



public interest
ADVOCACY CENTRE

Draft Greater Sydney Water Strategy

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About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program (EWCAP) represents the interests of low-income and other residential consumers of electricity, gas and water in New South Wales. The program develops policy and advocates in the interests of low-income and other residential consumers in the NSW energy and water markets. PIAC receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Introduction

The Public Interest Advocacy Centre (PIAC) welcomes the opportunity to respond to the Draft Greater Sydney Water Strategy (Draft Strategy).

PIAC broadly supports the intent and role of the Draft Strategy. The Greater Sydney Water Strategy should play a vital role in improving water planning. An effective strategy is required to ensure the planning, management and operation of water services reflects and supports community needs and references and responds to a changing climate. The Draft Strategy does not do this in its current form.

Aspects of the Strategy, its structure and the detail of its objectives and priorities are problematic. PIAC strongly recommends the development of the Strategy be paused in order to address a number of substantial issues. The Strategy is a crucial instrument of policy that will shape investment and planning decisions impacting the community for decades. It must provide a robust and practical platform to address the major issues facing the community and give people confidence their water services will be healthy, sustainable, resilient and affordable into the future. The current Draft Strategy does not adequately fulfil these vital roles.

PIAC highlights key aspects of the Draft Strategy which must be addressed to ensure it delivers its stated intent.

A strong objective focus for the strategy

PIAC welcomes the intent for the Draft Strategy to focus on clearly stated objectives and principles and for the priorities and actions to outline how these will be promoted. This broad structure is consistent with the NSW Water Strategy. However, the Draft Strategy in its current form does not demonstrate a clear link between the identified long term needs and preferences of the community, an appropriate objective responding to those needs, and the practical action required to deliver them. Specifically, PIAC highlights the following concerns:

- The objectives are not framed as 'outcomes' but actions.
An effective objective clearly declares what the end goal of the Draft Strategy is, what it seeks to achieve or promote. The Objectives in the Draft Strategy are framed as actions or contributions to process rather than goals, objectives or outcomes themselves. This unnecessarily qualifies the objectives, making them less tangible and more ambiguous. Progress or success against these objectives will be hard to assess. For instance, 'support' can take many forms and range from the material to the insignificant, and the Draft Strategy could 'support' the delivery of the Greater Sydney Region Plan simply by continuing business as usual.
- The objectives prioritise an intent to co-ordinate or support current Government policy and priorities (for instance the Premier's Priority for Greening the City, and the Greater Sydney Regional Plan). While strong coordination between Government policies is desirable, it is not an appropriate primary objective of a water strategy. Support for other government policy should more appropriately be a principle that guides how objectives are met, or a priority element of the Draft Strategy in delivering its objective. The objective of the Draft Strategy should be focussed on the fundamental goals and requirements of the Strategy in meeting

the needs of the community. For example, 'That the Greater Sydney Community is supported by, and has reliable, affordable, resilient, sustainable and equitable access to the safe, healthy water and water services needed to support community health, wellbeing and prosperity'.

- Equity and affordability of access to water supply and services are not included in any aspect of the objectives. The Strategy will influence the availability and cost of water services for decades. Equity and affordability must be clearly prioritised in the objective to ensure the Draft Strategy's decisions and actions will meet the needs of all people in the community.
- The objective to 'identify strategic pathways for decision making in consultation with customers and the community' is not a tangible outcome. This could be more clearly articulated by an objective for 'strategic decision-making is centred on meaningful community consultation'.
- The objective to 'set the pathways to identify highest economic value and most affordable investment portfolios for water infrastructure' is not a clear outcome. This is framed more as an intent for how decisions may be made or an action to be undertaken in developing a strategy. This objective could be more clearly articulated by an objective for 'Water infrastructure Investment portfolios demonstrate the highest value for the community and support affordable and sustainable water access.'

PIAC recommends the objectives are re-drafted to address the issues raised and to focus on key aspects relevant to water planning, policy and management. The NSW Water Strategy provides an example of how core objectives should be framed to be simpler and more effective.

