



ACT
Government

Environment and Planning

MINISTER	ENVIRONMENT – SIMON CORBELL MLA
SUBJECT	Water sensitive urban design review, priority project 2: alternate management and funding models for sustainable maintenance of water sensitive urban design
OBJECTIVE NUMBER	15/10805

Division	Environment	
Branch/Section	Water Policy	
Contact Officer:	Noreen Vu	Telephone No: 6205 0746

Further Action/Comment:

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Signature:



UNCLASSIFIED

To Minister for the Environment

From Director-General *[Signature]* 24/6/15
 Deputy Director-General Planning *[Signature]*
 Executive Director, Environment

Subject Water Sensitive Urban Design Review, Priority Project 2: Alternative management and funding models for sustainable maintenance of water sensitive urban design

Critical Date In the normal course of business

Critical Reason N/A

Purpose

1. To inform you of the progress of one of the priority projects from the Water Sensitive Urban Design Review, namely, Priority Project 2: "Alternative management and funding models for sustainable maintenance of water sensitive urban design" and seek a revised Cabinet date of 20 October 2015 to align with the Basin Priority Project's Cabinet Submission date.

Background

2. On 1 August 2014, you released the ACT Government Water Sensitive Urban Design Review Report ('WSUD Review Report'). The report provides a summary of the findings and recommendations of the review into Water Sensitive Urban Design (WSUD) in the ACT.
3. Ministerial Brief 14/18011 (Attachment A) provided you with information relating to the WSUD Review Report. This brief indicated that the WSUD Review Report considered 16 issues with a suite of findings and recommendations. The report grouped these issues into eight priority projects.
4. Since the last briefing, progress has been made on the priority projects listed in the WSUD Review. Attachment B provides an updated summary of the status of the projects.
5. On 7 July 2014, Cabinet agreed that the Minister for Planning take carriage of Priority Project 2: "Alternative management and funding models" and consider it in conjunction with cost pressures as per Cabinet Decision (14/122). Cabinet however requested that you bring back to Cabinet an information paper, to further inform Cabinet about the issues.
6. Priority Project 2: "Alternative management and funding models for sustainable maintenance of water sensitive urban design" (Alternative Management and Funding Models) states that the "EPD, TAMS and CMTEDD work together to investigate alternative management and funding models for sustainable maintenance of WSUD assets, informed by cost-benefit analysis".
7. Given the linkages to the planning portfolio, we have also provided Minister Gentleman with a separate information brief highlighting the issues.

Performance Assessment

DUE DATE:/...../..... DATE RECEIVED:...../...../.....

SATISFACTORY

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According to criteria specified in ACT Government Policy Performance Measures

Signature / .../...

Issues

Operation and maintenance of assets

8. WSUD assets, if properly maintained and operated, provide stormwater quantity and stormwater quality benefits as well as positive environmental, social and economic outcomes.
9. A water quality infrastructure audit undertaken in the Basin Priority Project has found that poorly maintained assets such as ponds, raingardens etc have the potential to negatively impact on water quality. Poor water quality has been an issue for the ACT Government in a number of our urban waterways such as Lake Tuggeranong which has been closed in the past due to blue-green algae blooms.
10. The WSUD Review Report identified a number of issues relating to sustainable maintenance and operation of WSUD assets. This included that the cost of routine operation and maintenance of WSUD infrastructure has become a significant issue in the Territory and TAMS is becoming responsible for an increasing number of assets without a commensurate increase in funding. This obviously places a strain on existing budgets.
11. The WSUD Review Report recommended that an overall cost benefit analysis be undertaken for alternative funding models which takes into account the whole-of-life costs of WSUD infrastructure.

