

Economic Growth and Urban Renewal Sub-Committee
of Cabinet

15/442

ACT Basin Priority Project – *Canberra Clean Water*
Supplementary Report to the Commonwealth Government

Minister for the Environment, Simon Corbell MLA

Received Cab Office | xx August 2015

Background:

The Basin Priority Project - *Canberra Clean Water* has made substantial progress with the first six project funding agreement milestones achieved. A range of activities have been undertaken to date including:

- water quality monitoring, analysis and modelling across the six priority sub-catchments;
- audit of existing water quality infrastructure;
- identification of water quality improvement options and analysis;
- development of multiple criteria (environmental, economic, social) for project ranking (along with cost-benefit analysis);
- establishment and operation of project governance including expert and community advisory groups, and the ACT& Region Catchment Coordination Group;
- community engagement on preferred water quality & catchment treatment train options;
- engagement of engineering and economic consulting firms to undertake analysis of catchment treatment train options, and
- conducting a water quality social expectations survey.

The options proposed for each catchment are in the process of being comprehensively assessed and ranked using a combination of multi-criteria analysis (MCA) and cost-benefit analysis (CBA). The MCA process took place from the 24th to the 28th of August 2015.

The CBA will be applied to short listed options. It is expected that in the order of 10-15 projects will be able to proceed with \$93.5m of funding.

Key Issues:

To allow the project to move to Phase 2 (Detailed design and construction) the Project Schedule agreed by the Commonwealth and ACT Government requires a draft Supplementary Report describing the water quality infrastructure options and their costs and benefits. The draft supplementary report is due to the Commonwealth by 03 December 2015.

This supplementary report will be assessed against a range of Due Diligence Criteria by the Commonwealth, with a final decision due by May 2016.

The Cabinet Brief seeking ACT Government endorsement of the supplementary report is due to be discussed at the Cabinet meeting on 03 November 2015. Due to the time constraints, it has been agreed that the Sub-Committee process take the place of the Exposure Draft circulation of the Cabinet Process.

The outline of key issues was submitted as a discussion paper brief to the 18 August meeting of this Economic Growth and Urban Renewal Sub-Committee of Cabinet. It highlighted:

- Criteria and approaches to the ACT Government's \$8.5m (10%) cost share contribution, and
- Commonwealth requirements for ACT Government to confirm funding of ongoing operation and maintenance of new infrastructure.

An updated brief including the first cut ranking of projects is proposed for the meeting on 06 October 2015.

Draft Supplementary Report:

The draft Supplementary Report to the ACT Basin Priority Project (BPP) Business Case (the Report) must be delivered to the Commonwealth for assessment by 03 December 2015.

- The Report will detail ranked water quality improvement (infrastructure) options for each of the six priority sub-catchment (detailed in the ACT's initial business case) and in-lake options for Lake Tuggeranong.
- A positive assessment of the Report will see up to \$85 million of Commonwealth funding provided to the ACT for construction of infrastructure to improve water quality.

The Supplementary Report will form part of the Cabinet Brief for 03 November 2015. A draft Table of Contents for the Supplementary Report is at **Attachment A**.

Due Diligence Criteria

In making its assessment of the Supplementary Report, the Commonwealth will refer to Due Diligence Criteria for the project. The detail of the criteria is currently being negotiated between officials. A draft of the Due Diligence Criteria is at **Attachment B**.

Recent discussions with the Commonwealth have confirmed that, in relation to the ACT Government's \$8.5million contribution:

- In agreeing to fund infrastructure, it will accept the ACT government commitment to provide 10% of the Commonwealth contribution.
- It will seek evidence that the ACT co-contribution is spent on Priority Project activities.
- Infrastructure works during Phase 2 must be built within the six Priority Catchments and therefore funds expensed against these activities.

Water quality survey (Social expectations of ACT and region waterways)

The Water Quality Survey was conducted by the University of Canberra across the ACT and surrounding areas of NSW during July-August 2015. The survey asked how people valued waterways of the ACT, and the types of activity they undertake around water bodies. It also asked ACT residents to provide their views on the acceptability of different types of investment (although more complex types of infrastructure were not asked about in detail).

The survey is intended to inform the selection of infrastructure and underpin practice change education programs.