The Draft Strategy contains many important principles, ideas and elements and there are many valuable aspects of its content which should be retained and developed. But taken as a whole it is more a collection of important and relevant ideas, intentions and future work options than a coherent, practical or transparent strategy capable of delivering its stated intent.

The problems with the Draft Strategy may be a result of the lack of structured process involved in developing it. The Draft Strategy does not disclose how it was derived. PIAC is deeply engaged across many aspects of water planning, policy and regulation. This has included participation in the process developing the Lower Hunter Water Security Plan (LHWSP) and the Independent Pricing and Regulatory Tribunal's (IPART) review of Water Regulation. These have had transparent processes detailed from the outset, with structured stakeholder and community engagement and clear objectives, principles and outcome goals. PIAC recommends a similar process for the development of the Greater Sydney Water Strategy.

PIAC outlines our concerns below.

Developing the draft strategy

There has not been a robust and transparent process of engagement underpinning the development of the Draft Greater Sydney Water Strategy. While the focus of the LHWSP was more targeted, its structure, development and outcomes are a relevant comparison. The process commenced early and was methodical, evidence-based and transparent. It represented a positive example of how long-term strategic planning, shaped by community-engagement, could be undertaken. This is in contrast to the development of the Greater Sydney Water Strategy.

The following aspects of the development of the LHWSP would assist the development of the Greater Sydney Strategy:

- The LHWSP clearly established the need for improved planning, defining ‘the problem’ by setting out the issues of enduring supply, demand, risk, climate change and sustainability that the community is facing in the coming decades. These issues provided a consistent reference for the process developing the plan and a starting point for the assessment of options. This was not established up front in the Draft Greater Sydney Water Strategy process, and as a result, ‘understanding needs’ is presented as priority 1 for the Draft Strategy itself, rather than the starting point for the strategy.
- The process for developing the LHWSP was clearly mapped out from the outset. This included the creation of a community liaison group (CLG) with representatives of Hunter Water, the Department of Planning, Industry and Environment (DPIE) and the community. This body oversaw and helped shape the engagement plan, tested assumptions, examined evidence, messaging and verified the connection between engagement, evidence and proposals. The Draft Greater Sydney Water Strategy would benefit from similar stakeholder oversight.
- The process identified agreed objectives and priorities through community engagement. These shaped the rest of the process, further engagement with the community, and how options would be considered and assessed.
- Community perspectives were integrated through engagement at various stages in the process. This was facilitated via a wide range of methods, including input from the CLG to assess how engagement was undertaken and how its results were interpreted and integrated. Importantly, the purpose of this engagement was clearly stated, along with why questions were being asked and how the results would be used. It is not clear what engagement has been undertaken to develop the Draft Strategy, or how it has been used. The result is a draft strategy that is posing ‘focus questions’ that belong in the initial stages of community engagement, not in response to a later stage ‘draft strategy’.
- A wide range of options that could meet the identified needs and contribute to objectives were developed. These were assessed according to clear, transparent technical, environmental, social and economic criteria. The Draft Strategy presents options (such as desalination in the Illawarra) without the detail required to understand them or assess their costs and benefits against technical, environmental, social or economic criteria.
- Expressed community priorities and perspectives shaped the creation of a range of option portfolios that could be further tested with the community. Each of these portfolios included a suite of options that met requirements of technical, economic, environmental and social assessment. The Draft Strategy lacks coordinated options that demonstrate they meet future needs or accord with community preferences.
- The Draft LHWSP provided evidence of the development process and the progression to the proposals contained in the Draft. There is no information about how the Draft Greater Sydney Water Strategy was developed, the process that underpins it, or how assessments were made. It presents no detail on what is being proposed or preferred and why.

Re-assessing and restructuring the strategy

PIAC strongly recommends the development process for the Strategy be paused and substantially restructured. The process of developing the Draft Strategy has failed to meet the standards of engagement, transparency and evidence-based process the NSW Government has set for itself in the NSW Water Strategy and the Lower Hunter Water Security Plan.

