greatest savings demonstrated by QWRAP to date was in Cherbourg Aboriginal Council."

Efforts have been made to include other Indigenous councils, such as Woorabinda and Palm Island. In recent years Central Highlands Regional Council has been making efforts to better engage with Woorbinda Aboriginal Council outside of formal alliances. QWRAP managers approached both councils in 2016-17 and offered some financial support to progress water or wastewater related projects. While there was initial interest in the idea, the work to date has focused on road works and other opportunities. For Palm Island, an exploratory group in North Queensland was formed and the council attended those meetings. However, the limited funding for QWRAP has not permitted expansion of the program. Palm Island will likely be part of the North Queensland water alliance when it begins.

When the WBBROC Urban Water Technical Committee progressed its joint procurement for sewer relining works, Cherbourg was not originally part of the tender. Sewer relining to extend the working life of buried assets is common in the water and sewerage sector but this program was the first time that multiple councils have worked together to jointly undertake relining to provide financial and operational benefits. Because the tender was constructed in such as way as to include other neighbouring councils, when the Queensland Government was made aware of the contract a decision was made to reline rather than replace the sewer mains in Cherbourg. The program cost just over $6 million at a savings of 10% to councils. Specifically, $2.4 million was saved in Cherbourg.




**Relining the Sewer mains in Cherbourg**
Part of a WBBROC Urban Water Technical Committee joint procurement project extending across multiple councils.

Indigenous and Torres Strait Island communities stand to benefit from regional collaborative efforts in the same ways as other rural and remote communities. In some ways the regional approach may provide more benefit to these councils by offering opportunities for inclusion in common solutions to industry challenges that have not occurred previously. Fortunately, the $120 million Indigenous Councils Critical Infrastructure Program (ICCIP) is currently addressing deficient water, wastewater and solid waste infrastructure. However, what happens at the end of the program is still uncertain. A transition in QWRAP type arrangements may provide a viable approach to on-going management of this infrastructure.

## Case study: Cairns and Yarrabah working together

Cairns Regional Council and Yarrabah Aboriginal Shire Council have developed a working relationship over the past 2 and a half years that culminated in the signing of a Memorandum of Understanding. This MOU formalised a cooperative approach to supporting each Council and the development of the staff in both councils.

The relationship is working to develop the capability and capacity of the staff and deliver better outcomes for the community for the long term. This support has taken several forms and is continuing to evolve. Some examples of the work that has been done to date include:

- Undertaken a condition and functionality assessment of water and wastewater networks (including treatment, SCADA, electrical, and mechanical)
- Development of an infrastructure improvement plan
- Assistance with emergency repair and response
    - Repair of water supply bore SCADA
    - Emergency pump out of sewer pump stations
    - Repair / service / replacement of pumps
- A focus on operation and maintenance support including procurement support for spare pumps
- Relief support for key staff leave

The arrangements have practical impacts for Yarrabah, particularly in faster response times to service needs. For example, when a key pump failed in early 2018 the council contacted repair services from Brisbane and were told that they were unable to repair it until the following week. A call to Cairns Regional Council meant that the pump was working again the following day.


The most important element has been the building of the relationships for the operational teams. As this trust has improved so has the capacity to support the staff in the community. The teams have really enjoyed working together and learning from each other. One small example was when the Cairns mechanical team were assisting with the repair / service of some pumps, the Yarrabah staff were able to observe and assist opening up new possibilities for skill development.

The future development of the MOU will include the employment of a project manager to support the delivery of capital improvement projects for Yarrabah and the further development of a mentoring program including the ability for staff to have work experience in each of the councils.

