



Australian Government

**Australian Government response to the Senate Environment
and Communications References Committee report:
*Stormwater management in Australia***

October 2016

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Introduction

The Australian Government welcomes the Senate Environment and Communications References Committee report on stormwater management in Australia. The Government thanks all stakeholders for their submissions and the committee members for their work in delivering the report and its associated recommendations.

In 2004, the National Water Initiative, Australia's blueprint for water reform was agreed to by the Council of Australian Governments (COAG). It specified a commitment to urban water reform and included actions in relation to demand management, innovation and capacity building to create water sensitive Australian cities. Many of these actions have been successfully completed over the past decade but it is only the first step in the urban water reform journey.

The millennium drought which impacted several of Australia's most populated cities, along with the nation's food producing regions, affected the country's environment, economy and national psyche. In our cities, this resulted in an increased focus on the security of urban water supplies and a concerted effort by all governments to diversify the water supply mix and use water more wisely. Over the last decade, the Australian Government has invested approximately \$2.4 billion in infrastructure, planning and research programmes to improve urban water security and management in our cities and towns.

As the report notes, stormwater management is the responsibility of state and local governments. Whilst some progress has been made in recent years by state and local governments through implementation of the urban water reform actions under the National Water Initiative, more work is required to reform the urban water sector to deliver the infrastructure, products and services to a standard the Australian community expects.

The report calls for the Australian Government to provide national leadership in stormwater policy through the development of a National Stormwater Initiative in collaboration with the state and territory governments. The Government agrees with the intent of this recommendation and, as a first step, will consult with the states and territories to seek their views on jointly reviewing the Australian Guidelines for Urban Stormwater Management (2000) and whether these guidelines could form the basis of a national policy framework for stormwater management. However, stormwater is only one component of the urban water cycle which also includes rainwater, potable water supplies, wastewater treatment, re use, recycling, desalination and groundwater. Therefore, stormwater policy options also need to be considered within the broader context of the whole urban water cycle, including environmental, social, technical and economic factors as well as those concerning public health.

The Government will continue to provide national leadership across the broad spectrum of urban water policy issues in order to deliver sustainable water supplies and long term community benefits. This includes the Government's support for water reform in response to the Harper Competition Policy Review, the establishment of the Smart Cities Plan, the release of Infrastructure Australia's Australian Infrastructure Plan, and the ongoing implementation of the National Water Initiative and Murray Darling Basin reforms. It also includes a commitment to work with state and territory governments to identify priority areas for reform that can be delivered to enhance the economic performance, societal well-being and environment of our cities and regions.

1 Response to committee recommendations

Recommendation 1

The committee recommends that the Australian Government work with the state and territory governments to develop and implement a national policy framework for stormwater management (a National Stormwater Initiative).

Agreed in principle

The Government agrees with the intent of this recommendation and recognises the importance of stormwater as part of the urban water cycle. As a first step, the Government will consult with the states and territories to seek their views on jointly reviewing the Australian Guidelines for Urban Stormwater Management (2000) and whether these guidelines could form the basis of a national policy framework for stormwater management. When published in 2000 under the National Water Quality Management Strategy, the purpose of the Australian Guidelines for Urban Stormwater Management was to provide a nationally consistent approach for managing urban stormwater in an ecologically sustainable manner.

The Government, in partnership with the states and territories, will continue to pursue an integrated approach to urban water management that includes stormwater, to ensure the efficient and effective utilisation of all urban water sources. The Government believes that a more integrated approach is required to deliver urban water related infrastructure, products and services to a standard the Australian community expects. This includes working with the states and territories to identify priority areas for action such as enhanced water security, strengthening economic regulation and creating incentives for increased private participation in the urban water sector and improving the productivity, liveability and sustainability of our cities. These priorities will be progressed through existing initiatives such as the Smart Cities Plan, the Government's support for water reform in its response to the Harper Competition Policy Review, and the continued implementation of the National Water Initiative and Murray-Darling Basin reforms.

Under the Smart Cities Plan, the Government will partner with state and territory and local governments through City Deals for selected cities. In cities where stormwater management and urban water are identified as priority issues, all levels of government could use the City Deal to agree a coordinated response.

Recommendation 2

To inform the development of the policy and regulatory framework under the National Stormwater Initiative, the committee recommends immediate audits to:

- establish the scope of stormwater opportunities, taking into account water security, environmental issues and economic benefits; and

- collate stormwater knowledge into a central repository to aid future decision-making processes.

