

**For Cabinet**

18/38

**ACT Water Strategy – Implementation Plan 2**

**Minister for Environment and Heritage, Mick Gentleman MLA**

**CABINET SUBMISSION**

<b>Cabinet Office Rec</b>	<b>[Date / Time]</b>
<b>Purpose</b>	Cabinet is being asked to endorse the ACT's Water Strategy Implementation Plan 2 which will support the ACT Water Strategy – <i>Striking the Balance</i> that was launched by the ACT Government in August 2014. Implementation Plan 1 was completed in 2018.
<b>Timing</b>	For Cabinet consideration on 13 May 2019.
<b>Impact</b>	
<ul style="list-style-type: none"> <li>• Government Priorities</li> </ul>	<p>Health – Better care when you need it</p> <p>Access to clean, safe drinking water, effective treatment of sewage and the management of stormwater is critical to community well-being.</p> <p>Infrastructure – Building a better city</p> <p>Water supply, sewage and stormwater infrastructure represent the largest asset class by value. Continuing development, effective operation and regular maintenance of these assets is critical.</p> <p>Social inclusion – Community safety and equity of access to water resources is a key aspect of a robust and resilient community. The Implementation Plan details the Territory's approach, including consideration of Indigenous values about water and the initiative being undertaken to enhance appreciation of these values.</p>
<ul style="list-style-type: none"> <li>• Triple Bottom Line</li> </ul>	<p>Economic development – More and better jobs</p> <p>Access to potable water is a key limiting factor on economic development. Wise use of the resource will ensure future growth and development, without diminishing the resource and impacting negatively on down-stream users.</p> <p>Social Impacts: Access to water and community amenity.</p> <p>Environmental Impacts: Better management of water and aquatic ecosystems.</p> <p>Economic Impacts: Budget impacts and improved water efficiency.</p>
<ul style="list-style-type: none"> <li>• Intergovernmental</li> </ul>	Yes / Supports Commonwealth's Murray Darling Basin Plan; the ACT and Region Catchment Management Coordination Group and the ACT/NSW Memorandum of Understanding on Regional Collaboration.
<ul style="list-style-type: none"> <li>• Regulatory Impact</li> </ul>	No – the ACT Water Strategy – <i>Striking the Balance</i> does not of itself change the regulatory arrangements for ACT residents or businesses.
<ul style="list-style-type: none"> <li>• Red Tape Reduction</li> </ul>	Not Applicable
<b>Consultation</b>	The following Directorates were consulted during the development of this submission (CMTEDD, HD, JACSD, ESA, and TCCS) All directorates were consulted through exposure draft circulation. There is agreement.
<ul style="list-style-type: none"> <li>• Elected Body</li> </ul>	No
<b>Legislation Change</b>	No
<b>Communications Plan</b>	Yes
<b>Implementation Plan</b>	No

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<b>Documents for Release</b>	Yes, see <u>Attachment B</u>			
<b>Budget Impact:</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<i>A cost to the budget (ie an increase in expenses or decrease in revenue) should be presented as a negative. Net Operating Impact is the sum of Controlled Recurrent Payments, Depreciation and Revenue/Offsets impacts.</i>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Controlled Recurrent Payments	-412	-1046	-1067	- 811
Capital Injection	-	-	-	-
Depreciation	-	-	-	-
Revenue/Offsets	-	-	-	-
<b>Net Operating Impact</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Treasury Agreement: Yes	Staffing – FTE	2	2	2

**Recommendations**

18/38

**Endorsement of Submission of the ACT Water Strategy –  
Implementation Plan 2**

**Minister for the Environment and Heritage, Mick Gentleman MLA**

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- 1) I recommend Cabinet agree:
  - a) to endorse the ACT Water Strategy Implementation Plan 2 (Attachment B); and
  - b) to the release of Attachment B (ACT Water Strategy – Implementation Plan 2) and Attachment C (ACT Water Strategy Report Card for Implementation Plan One (2014 18)).
  
- 2) I recommend Cabinet note the advice to the Chief Minister on the release of the Cabinet Decision Summary (Attachment E) as required under Section 23 of the *Freedom of Information Act 2016*.