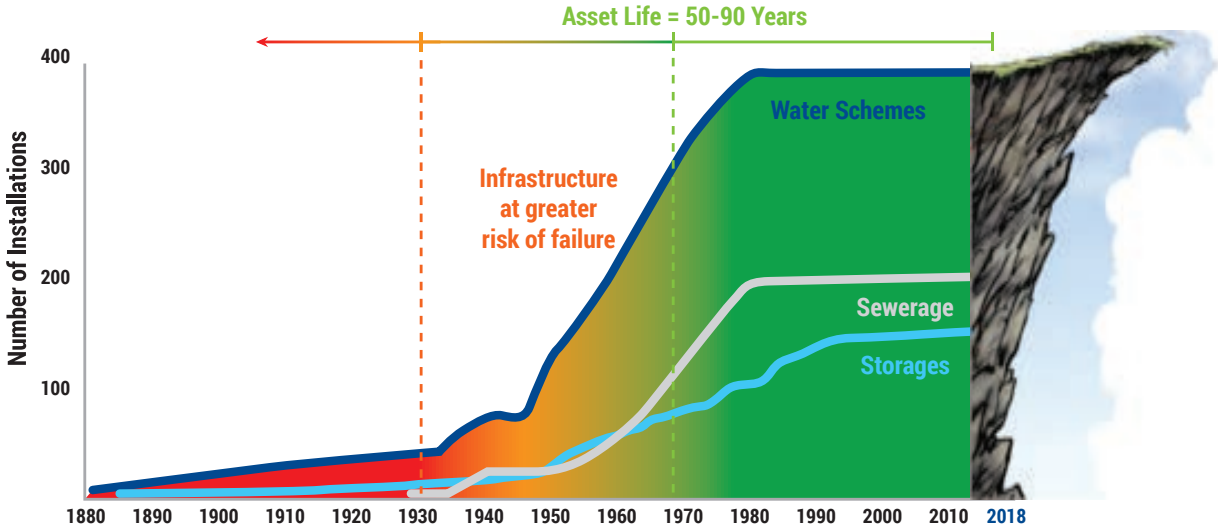
# Research

A key advantage of QWRAP is the ability to leverage the regional technical knowledge of the groups to conduct research. This research couldn't be achieved without access to willing collaborators that are found in the QWRAP groups. The objective of research is to assist council deliberations and inform State Government and other key stakeholders. A number of areas have been researched through QWRAP and a brief outline of the most recent research is detailed below.

## Infrastructure Cliff

The latest research focuses on the 'infrastructure cliff' based on buried assets (mains). Queensland has 42,000 km of water mains and 33,500km of sewerage mains buried across vast distances servicing 4.2 million people. A substantial number of these assets were installed post World War 2 and peaked in the 1970/80s. Consequently, the wave of installation has created a corresponding wave of deterioration leading to the infrastructure cliff. This cliff is the point at which aging assets reach the end of their useful life and must be replaced. Through QWRAP's access directly to the councils, research into how this cliff will look and initial cost estimates have been explored. This research[1] has provided a key piece for councils to advocate the state government for assistance and guidance.

**The installation of Water and Sewerage services for Queensland.**



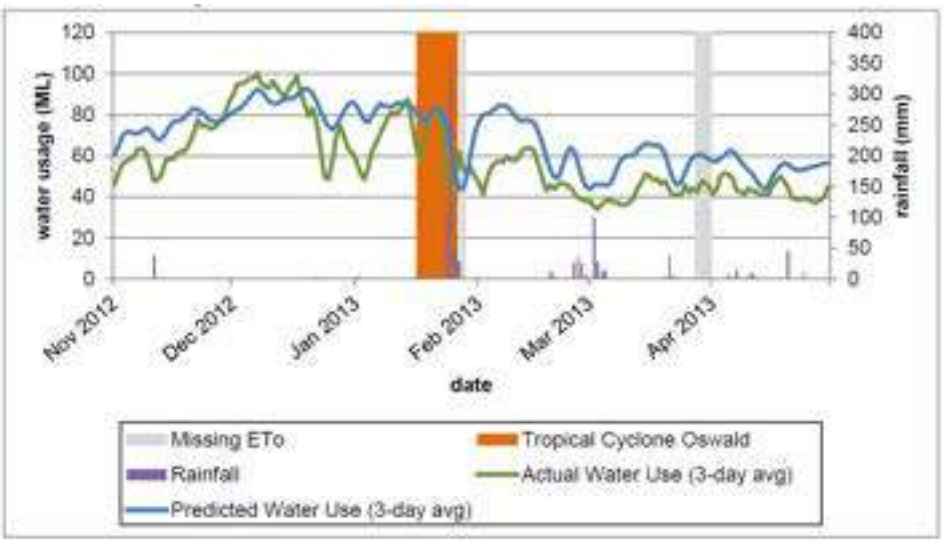

## Modelling Water Use in Regional Queensland and Demand Management

Uncertainty surrounding future water use often leads to very conservative decisions for the design and construction of infrastructure, typically with excess capacity built into water systems. By improving the understanding of current and future water demand, water providers can reduce their costs through optimised decision making, reduce conservatism in design, and reduce emergency construction of additional water infrastructure through improved forward planning of trunk infrastructure.

