



Queensland Government Deputations
October 2016



Torres Strait Island
REGIONAL COUNCIL



Infrastructure

Underfunded Water & Wastewater Capital Requirements

Presented by: Mayor Fred Gela

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Recommendation:

That the Queensland Government give urgent consideration to the Torres Strait Island Regional Council need for:

- Additional ongoing yearly funding to address water and wastewater asset renewal requirements
- A funding injection of \$25 million to meet immediate critical water and wastewater asset renewal requirements
- Ongoing funding support to meet the operational shortfall

Summary

Torres Strait Island Regional Council (TSIRC) water and wastewater capital renewal requirements cannot be met with current funds. This is having a significant effect on operational performance of the water and wastewater systems.

This year on year shortfall has a snowball effect, compounding the impacts of infrastructure failure exponentially over time. Capital injection that far better matches asset renewal needs is required for adequate and sustainable delivery of water and wastewater services in our region.

In the midst of these challenges Council is actively developing its organisational capacity, monitoring and compliance systems within the resources of available funding. This is increasingly challenging, with progressively degrading assets and 'band-aid' approaches to keep infrastructure running.

There is no total public health benefit in prioritising potable water supply over wastewater management. Both are interdependent and essential to life.

Grant programs are currently underfunded, and significant increase in annual funding is needed to match both our water and wastewater operational and capital renewal requirements. Without this commitment, there is a failure to meet the fundamental human rights of our community members to clean, sufficient potable water and safe, sustainable sanitation.

Council has very limited capacity to generate income via rates. In our region the 2011 Census reported median total personal income at \$314 per week. The 2001 Australian Bureau of Statistics Socio-Economic Indexes for Areas (SEIFA) report ranks TSIRC in the highest 10% for disadvantage.

If Council charged every household in the region in accordance with our fees and charges for water and sewer services we could generate a maximum of \$871,000 per annum. Given the low socio-economic status of the region and extremely high cost of living, charging residential rates would cause financial distress within communities. The administrative costs of applying and pursuing unpaid fees and charges would also reduce overall income.

Background

We are a Council of 15 remote communities across 14 islands, scattered across the Torres Strait. This has very real impacts on how we can provide infrastructure and services.

Most rural or remote Councils have one or two water storages and one or two sewerage treatment facilities. We have twenty seven.

That is twenty seven different locations, staff groups, physical settings (with their differing challenges and geography), environmental factors and impacts. On each island we have to mostly provide infrastructure within small spaces, which then requires greater mechanical and energy-intensive systems to manage water and wastewater service provision.

We don't have rivers; we don't have dams with feeder catchments. Rain capture into lagoons is almost entirely reliant on their surface area. Some islands don't even have lagoons and rely on tanks for water storage.