## **SUPPORTING ARGUMENT**

### **BACKGROUND**

- 1) The ACT Water Strategy 2014-44 *Striking the Balance* was released by the ACT Government in August 2014 along with Implementation Plan 1 (2014 – 18). The intention at the time was for the strategy to set the long term direction of sustainable water resource management in the ACT and that the strategy would be supported by shorter term (five years) Implementation Plans. Implementation Plan One has been completed and now Implementation Plan Two is provided to Government consideration.
- 2) The strategy signalled a new approach to water resource management for the ACT as it merged from the millennium drought and the previous strategy of “Think Water Act Water” (TAWW) with its emphasis on water efficiency and securing water supply. The ACT Water Strategy 2014-44 *Striking the Balance* looks to build on the achievements of TAWW by reinforcing the water efficiency culture whilst taking on broader challenges such as water quality (mostly resulting from land use change leading to increases from open space to developed urban areas), and a greater recognition of the interrelationships of community and better environmental management.
- 3) The ACT Water Strategy’s vision is for a community working together managing water wisely to support a vibrant, sustainable and thriving region. The Water Strategy has three key outcomes:
  - a) Healthy catchments and water bodies
  - b) A sustainable water supply used efficiently
  - c) A community that values and enjoys clean, healthy catchments and waterways.
- 4) This vision was endorsed by government in 2014 when the ACT Water Strategy 2014-44 *Striking the Balance* was originally released (along with Implementation Plan One) and is considered to be still appropriate for guiding a second ACT Water Strategy Implementation Plan to 2023.

## **ISSUES & OPTIONS**

5) The draft ACT Water Strategy Implementation Plan 2 (2019 -2023) (IP2) is at Attachment D. It has been prepared in consultation with key stakeholders including relevant ACT government directorates and the community. A number of key processes provided the background and context for IP2, including:

### *A Review of Implementation Plan 1*

6) A report card on progress with the first Implementation Plan (IP) was released in June 2018 (Attachment E). The report card shows that excellent progress has been made with 30 of the 31 actions complete and one action due for commencement in 2019 and carried over into IP2.

7) The highlights of Implementation Plan 1 included:

- a) establishment of the ACT and Region Catchment Management Coordination Group as a statutory body and the release of a Regional Catchment Strategy, endorsed by the interjurisdictional members of the Coordination Group.
- b) commencement of the ACT and Commonwealth funded ACT Healthy Waterways project, which has so far delivered:
  - i. planning and investigation for 20 water quality infrastructure projects, of which seven are complete, 12 had commenced and one is in the final stages of design.
  - ii. research into in-lake processes that contribute to blue-green algae outbreaks;
  - iii. an integrated water quality monitoring program;
- c) Murray Darling Basin Ministerial Council agreement to water trading between the ACT and NSW by June 2019. However, the implementation has been delayed because of NSW Government processes.
- d) delivery of the H2OK stormwater education and behaviour change program across the ACT and region.
- e) continued facilitation of the Upper Murrumbidgee Waterwatch Program, involving over 200 volunteers providing over 2400 water and

**SENSITIVE: CABINET**

riparian survey reports each year, consolidated into a regional catchment health indicator report.

*The Water Sensitive Cities Index*

- 8) The draft Plan has also been informed by consultation and workshops to benchmark Canberra against other cities in Australia using the Water Sensitive Cities Index developed by the Cooperative Research Centre for Water Sensitive Cities.
- 9) The results indicate that the ACT ranks well against other Australian cities and towns, and is well on its way to becoming a water sensitive city, although this remains a challenging goal. The report indicates that there is room for improvement in relation to community capital, indicating relatively low levels of catchment literacy in an urban environment. The other area with significant room for improvement is in terms of ecological health, reflecting the large number of concrete drains that remain dominant features in the older parts of the city, and the ongoing issues of poor water quality in ACT lakes and waterways.
- 10) The report provided a 10 point plan to move towards a water sensitive city:
  - a) Establish a water sensitive narrative and vision
  - b) Strengthen interdisciplinary platforms
  - c) Develop a comprehensive knowledge base
  - d) Protect natural assets and increase biodiversity
  - e) Bring the community along on the water sensitive journey
  - f) Ensure indigenous interests are represented
  - g) Enhance community preparedness to respond to extreme events
  - h) Comprehensive stormwater management review and audit focussing on WSUD assets and maintenance
  - i) Develop business cases for strategic investment in green-blue living infrastructure projects
  - j) Showcase innovation in practice to mitigate the urban heat island effect