A QWRAP research project[2] investigated the ability to predict future water use based on modelling underlying drivers of water demand in response to changing weather conditions. A Water Prediction Model was developed based on observations that water use in a community throughout any given year includes a significant proportion of outdoor water

1 Report located at: www.***qldwater***.com.au/LiteratureRetrieve.aspx?ID=240188
2 Report located at: www.***qldwater***.com.au/_literature_220876/Modelling_Water_Use_in_Regional_Qld_(v7-0)

use. Further, outdoor water use is known to be influenced by rainfall, evapotranspiration, and temperature. Modelled predictions were able to reasonably approximate actual water use in each region. However, the Model produced better predictions for some regions than others. The research demonstrated that water use could be modelled and that future planning could be better informed.




## Demand Management

Water security or demand management programs are common across Queensland and significant research has been undertaken in recent years in SEQ and other cities to develop solutions that are most appropriate in metro areas; however, key information and technologies have been adopted to different degrees by regional councils and there have been few efforts to investigate which demand management strategies have been successful in regional Queensland

This research project[3] conducted a preliminary survey of websites for a range of QWRAP councils to determine the level of online interaction each provided on water security. Eight examples of successful community engagement for demand management were collected and evaluated based on the purpose of the campaign, audience participation rate, setup and on-going costs, and overall benefit. The examples collected were used to create a website called ***qldwater*** On Tap (www.***qldwater***ontap.com.au), that has become an information sharing hub to raise awareness of existing demand management efforts across Queensland.


**Detailed research reports are located on the QWRAP website: www.*qldwater*.com.au/QWRAP**

3 Report located at: www.***qldwater***.com.au/LiteratureRetrieve.aspx?ID=224377

# Awards

QWRAP and projects from the program have been nominated for five awards, winning four in 2017 and 2018. The awards have been given by the Australian Water Association (Queensland Branch) and the Institute of Public Works Engineering Australasia Queensland.

The recognition of QWRAP itself by the Australian Water Association in September 2018 is the first time the program as a whole has been considered for and won an award. QWRAP will now go on to the national awards in May 2019 as Queensland's nomination.

AUSTRALIAN WATER ASSOCIATION
QUEENSLAND WATER AWARDS

**2018 Program Innovation Award - Over 250,000 end users**
WINNER: Queensland Water Regional Alliance Program (QWRAP) – *Department of Natural Resources, Mines and Energy*

**2017 Infrastructure Project Innovation Award**
FINALIST: Regional Outback Water Quality Infrastructure Program – *Outback Regional Water Alliance*


**2018: Innovation Sustainability in Water Projects Over $5 million**
WINNER: Queensland Water Regional Alliance Program (QWRAP) – *Department of Natural Resources, Mines and Energy and Local Government Association of Queensland*



**2017**: **Design and/or Construction of Water, Waste Water, Sewerage and Drought Management Projects under $2 Million**
WINNER: Regional Outback Water Quality Infrastructure Program – *Outback Regional Water Alliance (now called RAPAD Water and Sewerage Alliance)*

**2017: Design and/or Construction of Water, Waste Water, Sewerage and Drought Management Projects over $5 Million**
WINNER: Wide Bay Burnett Regional Organisation of Councils Joint Sewer Rehabilitation Program – *Wide Bay, Burnett Regional Organisation of Councils*

# Program Reviews

QWRAP did not exist when three national reviews on water and sewerage services in Australia were conducted in 2011 . The reviews concluded that the current local government model of service delivery was unviable in many rural and remote locations and recommended moving towards regional services that would be better able to deliver cost effective water services. Only recently has the impact of the program been assessed and this section providers a summary of those reviews.