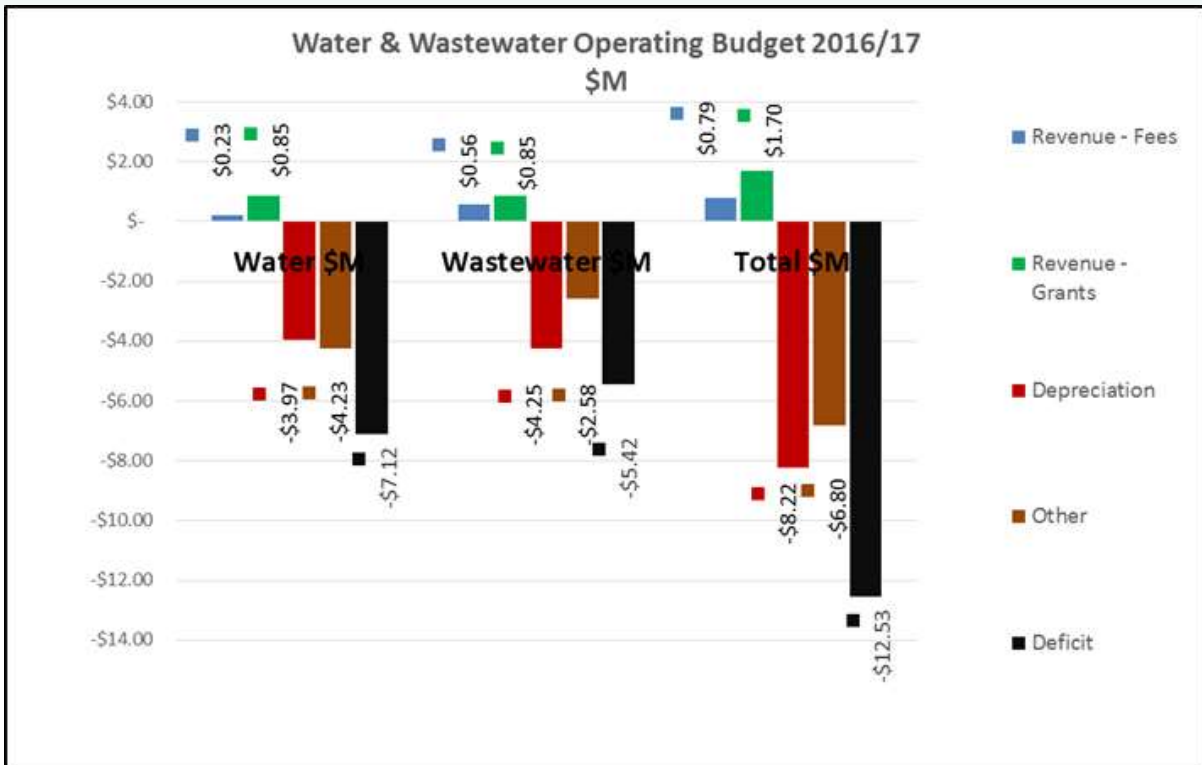
The persistence of water shortages in our region is driven by three main factors:

1. Insufficient income to meet capital renewal works requirements
2. Limited water production and storage capacity in water storage facilities (lagoons and tanks) on each island
3. Variable rainfall and drought

Of these, underfunded capital renewal works is the single greatest factor impacting sustainable delivery of water and wastewater services in the Torres Strait Island Regional Council region (See Table 1).

As Table 1 indicates we have an operational deficit of \$12.5 million in our water and wastewater operations which means we do not even have capacity to fund our 2016/17 operations, let alone the required capital renewal works to support its sustainability going forward.

Table 1



We are therefore reliant solely on Major Infrastructure Program (MIP) or other external funding to undertake this capital renewal work.

MIP5 offered a total fund of \$22 million across three applicants. As MIP5 was a three year cycle that equates on average to \$2.4 million per year, per applicant. The budget flagged for MIP6 is \$30 million across 4 years, which translates to an estimated \$2.5 million per applicant per year.

Regular grant rounds such as MIP are underfunded, as evidenced in MIP5, where not all items were able to be addressed within funds allocated. Further, the process of determining MIP6 priorities does not currently account for unfunded MIP5 items. That means that infrastructure priorities from 3 years ago may either miss MIP6 funding, or projects proposed under MIP6 will be delayed to fund the shortfall from MIP5 carry over projects.. Those items identified but not funded through MIP5 have now deteriorated for a further three years, and risk deteriorating a further 4 years if not addressed in MIP6.

An internal assessment of our most critical and major capital renewal works is being undertaken. Included in this critical list are those assets subject to compliance actions from the Department of Environment and Heritage Protection, Department of Health and

Department of Energy and Water Supply. A number of these items are identified in our asset management plan – but are currently unable to be renewed because of a funding shortfall.

Initial costing of these outstanding critical capital renewal works is \$25 million. As part of Council's asset management planning, Council is undertaking a full review of its water and wastewater asset base. This review will inform the ongoing funding required to meet all capital renewal requirements. Full, ongoing funding will enable sustainable water and wastewater service provision and meet a basic and fundamental human right of each and every one of our community members.

Attachment B:

- **TSIRC Water unfunded critical renewal requirements**
- **TSIRC Wastewater unfunded critical renewal requirements**