Cabinet Information Paper

12. To inform the Cabinet Information Paper, EPD has commissioned a commercial-in-confidence study regarding alternative funding and management models for sustainable maintenance of WSUD infrastructure for the ACT Government.
13. Marsden Jacobs, in a consortium with Alluvium Consulting and e2Designlab, has been contracted to carry out this work following a select tender process.
14. Cross directorate consultation occurred before the request for tender was sent out. The scoping brief and a draft project brief were sent to key government stakeholders within CMTEED, EPD and TAMS for comment. The Chief Finance Officers from the three directorates were also targeted for consultation. The final project brief (Attachment C) was a result of this cross directorate consultation to ensure that the project's scope was deliverable and to get support from the stakeholders.
15. This Ministerial briefing (and the corresponding brief to the Minister for Planning) is to provide information and to inform the Cabinet process. EPD will also work with TAMS to support a briefing to the Minister for Territory and Municipal Services.
16. *Procurement aspects of the project have been coordinated by Shared Services Procurement. Unfortunately, delays during the tender evaluation and contract exchange have meant that the original timeframe to deliver this project before the formal Cabinet process is no longer achievable.*
17. EPD believes this work is critical to the effective operations of WSUD assets and that the quality of this project should not be compromised.
18. A Cabinet Information Paper regarding Priority Project 2: "Alternative management and funding models" was originally set for 8 September 2015.
19. Your permission is sought to extend the Cabinet date to 20 October 2015 due to the delays in procurement. This date is also when Cabinet is proposed to consider the supplementary business case for the Basin Priority Project, prior to submission to the Commonwealth.
20. Based on this revised timeline, a final report is expected in late August 2015 to inform the preparation of the Cabinet Information Paper.

21. The Gantt chart for the project (Attachment D) shows the proposed steps to meet a revised Cabinet date of 20 October 2015.
22. Attachment E provides a table which outlines the steps that Marsden Jacob will be carrying out and where the project management group will be facilitating internal stakeholder discussions outside of Marsden Jacob's program.

Key Project Deliverables

23. The project will cover seven main areas including:
- i. Overview of current management (including administrative and operational arrangements) of assets and how funding is allocated.
 - ii. SWOT Analysis of current situation, identifying opportunities for efficiency gains.
 - iii. Likely impact of current management on the Basin Priority Project.
 - iv. Alternative funding and management model overview (minimum of 5 national and 5 international arrangements) assessed against a triple bottom line approach.
 - v. Scenario analysis of alternative funding and management models and current opportunities. Scenario analysis will allow the government to assess the alternative management and funding mechanism recommendations under different circumstances.
 - vi. Advice on administrative and regulatory implications of alternative funding and management model.
 - vii. The top ranked scenarios and their potential impact on the Basin Priority Project.

Basin Priority Project

24. The Basin Priority Project will see a significant investment in new and upgraded water quality infrastructure across the ACT. The Commonwealth requires a detailed cost-benefit analysis to be included in the supplementary business case, due in December 2015.
25. It will be important to quantify the expected capital and operations costs for the new and retrofitted water quality infrastructure. Additionally, the potential benefits will also be quantified. Current projects are assessing these as part of the whole of life cycle assessment and multi-criteria analysis.
26. The implications of current (and future) management and funding arrangements for the successful performance of Basin Priority Project infrastructure will be assessed by the Commonwealth as part of its due diligence criteria.

Financial Implications

27. This brief has no financial implications. However, subject to Cabinet consideration, the work has potential positive management and funding implications relating to the operation and maintenance of WSUD.

Directorate Consultation

28. Cross-directorate consultation with CMTEDD, TAMS and internal directorate consultation within EPD was sought prior to the request for tender for the report.
29. EPD will be consulting with key government stakeholders throughout the project's lifecycle and the steps to be taken through this project.

External Consultation

30. External consultation has occurred in the past with an external ACT Technical Panel of industry experts in writing the review.

Benefits/Sensitivities

31. Benefits include identifying opportunities to improve the current management arrangements and understanding how we can effectively implement alternative management and funding arrangements. The work is expected to identify some threats and weaknesses which may be perceived as a sensitive matter; however it will also identify opportunities for improvement.

32. Delays in the procurement stage have meant the timeframe to deliver this project before the original Cabinet deadline is no longer achievable. The nature of the work should not be rushed in order to deliver the best outcome for the Territory. We therefore request you approve a revised Cabinet date of 20 October 2015, which will also align with the Basin Priority Project's Cabinet Submission.

Media Implications

33. There are no media implications arising from this brief as this matter is an internal administrative issue.

Recommendation

That you:

- note the information contained in this brief; and

NOTED/PLEASE DISCUSS

- agree to the revised Cabinet date of 20 October 2015.

AGREED/NOT AGREED/PLEASE DISCUSS

Simon Corbell MLA

Minister's Comments

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