**SENSITIVE: CABINET**

*The Auditor General's Report on Acceptance of Stormwater Assets (1/2018)*

11) The Auditor-General concluded that while the ACT Government has set out clear asset management objectives for accepted stormwater assets, in particular the ACT Water Strategy 2014-44, these objectives may not be met due to deficiencies in the asset acceptance processes and the ongoing operation and management of accepted stormwater assets.

12) The Auditor-General found that the acceptance processes "...are particularly deficient with respect to the design of stormwater solutions as these are negotiated between agencies who have competing objectives."

13) The process for developing stormwater solutions would be further enhanced by increased catchment-wide planning and explicit consideration at the design stage of how to fund the maintenance of proposed assets. Options for such funding need to be explored.

14) The Auditor-General made 17 recommendations to improve the acceptance arrangements and the ACT Government has accepted all but one recommendation. Actions to complete all accepted recommendations are referenced in IP2.

*The ACT Water Resource Plan — as part of the Murray Darling Basin Plan*

15) The ACT Water Resource Plan demonstrates how the ACT is managing its water resources consistent with the Murray Darling Basin Plan.

16) Under the *Commonwealth Water Act 2007*, the ACT must provide a ten-year Water Resource Plan that demonstrates how surface water and groundwater is managed in the ACT consistent with the Basin Plan.

17) The Plan identifies the maximum amount of water that can be taken from the environment for use as set by the Basin Plan, and identifies:

- a) the ACT's water resources including the water held in Googong Dam;
- b) provisions for environmental watering through environmental flows;
- c) water quality targets, causes of water quality degradation and measures to address these threats; and
- d) Indigenous water values and uses.

18) Given the significant changes in water planning and management that have occurred since the ACT Water Resources Act was developed in 2007, including the development of the ACT planning arrangements in accordance with the Murray—Darling Basin Plan, a foundational action is proposed to review and update the ACT Water Resources Act. The review will make sure that the Act reflects current best practice, reflects the ACT's national water reform commitments and aligns with the functional organisation of water resource management in the Territory.

*Community and Stakeholder Workshops*

19) Four community and stakeholder workshops based around each of the three outcomes of the Water Strategy and the integration of these themes were conducted in developing the draft IP2.

The Key Directions for IP2

20) Following the experience gained with the first implementation plan, Implementation Plan 2 will, as a priority, focus on:

- a) reviewing the *Water Resources Act 2007*.
- b) ensuring there is a sustainable funding environment for water resource management in the Territory.
- c) that Canberra remains a water efficient city (in light of the millennium drought and the current dry conditions that have seen storage levels drop from 100% in Spring 2016 to 65% today).;
- d) creating and maintaining effective partnerships and collaborations between government, academic, research, business and community organisations to deliver on the Water Strategy.
- e) continuing to use best practice science to guide on-ground actions to protect and manage our water estate.

21) The draft IP2 also reflects linkages with other key government strategies and initiatives recognising that it is essential that water management is considered in an integrated manner. In this regard, it should be noted that the Draft Plan is being prepared in parallel with a similar further five year implementation plan for the ACT Nature Conservation Strategy and alignment of actions has been undertaken across both strategies.

## **CONSULTATION**

22) A senior executive Water Group which has representation from directorates with an interest in water resource management such as Chief Minister, Treasury and Economic Development (including EPA); Transport Canberra and City Services; Health and the Emergency Services Agency participated in the abovementioned workshops and provided peer review of the subject draft.

23) Draft Implementation Plan 2 was endorsed by the Directors-General Water Group on 14 November 2018.