## National Productivity Commission

In 2017-18 the National Productivity Commission conducted an inquiry into national water reform . On the topic of achieving economies of scale, QWRAP was identified as the sole example of collaborative work amongst small regional water utilities in Queensland. The Commission noted the value of the work but found that there is likely to be further scope to capture economies of scale through collaboration.

> *"While collaborative approaches are promising, progress in implementing them appears to be slow, particularly in Queensland. Further, as alliances are often informal, there is a risk that over time they will become less active or even disband, for example, due to a change in political priorities among the participating local governments."*
> *– National Productivity Commission*

The Commission recommended that local water utilities and State Governments in New South Wales and Queensland should strategically examine opportunities to improve service delivery through collaboration. Further, the Commission recommended that State Governments consider making Community Service Obligation payments or other financial support contingent on participation in a collaborative approach to promote and unlock further benefits.

## Queensland Government Review

In 2018 the Queensland Government engaged Deloitte Access Economics to review QWRAP to help shape and inform future directions for the supply of Queensland's regional urban water and sewerage services. This corresponded to the end of the funding period, and proposal to extend funding to 2022. The review assessed the QWRAP framework, extent and nature of collaboration, and return on investment.

The review found that the program was only just starting to deliver benefits to communities. In estimating the return on investment, the review noted that there were a range of benefits that could not fully be quantified. However, Deloitte's estimated that QWRAP is delivering between $0.6 and $1.5 million in efficiency savings and $1.3 to $2.5 million in knowledge dissemination. Importantly, Deloitte's further noted that if QWRAP was discontinued, there would be opportunity costs for government by significantly damaging continued developed of collaboration between councils.

> *"QWRAP represents a unique opportunity for government to continue building economies of scale for the efficient and sustainable delivery of urban water and sewerage services to rural and regional communities." – Deloitte Access Economics*

The review and recommendations were accepted by the Queensland Government, and formed the basis for continued funding announced in the 2018-19 budget that extended the program until 2022. DNRME is also working with the LGAQ and ***qldwater*** to implement the recommendations from the report. A full list of the review recommendations is in Figure 4.

## Figure 4: Recommendations by Deloitte Access Economics

- Continue support of a collaborative approach to water and sewerage services through QWRAP;
- Consider aligning infrastructure funding to QWRAP participation;
- Consider a regional approach to staff recruitment and retention;
- Review geographical classification of the regions;
- Consider the utilisation of QWRAP funding mechanism to encourage longer-term strategic engagements;
- Work to increase QWRAP awareness;
- Consider utilising existing relationships to extend QWRAP's reach to indigenous communities;
- Be cognisant of the balancing act between voluntary participation and raising regional collaboration;
- Facilitate quick-wins to establish council buy-in and reinforce trust;
- Allow regions to customise governance arrangements to meet their unique needs; and
- Establish systematic data collection at an initiative level to enable the ongoing measurement of program return on investment.

### Remote Queensland Water Service Provider Sustainability Review

In parallel with the review of QWRAP, the Queensland Government engaged Inxure Strategy Group to review the sustainability of eight water service providers. The review examined a range of business processes (e.g. business planning, customer and stakeholder management, financial, asset management, etc.) to determine a provider's 'maturity' in delivering services to the community.

While not the focus of the review, and with only three of the eight councils involved in QWRAP, the review acknowledged the value of the program. Inxure noted that the focus to date has been mostly on regional procurement, skills development, and adoption of regional standards, but suggested that it should go further. The reviewers suggested that opportunities such as business planning, asset management, building skills, succession planning, supplementing skills gaps, and promoting efficiencies could be delivered through QWRAP.

> *"The program is at a pilot stage and has already delivered promising results… A structured collaborative program should be considered across the whole State."*
> *–Inxure Strategy Group*

### Conclusion

These three reviews were consistent in their praise of QWRAP in supporting rural and remote water service providers. They were also been consistent in their calls to expand and further support the program. Although there have been savings created through the collaborative approach, the reviews suggest that there are even bigger savings and other benefits in the future through continuing collaboration.

