

Draft LGNSW Submission on the Department of Planning, Industry and Environment *Draft Greater Sydney Water Strategy*

November 2021

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1. Opening

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the state.

LGNSW provides support and advice to councils on water policy, as well as representing the views of local government to the State and Federal Governments and other key stakeholders. Councils are also a major partner in delivering water and sewage services across regional and rural NSW.

NSW councils are responsible for providing water and sewerage services to more than 1.8 million people in NSW outside the areas covered by the Sydney and Hunter water corporations. These services are provided by 89 council-owned and operated local water utilities (LWUs).

LGNSW welcomes the opportunity to make a submission to the Draft NSW Water Strategy (the Draft Strategy).

This is a draft submission awaiting review by the LGNSW Board. Any significant revisions made by the Board will be forwarded to the Department of Planning, Industry and Environment (DPIE) in the form of an updated submission.

2. Background

The Draft Strategy charts a direction for delivering sustainable and integrated water services to Greater Sydney for the next 20 to 40 years. This includes the delivery of drinking water, wastewater, recycled water, and stormwater services in a way that is integrated with land use planning.

The Strategy aims to:

- Support economic growth and well-being
- Support the delivery of the Greater Sydney Region Plan – Metropolis of the Three Cities
- Identify the strategic pathways to ensure the right investment decisions are made at the right time
- Set the pathways to identify highest economic value and most affordable investment portfolios for infrastructure.

The Draft Strategy is part of the suite of long-term water strategies that have been developed by the NSW Government including the NSW Water Strategy and the 12 regional water strategies.

3. LGNSW Advocacy Priorities

This submission is aligned with current LGNSW Advocacy Priorities.

The LGNSW Policy Platform (April 2021)¹ – which consolidates the voices of councils across NSW, reflecting the collective positions of local government on issues of importance to the sector – details six Position Statements relevant to this submission. These are:

- Position Statement 5 (Drought) - which calls for improved planning and preparedness for effectively mitigating against the impacts of drought improving the mechanisms for responding to prolonged severe drought. With climate change likely to lead to an

¹ https://www.lgnsw.org.au/common/Uploaded%20files/Policy/2021_LGNSW_Policy_Platform.pdf

increase in the frequency and duration of droughts and impact communities not previously susceptible to drought, LGNSW calls on the State and Commonwealth Government to commit to the substantial investment required to implement drought proofing and water security measures listing them and identifying the triggers for when these measures will be activated. Better and more transparent demand management of river systems and water catchments is also needed to ensure the best possible social, economic and environmental outcomes are achieved, particularly during drought.

- Position Statement 10 (Climate Change) - calls on the State and Commonwealth Governments to take urgent action to address the climate emergency in a bipartisan manner to make clear, effective, and unambiguous steps to avert a climate crisis in NSW. It also calls on the state and Commonwealth governments to work with councils to build climate resilience in their communities and introduce a range of funding mechanisms that would allow councils to build climate resilience in their communities.

4. General Remarks

The Draft Strategy demonstrates a comprehensive grasp of the issues, challenges, and opportunities in ensuring the continuity of high-quality water supply to the residents and businesses of Greater Sydney. It makes it clear that a 'business as usual' approach under current water policy, strategy and investment plans cannot be sustained. It is pleasing to note that it recognises significant action must be taken by the NSW Government to set a policy direction that includes investment in, and the implementation of, a multi-pronged and adaptive approach to meet the needs presented by a changing climate and its impact on water security.

While the Draft Strategy highlights its connection to the NSW Strategy, the 12 regional strategies and the NSW Productivity Commission White Paper, it overlooks the Federal Productivity Commission Report on National Water Reform 2020. This report also has implications for the way water should be managed to maintain the economic wellbeing and prosperity of the nation. Alignment between the Draft Strategy and the recommendations made by the Commission would help to further bolster the proposals outlined in the Draft Strategy.

Recommendation 1 – The final Strategy should reference the Australian Government Productivity Commission review of the National Water Initiatives and recommendations arising from it in order to ensure policy, proposal and strategic alignment.