The result is a draft without clear demonstration of coherent strategy, how it was arrived at, and how it will meet the identified needs. There is no tangible set of actions outlining how it will be implemented, when actions will occur or how they can be assessed. PIAC is concerned that the Draft Strategy does not provide clear or meaningful direction for water planning in Greater Sydney.

PIAC recommends that DPIE use the development path, engagement structure and transparent process demonstrated by the LHWSP as a model for the Greater Sydney Water Strategy, reflecting the principles set out in the NSW Water Plan and its priorities and objectives.

Priority 1: We understand how much water we need and when

PIAC submits this priority be evolved into a meaningful 'problem definition' for the Strategy to respond to. Understanding long-term water requirements and long-term sustainable supply is a fundamental requirement. But it is more appropriately regarded as a starting point for considering what a strategy must respond to and deliver for the community, not a priority of the strategy itself.

The LHWSP recognised the key aspects contained in this priority in setting the scene and establishing the need for a plan (defining the problem)¹. That process then used community engagement to establish clear objectives and social, economic and environmental goals in response to that need. This gave the plan clear, definitive priorities that must be promoted:

- Safe drinking water
- Making the most of what we've got
- Improving the resilience of the system
- Water for life

Each of these priorities was broken down into tangible, assessable actions which would promote and support the priority. There are no tangible actions supporting Priority 1 in the Draft Strategy and no way to assess progress against it. PIAC strongly recommends the approach to the LHWSP be taken as an example of how elements of Priority 1 could be drawn on to frame the needs the Draft Strategy must respond to.

Priority 2: Our Water Systems are sustainable for the long term and resilient to extreme events

PIAC supports the intent and scope of this priority. Sustainable water systems which are resilient in response to future risks and extreme events are clearly crucial, but this priority does not adequately establish clear parameters for what sustainable and resilient systems look like. As noted in response to Priority 1, the Draft Strategy should commence with clear definition of the

¹ Department of Planning Industry and Environment. [Draft Lower Hunter Water Security Plan](#). P 45 – figure 17. August 2021.

long- and short-term issues it is trying to address. This then allows the objectives and principles of the Draft Strategy – derived through engagement with the community – to determine the priority elements of a strategy to address those issues.

The approach detailed in the LHWSP in its Priorities 2 and 3 demonstrate how this could be approached. A robust approach could involve:

- Drawing on the range of established demand and supply data – historical and modelled - to present detailed evidence of the problem and indicate what a sustainable and resilient supply looks like. That is where a reasonable balance between supply and demand can be struck, over time, including in response to extreme climate and weather events. This should not just assume current parameters of demand and supply but seek to establish what may be required over the long term.
- Identify a co-ordinated set of long-term demand targets, comprised of aggregate demand ranges and per-household, per connection and per-person targets. These should be distinct from short-term responsive demand targets, such as those required in extreme events.
- Identify a range of sustainable long-term yield targets to meet these demand requirements. These targets should be credible, minimise supply risks, and reduce the potential impact of extreme events. These sustainable yield targets should prioritise reducing the risk of supply shortages in the long-term. These should be separate from the series of supply targets that may apply in response to extreme events
- Create a suite of co-ordinated ‘portfolios’ of responses required to meet these supply and demand targets, and match them over the long-term, as well as during extreme events. For instance, combining conservation, leakage reduction, recycling, harvesting, desalination and other measures and investments.
- Test these portfolios against defined economic, environmental, social and technical criteria, as well as assessing them against the preferences of the community, derived through engagement. For instance, recognising the strong community preference to prioritise conservation, recycling and the harvesting or stormwater and wastewater.
- Select a chosen portfolio of measures to achieve the intended demand and supply balance over the long-term, with additional and distinct measures required in response to extreme events.
- Present a set of elements required to progress this priority (such as the aspects which make up the portfolio selected), and the range of tangible actions required to implement them. These actions should be clearly defined, practical, have implementation timeframes and assessable progress criteria.
- Detail the supporting and enabling aspects of other elements of the Draft Strategy including any supporting changes that may be needed to policy or regulation, required to support the actions of Priority 2. For instance, detailing where water pricing reforms can provide clearer and more enduring signals to conserve water.