### External

24) Icon Water; and recognised industry experts and community representatives also participated in the abovementioned workshops.

## **MEDIA/COMMUNICATIONS**

25) Once the ACT Water Strategy Implementation Plan 2 is endorsed by government a media release could be issued.

## **IMPLEMENTATION**

26) The Implementation Plan 2 identifies the actions required to progress the objectives of the ACT Water Strategy. The actions will be carried out over the next five years subject to the availability of resourcing and the normal budget prioritisation process'

## **FINANCIAL IMPACT**

27) There are financial implications with Implementation Plan 2. Implementation of the ACT Water Strategy is linked to Cabinet consideration of the Water Omnibus package for the 2019-20 ACT Budget and specifically to Budget Initiative EPSDD E39: Implementation of the ACT Water Strategy.

28) This component of the Water Omnibus represents a request for funding of \$3.336 million over four years, equivalent to approximately 2.5% of Water Abstraction Charge revenue over the corresponding period. At the time of preparing this information the Water Omnibus budget package has been considered by budget cabinet, and we understand some but not all requested funding has been agreed.

**SENSITIVE: CABINET**

29) Implementation Plan 2 remains relevant as an indication of the government's strategic direction and priorities for water planning and management over the period 2019-2023, and can be accelerated or slowed, based on the level of funding available at any point over its lifetime. For example, many of the actions under the former IP1 were unfunded at the outset but opportunities and/or funding to progress were identified and the actions completed during the relevant 5 year period.

30) In relation to expenditure on Water Strategy implementation, it should be noted the Water Abstraction Charge (WAC) was put in place to cover water and environmental management.

31) The WAC is imposed under section 107 of the *Water Resources Act 2007* through a disallowable instrument generally signed annually by the Minister for the Environment. It is a pass through charge that is collected by Icon Water.

32) The WAC for urban water supply is \$0.578 per kilolitre (\$/kL) of water abstracted and for surface water or groundwater not supplied through the urban water network, \$0.278/kL of water taken.

33) Total WAC revenue is approximately \$32m/yr, and the WAC is currently indexed to grow by 3% per annum. Under National Water reforms water related revenue is required to balance water related expenditure and the ACT, along with other jurisdictions, is required to report annually on this to the Australian Competition and Consumer Commission. In the 2017/18 financial year water and environmental management expenditure was approximately \$16 million, representing approximately half the level of revenue collected. This discrepancy and the need for long term funding for water and catchment management has been highlighted recently by the Commissioner for Sustainability and Environment (and previously by the ICRC and Auditor-General).

34) The WAC is intended to cover water planning and management activities, including:

- a) Government expenditure on activities such as catchment management, environment protection of ACT streams and lakes, water policy and administration;

**SENSITIVE: CABINET**

**SENSITIVE: CABINET**

- b) scarcity: the value associated with the consumptive use of water thereby preventing its alternative use for other economically valuable purposes such as irrigation;
- c) costs relating to environmental flows;
- d) collecting and analysing data on the levels of extractions and the water quality in ACT lakes and streams;
- e) developing and implementing policies and plans to manage the ACT water resources;
- f) undertaking capital works to achieve environmental outcomes such as the construction of ponds and wetlands; and
- g) administration of the ACT's water entitlement system and trading arrangements.

35) Interstate water trading has not been considered as a funding option. Current work to explore revenue options from other sources such as water trading and/or efficiency measures is still contingent on intergovernmental negotiations and agreements with the New South Wales Government, the Murray-Darling Basin Authority and/or the Commonwealth Government.

Minister's signature \_\_\_\_\_ Date \_\_\_/\_\_\_/\_\_\_

**INDEX TO ATTACHMENTS**

<b>Attachment</b>	<b>Title</b>	<b>Page(s)</b>
A	Table of final agency comments	6
B	ACT Water Strategy Implementation Plan 2.	25
C	Water-Strategy-Implementation-Plan-2018	26
D	Communications Plan	2
E	Open Access Information Release	1
F	Triple Bottom Line Assessment	1