5. Water Conservation and Recycling

The Draft Strategy highlights the increasing importance of harvesting stormwater runoff as a highly valuable resource in providing water for parks and gardens, irrigating sports fields and golf courses and flushing public toilets – it mentions in passing that most stormwater infrastructure across Greater Sydney is managed by councils. Councils are major partners in water conservation and recycling and have much to contribute in this regard. While the Draft Strategy details several case studies in other areas of best practice water reuse and management, there is an opportunity to include at least one case study of the excellent work done by councils in this regard. For example, the recently opened Randwick City Council Maroubra Stormwater Harvesting Project is the council's 14th system and is saving up to 40 million litres of potable water annually.

Recommendation 2 – The final Strategy should include at least one council case study to highlight current council efforts, and encourage ongoing efforts, to harvest storm water, which as the Draft Strategy acknowledges is a very valuable resource.

6. Infrastructure and Investment

As the Draft Strategy acknowledges on page 33 and elsewhere that "Our assets are ageing and some need to be renewed and replaced". It adds that "We will need to make significant

investment in the water system in the short-term and into the future not just to respond to growth”. However, throughout the Draft Strategy there are no dollar figures to be found nor is there any cost-benefit analysis offered for any of the various options and potential solutions for a sustainable water future. This would appear to be crucial in setting the policy direction and proposed Implementation Plan on p.125. If the Implementation Plan is to have any real value, it needs to go beyond simply outlining the roles, responsibilities, and timeframes. It needs to be supported by a detailed and comprehensive financial analysis of the various options so that only the most cost-effective and efficient solutions are pursued. Businesses and communities need the financial assurance that this will provide and are depending on it.

Recommendation 3 – The final Strategy needs to include some level of cost-benefit analysis of the various options proposed in the Draft Strategy. Without such an analysis, the pursuit of certain proposals instead of alternatives cannot be made with any conviction or authority.

7. Aboriginal Water

LGNSW is pleased to note that the Draft Strategy acknowledges the close ties that Aboriginal Australians have to the natural water resources that flow throughout the Greater Sydney region. While this document is light on details as to how this could be addressed within the Draft Strategy region, we understand that this will be addressed in much more substantial detail in the proposed Aboriginal Water Strategy. This is an area of water policy that has been neglected for too long and consideration should also be given to proactively reinstating access to traditional water resources wherever possible.

Recommendation 4 – LGNSW strongly supports the aim of the NSW Government to develop an Aboriginal Water Strategy as part of its current suite of strategic water planning documentation. Aboriginal people have suffered from previous approaches to water management that have overlooked traditional water owners in favour of modern rights holders. Aboriginal people must have an authentic voice in decision making processes around water use in the Greater Sydney region.

8. The Vision, Objectives, Principles and Priorities

In principle, LGNSW supports the proposed vision of the Draft Strategy with its focus on developing a system of water supply, wastewater and stormwater management that is more resilient to the urban water cycle in the Greater Sydney region. We accept the position that “we cannot completely ‘drought proof’ or ‘flood proof’ the system through new investment...[as it] would be prohibitively expensive”. We support the position that we “need to make better use of our existing assets and use of our available water resources more efficiently”.

However, it is not sufficient for the strategy to simply say that we need to establish “investment alternatives and pathways that can be followed to make the right decisions when and where they are needed,” without fully investigating and articulating what that might entail in a detailed, or even overarching, cost-benefit analysis. This is critical to being able to ‘make the right decisions when and where they are needed’. If that level of guidance is not to appear in this strategy, where exactly will it appear? Transparency in planning for the future is vital in order to give businesses and communities confidence in the government’s plans to help ensure water security.

Regarding the “Principles for improving the resilience of Greater Sydney’s water system” articulated on p.48, LGNSW is of the view these are sound principles and should (the absence of any cost-benefit analysis of the various options available notwithstanding) provide a firm basis for moving forward.

Recommendation 5 – LGNSW broadly supports the Vision, Objectives, Principles and Priorities subject to a cost-benefit analysis of the range of options available so as to provide the evidence base from which the best mix of policy and investment decisions necessary to secure Greater Sydney’s water future can be derived.

9. Changing the Triggers for Water Restrictions in Drought

While the most severe impacts of the 2017-20 drought were felt in regional and rural NSW, Greater Sydney also saw dramatic reductions in dam volumes requiring the activation of the Sydney Desalination Plant. Although changing the triggers for water restrictions in drought has been broadly covered on p. 76, this appears to be only superficially addressed. Table 2, which highlights the previous triggers for implementing water restrictions in response to drought that featured in the 2017 Metropolitan Water Plan give greater certainty. While it is true that these triggers may not have been sufficient given the severity of the drought, they offer clarity.