The committee further recommends that the audits:

- be conducted by a balanced, independent expert panel with input from relevant agencies, peak bodies and scientific representatives;
- give due consideration to industry practice, science and innovation; and
- use whole-of-community, whole-of-life-cycle and system analysis methodologies when assessing and prioritising potential stormwater projects and policy reforms.

Agreed in principle

The Government is generally supportive of the approach outlined in this recommendation and will seek to incorporate audits, where appropriate, as part of the broader integrated approach to urban water management as outlined in the response to Recommendation 1.

Recommendation 3

The committee recommends that the Australian Government place water policy on the agenda of an upcoming meeting of the Council of Australian Governments (COAG) and that COAG recognise the benefits that improved stormwater management can provide.

Agreed in principle

COAG has committed to close collaboration in areas of shared responsibility such as infrastructure, Australia's regional and metropolitan cities, and competition and productivity enhancing reforms.

Urban water, including stormwater, is an issue that impacts on cities, infrastructure and the economy more broadly and some of these reforms are likely to be implemented over the longer term. The Government will continue to work with the states and territories to progress urban water reforms under the National Water Initiative and other existing initiatives, as outlined in the response to Recommendation 1.

Recommendation 4

As part of the development of the National Stormwater Initiative, the committee recommends that the Australian, state and territory governments consider new funding models and financial incentives that would facilitate improved stormwater management outcomes in an economically efficient way.

Agreed in principle

The Government will work with the states and territories to advance urban water reforms more broadly under the National Water Initiative and other existing initiatives, as outlined in the response to Recommendation 1.

Recommendation 5

The committee recommends that the Australian Government restore funding for stormwater research. As part of the development of the National Stormwater Initiative, consideration should also be given to how the overall level of research and development can be increased by attracting co-investment from other levels of government and the private sector to support and expand research activities that receive funding from the Australian Government.

Agreed in part

The Government continues to invest in organisations such as the Cooperative Research Centre (CRC) for Water Sensitive Cities which is successfully attracting co-investment by working in collaboration with over 80 research, industry and government partners. The CRC for Water Sensitive Cities is delivering the socio-technical urban water management solutions, education and training programs, and industry engagement required to make our cities and towns more water sensitive.

The CSIRO has also undertaken significant stormwater-related research over the past 10 years, focussing predominantly on the capture, quality, storage and reuse of urban stormwater. It is currently adopting a new systems-based approach for urban research at several Urban Living Laboratory sites across the country. Here researchers will be able to determine interactions between factors such as urban stormwater quality and reuse on the urban environment, sustainability measures, energy consumption and social acceptance, as well as measuring and valuing stormwater.

Australian Government investments in the Centres of Excellence in Water Recycling and Desalination have leveraged significant co-investment from key stakeholders in the urban water sector including state governments, utilities, private enterprises and research bodies. In the case of the Australian Water Recycling Centre of Excellence, its two flagship programs have been commercialised to ensure the next phase of practical implementation.

2 Response to Senator Xenophon's recommendations

Senator Xenophon Recommendation 1

As part of the development of the National Stormwater Initiative, the Australian, state and territory governments consider new funding models and financial incentives that would facilitate improved stormwater management outcomes in an economically efficient way.

The funding model should include:

- appropriate amounts of funding from state government resources to establish the National Stormwater Initiative, including but not limited to funding from water utilities and state-owned water corporations;
- adequate contributions from dividends and environmental charges collected from state water utilities to sustain the National Stormwater Initiative and provide funding for future stormwater infrastructure and planning; and
- mechanisms to ensure that 'cost shifting' and the transfer of responsibility between agencies is avoided.

See response to Majority Recommendation 4

Senator Xenophon Recommendation 2

That the Australian Government work with industry and other stakeholders to develop pathways to local and export markets for a range of intellectual and physical stormwater-related products.

Agreed in principle

The Government is committed to enhancing Australia's competitiveness by promoting growth, job creation and innovation opportunities for businesses in both local and export markets. The recently completed Free Trade Agreements with China, Japan and Korea provide unprecedented new opportunities in the rapidly growing Asian region for our businesses.

In May 2015, the Government established the Australian Water Partnership with an initial investment of \$20 million over four years to facilitate the sharing of Australia's water reform experiences with its international partners in the Indo-Pacific region. This includes building partnerships that improve water security outcomes and the enhancement of private sector development and trade outcomes in water-related industries.

The Government also continues to support a range of other business initiatives. These include the Export Market Development Grants scheme that provides financial assistance to encourage small and medium businesses develop export markets, and the Australian Small Business Advisory Services Programme that provides low cost advisory, training and information services to assist small businesses grow and prosper.