On their own, the survey findings do not identify impacts of infrastructure options. They instead provide insight into how acceptable or unacceptable community members find different actions, and the importance of recreation and amenity values that may be either enhanced or reduced by different infrastructure options.

This information will be combined with assessment of how each infrastructure option may either enhance or detract from recreational or amenity values, and where it will occur, to provide an assessment of likely impact.

A presentation of the initial survey results has been arranged for this sub-committee meeting.

Key findings are:

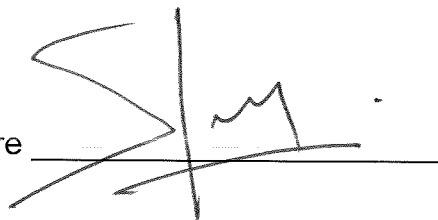
- The survey target response of 3000 was substantially exceeded with a total of 4701 respondents (approx 4200 complete and 500 partially completed but still useable surveys).
- The gender distribution is representative – very close to the ACT's gender distribution. The age distribution exhibits a slight bias compared with the ACT's age distribution with younger age groups (e.g. under 25s) underrepresented and older age groups (e.g. over 75-79s) overrepresented. Due to the sample size the age bias can be corrected in the results.
- People think there are water quality problems in local lakes and, to a lesser degree, local rivers. Concern for water quality in local lakes is greatest among residents of the Lake Tuggeranong catchment. Other high ranking issues of concern are pest plants and animals and littering.
- The top three causes of water quality problems are considered to be:
 - pollution from road traffic;
 - erosion of stream banks; and
 - soil/dirt entering waterways in established suburban areas.

- The top four actions to improve water quality are considered to be:
 - improvement of storm water drains that feed into rivers and lakes;
 - more planting of vegetation along waterways;
 - the provision of more drop-off points for hard rubbish, oils, paints; and
 - the establishment of new wetland areas to help filter storm water
- Detailed breakdowns regarding the level of support in each priority catchment are provided for:
 - urban wetlands
 - planting vegetation
 - converting storm water drains
 - improving GPTs, and
 - rain gardens
- The survey also provides a breakdown of people's perceptions of:
 - the water quality of various ponds, lakes and waterways
 - what people think are the indicators of poor water quality
 - what goes into the drains inside your residence
 - what goes down the drains outside your house, and
 - what goes down your kerbside storm water drains

Future Action:

An additional paper will be presented to the Economic Growth and Urban Renewal Sub-Committee on 6 October 2015. The 6 October paper will address the outcomes of the multi-criteria analysis (MCA), which is effectively the list of ranked options for each sub-catchment, along with preferred options to deliver the balance of the \$8.5m ACT contribution.

Minister's signature



Date

27 / 9 / 15

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PROPOSED DUE DILIGENCE CRITERIA FOR ACT SPP PHASE 2 BUSINESS CASE

1. Assessment of Phase 1 outcomes

- An overview of findings of Phase 1 and how they have informed the proposed Phase 2 infrastructure options.

2. Ability of the project to achieve water quality outcomes

Each catchment project must deliver significant and lasting improvements to water quality within that catchment, against a modelled base case, and contribute to the improvement of overall water quality within and exiting the ACT by:

- Being based on technically valid calculations of current water quality against key pollutants (e.g. phosphorous, nitrogen, heavy metals, and sediments).
- Demonstrating a significant contribution to improved water quality and stream health of the waterways flowing into, within, and out of, the Australian Capital Territory, against a modelled base case, including showing reduced pollutant loads and concentrations across the ACT and in water exiting the ACT.

3. Value for money and cost–benefit analysis

Projects must deliver value for money in the following context:

- Projects must have a suitable dollar:pollutant-reduction benchmark against similar Australian projects and represent cost-effective and time-effective strategies for achieving water quality improvements.
- Preferred projects must demonstrate a positive cost–benefit outcome compared with a no-change option.
- A detailed budget, including contingency amounts and estimated cost of ongoing operation and maintenance of the infrastructure completed must be provided.
- A range of social benefits such as improved aesthetics, health related benefits, and improved tourist, commercial and recreational interests should also be considered.

4. Governance and Project Management

- Governance and Project Management frameworks for Phase 2.
- Arrangements for ongoing monitoring, operation and maintenance.
- Outline of a Phase 2 communications plan.

5. Evidence of community support

- Findings of any community surveys or consultations.
- Outcomes of engagement through existing Governance bodies.