Priority 3: Our city is green and liveable

PIAC supports the intent of this priority to recognise the critical role water planning and management plays in supporting the liveability of the city and the wellbeing of the community.

The elements listed under this priority set out how the strategy must link with other policies and processes, and how aspects of water planning and management must be evolved.

This is important and welcome progress. However, as with the other priorities in the Draft Strategy, the link between priorities and concrete actions is not clearly established. Each of the elements has only 'potential initiatives' listed with no concrete process committing to implementing them, deciding how they will be implemented, or providing targets and other assessable criteria to ensure progress can be monitored.

This priority must clearly set out each element as strategic commitments, each supported by concrete actions, and indicate how they link to other processes and projects. There must be transparent and assessable targets for implementing these actions with criteria for how progress can be measured.

This priority makes important steps to highlight how water strategy must link with, support and be co-ordinated with other aspects of policy and planning. It demonstrates the potential for the Draft Strategy to enable improvement in the contribution water planning and management can make to the health, wellbeing, sustainability and prosperity of the community. PIAC recommends this priority be revised to include clear links to projects, process, actions and targets that can be transparently assessed.

Priority 4: Our waterways and landscapes are healthy

PIAC strongly supports the intent of this priority and agrees an effective strategy must focus on protecting and improving the health and sustainability of waterways and the environment they depend on. The elements of this priority address key aspects that will be required to provide a meaningful platform for action.

However, as with other priorities in the Draft Strategy, it would be improved by tangible implementation actions with target dates and assessable criteria. PIAC recommends implementation actions be detailed. This could include supporting and enabling actions that may be required in other regulatory, policy or planning processes to further improve transparent co-ordination.

Priority 5: Water management and services meet community needs.

This priority is essential but underdeveloped. It should be evolved and expanded with tangible and concrete actions, processes, implementation dates and progress indicators including the following.

5.1 Integrating Aboriginal rights, perspective and control into water planning, access and management

- Detail of where and how Aboriginal community influence in water planning, governance and decision-making will be improved. Specific processes, measures, mechanisms and programs should be provided.
- More concrete detail on the development of the state-wide Aboriginal Water Strategy, including when it will be complete, what aspects will apply to Greater Sydney and how its impact will be implemented and assessed.

5.2 Being transparent with the community and structuring all decisions around meaningful engagement

- Establishing principles for how meaningful engagement will be conducted, and appropriate transparency will be achieved.
- Recognition that improved transparency and robustness of community engagement must start with this strategy. This should set out a revised schedule for finalisation of the Draft Strategy and the plan for how community engagement will be meaningfully incorporated into this process to shape the outcomes.
- Providing clear indicators of roles and responsibilities in decision-making processes relevant to the development of the strategy and how it will be implemented. This should set out explicit processes and timeframes for how and when community input will be incorporated.
- A detailed set of actions, complete with delivery timeframes and performance indicators, for the provision of information to the community.

5.3 Pricing that supports the objectives and principles of the strategy and improves the equity, sustainability and affordability of access to water services

- A detailed set of principles, shaped by community engagement, to direct the way pricing must support the objectives of the strategy, and meet the needs of the community. These principles, such as generational equity, community equity, affordability, and support for sustainability, should be set before any approach to pricing is considered.
- Detail actions implementing pricing that meets the needs of the community and supports the objectives of the Draft Strategy, including actions:
 - integrating the Draft Strategy into IPARTs regulatory framework for water.
 - reintroducing developer charges.
 - reviewing rebates, concessions and assistance measures to improve effectiveness and consistency.
 - considering and implementing reforms to water charging to improve recognition of the rights of tenants.
 - considering and implementing prices which better integrate economic efficiency with consumer preferences for equity, stability and sustainability. Particular consideration should be given to inclining block pricing.
 - investigating how prices can support the move to more integrated use of water and wastewater.

Continued engagement

PIAC welcomes the opportunity for further contribution to the development of strategic water plans in Greater Sydney and across the State, and to meet with DPIE and other stakeholders to discuss these issues further.