# Areas to Progress

Although QWRAP has existed since 2011, direct evidence of the benefit it is providing to Queensland communities has only been demonstrated over the last three years. With millions of dollars in savings and many intangible benefits, the continuation of the program will continue to provide benefits in the coming years. The success of QWRAP to date, experience from other jurisdictions, and recent program reviews suggest that there are several areas that the Program should pursue. These include strategic planning, capital investment, collaboration maturity, and expansion into new regions.

## Strategic Planning

The importance of increasing focus on strategic planning has been underscored by the experience of all the QWRAP regions. The benefits provided to participants from sharing technical knowledge and experience across multiple councils (and regions) has been the driver for the major savings generated by the program. This benefit arises regardless of whether any single council lacks strategic skills. Importantly, the collaborative approach allows council staff to take a broader view of common problems and draw from a larger pool of experience. Despite these benefits, only one water alliance has developed a strategic water and sewerage plan for its region. Such strategic plans would help to guide program activities, but also capital and operational decisions within councils as they move towards and align with those plans.

"With millions of dollars in savings and many intangible benefits, the continuation of the program will continue to provide benefits in the coming years."

## Capital Investment

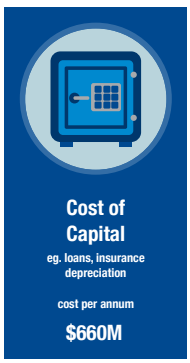
The potential savings are the greatest when a collaborative approach is applied to decisions about infrastructure (i.e. capital). The Queensland urban water sector manages $37 billion of publicly-owned regional assets, many of which are long-lived and more expensive to replace than to build. Even small savings and improvements in capital planning decisions are magnified over the lifetime of these assets. Each capital investment is not only expensive in its own right, but has ongoing cost implications in the form of debt, depreciation, and costs of operations and maintenance. Thus, poor decisions can result in millions of dollars lost over the life of an asset. Regional capital planning will drive better capital investment decisions. This approach will also allow for better consultation and greater negotiation power with designers, regulators and the public.


QWRAP currently focuses exclusively on Variable Operating Costs achieving impressive cost savings

**Current Savings**


With an expanded focus to include Fixed Operating Costs QWRAP could achieve much much more

**Potential Savings**




And through collective bargaining, risk spreading and other measures even more can be achieved.

**Potential Savings**

## Collaboration Maturity

Collaboration maturity in each of the QWRAP regions has tended to increase in a staged approach as participating councils share more information and build trust in joint approaches. This process has also been observed in other jurisdictions and appears to

be a typical feature of water reform internationally (Fearon, 2015). In the absence of a significant trigger stimulating mandatory water reform like other jurisdictions, a staged approach to building regional management of water and sewerage services is most likely to create sustainable models.

In recognition of this, QWRAP has adopted a 'regional maturity model' that recognises some of the common steps experienced in regionalisation. The model incentivises QWRAP groups to consider and progress to greater levels of collaboration. The model recognises