The proposed decision-making considerations, while completely appropriate, fail to provide the certainty and clarity that the community would expect. If DPIE would prefer to keep all options open and maintain flexibility, then perhaps it would be better to bolster this section so that it represents a more fully developed 'strategy within a strategy'. This would be warranted given the overarching consideration of the document is about optimising Greater Sydney's resilience to a changing climate and bolstering its water security.

We also note that the "Other options for further investigation" includes transferring water to Sydney from the Shoalhaven River and releases from the Upper Nepean dams and Tallowa Dam before previous trigger levels. This will be of significant concern to councils and their communities in these areas. The Draft Strategy states that "any changes to these provisions will require amendments to the Greater Metropolitan Region Water Sharing Plan". When these proposed amendments are to be formally considered, LGNSW calls on DPIE to engage in close consultation with councils and communities as well as notify LGNSW of such a review and closely engage with LGNSW at that time. Based on the Draft Strategy, a draft replacement water sharing plan is scheduled for public exhibition in mid-2022.

Recommendation 6 – That the section in the Draft Strategy on "Changing the Triggers for Water Restrictions" be bolstered so that it represents a much more detailed response to drought preparation for Greater Sydney.

Recommendation 7 – That any formal plans to amend the current Greater Metropolitan Region Water Sharing Plan are properly notified to the wider community and that a close consultation process is undertaken with councils, affected communities and LGNSW. This includes ensuring stakeholders are formally identified and advised when the revised plan goes up for public consultation in mid-2022.

10. How the strategy will be implemented

As the Draft Strategy notes on p.125 under the section "Getting our timing right", "A critical feature of the Greater Sydney Water Strategy is making sure we identify clearly what actions and investments are needed now and those that will or may be needed further into the future". To do this, DPIE will include an implementation plan that will "outline roles and responsibilities, and timeframes for taking action". Once again however, there does not appear to be any intent to undertake a financial assessment of the various options at hand and determine what will indeed be the best path forward to securing a sustainable water supply now and in the future. Nor does there appear any intent to determine who or how the actions and investments will be funded or paid. Will they be borne by government, businesses, or communities? Have willingness to pay models been tested, or will they be tested?

While it is pleasing to note that an implementation plan is being developed for inclusion in the final Strategy, in many ways, it would have been best if a draft implementation plan had been included as part of the Draft Strategy so that comment could be provided on it.

Recommendation 8 - That DPIE consider breaking out the proposed implementation plan for the Draft Greater Sydney Water Strategy for public comment as this really is the most critical piece of work related to the development of the final Strategy. It should also include cost estimates and implications for who, how and when these initiatives will be funded.

11. Conclusion

The Draft Strategy comprehensively covers the various issues and challenges in securing a sustainable water future for the Greater Sydney Region. There are clearly many different options and approaches to the various ways water is managed, consumed and recycled that can be done substantially better than is currently the case. This will help to reduce our current reliance on rainfall and will also help to ensure that our limited financial resources are directed to areas that will deliver the best outcomes. However, it would have been very helpful if the Draft Strategy included an assessment of those costings if certain courses of action were to be charted. This is where a draft implementation plan for the Draft Strategy would have also been very useful as this will ultimately be the pivotal strategic component of the strategy. As we have recommended, DPIE should consider publishing the implementation plan as a draft before it is included in the final Strategy.

A summary of LGNSW's recommendations in this submission are included in the Appendix below.

For further information in relation to this submission, please contact Sanjiv Sathiah, Senior Policy LGNSW, on 02 9242 4073 or sanjiv.sathiah@lgnsw.org.au.

Appendix – Collated LGNSW Recommendations

Recommendation 1 – The final Strategy should reference the Australian Government Productivity Commission review of the National Water Initiatives and recommendations arising from it in order to ensure policy, proposal and strategic alignment.

Recommendation 2 – The final Strategy should include at least one council case study to highlight current council efforts, and encourage ongoing efforts, to harvest storm water, which as the Draft Strategy acknowledges is a very valuable resource.

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