**Table Maturity model for regional collaboration**

| Collaboration Maturity | | | Examples of priority projects/activities for support |
|---|---|---|---|
| | Progression Stages | Criteria for annual progression assessment | |
| 1 | Little collaboration. | ☐ Collaboration *ad hoc* or in times of duress. | N/A |
| 2 | Undertaking joint activities. | ☐ Two or more councils collaborating regularly.<br>☐ Priority projects underway. | • Projects to analyse (or mitigate) financial, operational, workplace health and safety or customer risks.<br>• Joint operations, planning or procurement.<br>• Joint Skills development activities and programs.<br>• Joint KPI reporting and process improvement.<br>• Alignment of regulatory requirements. |
| 3 | Basic collaboration. | ☐ Scheduled regional meetings.<br>☐ Joint activities and projects planned and underway. | |
| 4 | Advanced formal collaboration | ☐ Agreed (councillors) MoU or TOR scoping collaboration and opportunities.<br>☐ Annual workplan.<br>☐ Projects and activities for entire region. | • Regional projects leverage other funding pools.<br>• Common approach to asset management or planning.<br>• Skills and staff-sharing across the region or with other regions. |
| 5 | QWRAP 'pilot region' | ☐ Agreement (councillors) to 'consider at least three alternative regional governance models'. | • Institutional review planned and underway |
| 6 | Water Alliance (formalised alliance) | ☐ Formal Alliance agreed (councillors) by all councils.<br>☐ Active projects enhancing regionalisation. | • Assessment of barriers to regional full-cost pricing.<br>• Development of regional standards and documentation.<br>• Joint negotiation with regulators and Qld Government.<br>• Regional Strategic Planning (e.g. water security, environmental stewardship, investment)<br>• Joint and customer engagement programs.<br>• Regional water security planning. |
| 7 | Considering new models | ☐ Joint CAPEX planning, investment or management.<br>☐ Pre-feasibility studies on alternative regional arrangements that support owner-councils. | • Regional capital planning, investment (and outsourcing).<br>• Alignment of water and sewerage asset management.<br>• Formal and ongoing staff-sharing arrangements.<br>• Shared approach to ensuring customer service standards.<br>• Regional benchmarking. |
| 8 | Alternative regional arrangements | ☐ Council controlled entity exists across region (e.g. central service delivery arm, joint LG corporation).<br>☐ Projects address regional sustainability and efficiency. | • Regional price path for cost recovery (regional Community Service Obligations).<br>• Regional infrastructure planning and delivery.<br>• Benchmarking against other regional entities nationally.<br>• Independent budgeting and strategic planning oversight.<br>• Improving on council customer engagement and liveability programs. |

that the 'end point' may be different for each region, but also that the processes and the need for incentives to overcome some of the hurdles of collaboration are common to all regions. Future funding of QWRAP regions and the projects that they undertake will better recognise activities that accelerate or clearly demonstrate progress along a spectrum of regional collaboration maturity.

## New Regions

The expansion of QWRAP to other regions will deliver cost savings and other benefits to those councils, adding to the strong return on investment already demonstrated by the program. Prior to the Queensland Government's QWRAP funding announcement in June 2018, other regions across the state had expressed an interest in joining QWRAP. Several technical groups have been formed in North and Central Queensland. Initial discussions have also been held in the Northwest parts of the state and with some Cape Communities. These discussions continue at a technical level despite the expansion into these new areas being ruled-out because of insufficient funding to support additional regions.

Whilst informal collaboration and learning from existing regions will continue, there is unlikely to be any progression through the maturity model without some form of external incentive to overcome the natural inertia against collaborative activities. These groups are seeking further expansion of QWRAP which could readily expand to cover the entire state within the next few years.

# What's Ahead - 2018-2022

In June 2018 the Queensland Government announced they would extend QWRAP for another four years. Funding provided until 30 June 2022 means that the current alliances can continue their work towards improved efficiencies and economies of scale. The surety of funding also means that regional coordinators can continue their roles in supporting the alliances.

Queensland Water Regional Alliances Program

**The government is providing additional funding of $4.2 million over four years to retain and expand the Queensland Water Regional Alliance Program. The program is managed by the Local Government Association of Queensland and represents an effective mechanism to develop regional economies of scale to realise the four dimensions of water - security, reliability of supply, water quality and appropriate water pricing.**

*Extract from the 2018-19 Queensland State Budget*

The funding of QWRAP is one of more than 70 such arrangements between the state government and local governments in Queensland. The recent growth in the number of funding arrangements has led to increase administration, reporting, and delivery timelines that are reducing efficiency and working against strategic planning and investment. The need for grant reform, identified in LGAQ's Advocacy Action Plan, was acknowledge by the Queensland Government in its 2018-19 state budget. QWRAP is likely to become a key aspect of grant reform as participation in the program may become an essential requirement for councils wishing to access funding for infrastructure in the future.

As QWRAP continues to demonstrate the benefits of regional approaches, greater interest in the program is being observed from regulators, consultants, commercial enterprises, and other jurisdictions. In line with the feedback over the last year, QWRAP must continue to drive towards increasing efficiencies and reducing costs – in short it must deliver more. With the growing scale of projects and greater investment by stakeholders in the program this potential will be likely.