

Draft Water Security Statement 2021

Submission

June 2021

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Summary of LGA recommendations

Recommendation 1

The LGA recommends increased stakeholder consultation, engagement and collaboration by the Department for Environment and Water with key stakeholders, including local government, in relation to water security matters across the state.

Recommendation 2

The LGA recommends that the scope of the statement be expanded to take a broader view of water security. Some additional elements the statement should consider are the importance of water in relation to culture, health and wellbeing, fit-for purpose water use and future threats to South Australia's water security.

Recommendation 3

The LGA recommends that when developing the forthcoming Urban Water Direction Statement (strategic priority eight) and any actions relating to stormwater (strategic priority nine), the Department for Water and Environment consider the findings of the Statutory Review Committee's Inquiry into the Stormwater Management Authority and the LGA's submission to that inquiry.

Recommendation 4

The LGA recommends that any forthcoming amendments made to the *Water Industry Act 2012 (SA)* consider appropriate pricing and price setting processes to better support smaller operators such as councils.

Introduction

The Local Government Association of South Australia

The Local Government Association of South Australia (LGA) is the voice of local government in South Australia, representing all 68 individual councils across the state and the Anangu Pitjantjatjara Yankunytjatjara.

The South Australian *Local Government Act 1999* recognises the LGA as a public authority for the purpose of promoting and advancing the interests of local government. The LGA is also recognised, and has prescribed functions, in 29 other South Australian Acts of Parliament. The LGA provides leadership, support, representation and advocacy relevant to the needs of our member councils.

The LGA is a strong advocate for policies that achieve better outcomes for councils and the communities they represent. As such, the LGA welcomes the opportunity to provide a submission on the draft Water Security Statement 2021.

Background

Local government in South Australia plays an important role in water management and conservation. Some of the many activities undertaken by councils include:

- aquifer Storage and Recovery;
- wastewater and stormwater reuse;
- development of wetlands;
- existing infrastructure upgrades, particularly in relation to irrigation infrastructure;
- operation of desalinisation plant;
- water efficiency or best practice demonstration projects (e.g., low water use garden);
- adoption of Water Sensitive Urban Design solutions for development and water efficiency measures as part of the development process;
- reuse of swimming pool filtration system backwash water;
- development of residential land development standards for best practice in water use; and
- flood management planning.

Local government in South Australia makes a significant investment across various activities associated with water. Councils recognise the importance of water for healthy and happy communities.

LGA policy position

The LGA has worked with our member councils to adopt policy positions, based on robust research and evidence, to recognise their roles and identify how local government can be an important partner in government. The policy statement on water management is as follows:

Local government recognises its obligation to conserve water resources, protect water quality, provide water for the environment and effectively manage storm and flood water. Councils shall contribute equitably to improving water management and infrastructure and processes, notwithstanding the responsibilities of federal and state governments.

National Water Reform

The LGA acknowledges that the development of this Water Security Statement 2021, coincides with a National Water Inquiry¹ and reflects a larger discussion occurring at the national level. The final inquiry report is in the final step prior to release. The report was handed to the Australian Government on 28 May 2021.

The Australian Government's Productivity Commission released its draft report in February 2021. The Australian Government's Inquiry has been asked to have a particular emphasis on the progress of all Australian governments in achieving the objectives, outcomes and timelines anticipated under the Intergovernmental Agreement on a National Water Initiative.

Some of these recommendations reflect the challenges identified in South Australia and point to opportunities for further reform.

LGA comments and recommendations

Consultation process

Recommendation 1

The LGA recommends increased stakeholder consultation, engagement and collaboration by the Department for Environment and Water with key stakeholders, including local government, in relation to water security matters across the state.

The Water Security Statement 2021 statement is the foundation that provides the direction for a future substantial body of work that is to be undertaken in relation to water security across the state. A strong foundational document, informed by key stakeholders, is important to ensure it captures all of the priorities and nuances associated with water within South Australia.

There is risk that the limited consultation process undertaken in relation to this draft statement will fail to engage with all relevant stakeholders and therefore fail to capture relevant priorities.

Given the importance of water security to South Australia's society's future economic growth, environment, health and wellbeing a greater level of stakeholder engagement and collaboration is advisable.

The Department may wish to reflect on the extent to which only providing a five-week period for feedback may diminish the view among stakeholders that the consultation process is genuine and meaningful.

A consultation plan that outlines key dates is useful for stakeholders as it supports increased participation.

¹ <https://www.pc.gov.au/inquiries/completed/water-reform-2020#report>

Scope of statement

Recommendation 2

The LGA recommends that the scope of the statement be expanded to take a broader view of water security. Some additional elements the statement should consider are the importance of water in relation to culture, health and wellbeing, fit-for purpose water use and future threats to South Australia's water security.

The statement could benefit from taking a broader view of water security. The focus on water appears to take a very linear approach, supply to consumption rather than looking more holistically at the whole of the water cycle.

Rightfully, the role of water in economic development has been identified, but less so the role of water in other considerations, like the importance of water from cultural or a health and wellbeing perspective. The LGA recommends that the scope of the statement be expanded to take a broader view of water security. Some additional elements the statement should consider are;

- the importance of water in relation to culture and health and wellbeing;
- fit-for purpose water use; and
- future threats to South Australia's water security.

Culture

The statement does not recognise the importance of water from a cultural perspective. The statement only mentions Australia's First Nations people once, in the seventh strategic priority.

Australia's first nations peoples have a primary, unique and inherent obligation to exercise the ownership, protection and management of the Australian environment, the Department of Environment and Water (DEW) acknowledges that *"freshwater systems are fundamental to Aboriginal cultures and identities and First Nations have profound perspectives and understanding of water across the South Australian landscape."*²

In 2017, the first *National Water Reform Productivity Commission Inquiry Report*³ identified at Recommendation 3.2 that state and territory governments should ensure that:

- a) Indigenous cultural objectives are explicitly identified and provided for in water plans
- b) progress in achieving Indigenous cultural objectives is regularly monitored and reported publicly
- c) there is public reporting of how Indigenous cultural objectives have been considered in the management of environmental water — both held and planned.

To achieve DEW's aim, *"...to build meaningful, enduring change and equity for First Peoples and Nations in Caring for their Country"*⁴ and to align with recommendations from the National Water Reform Productivity Commission Report consideration of the importance of water from a cultural perspective should be considered in the statement and actions arising from it.

² <https://www.environment.sa.gov.au/about-us/first-nations-partnerships/water-resource-planning>

³ https://www.pc.gov.au/data/assets/pdf_file/0007/228175/water-reform.pdf

⁴ <https://www.environment.sa.gov.au/about-us/first-nations-partnerships/reconciliation-action-plan>

Health and wellbeing

The statement should also reflect the links between water and health and wellbeing. The links between water and health and wellbeing is well known. The United Nation acknowledges that “*Water is a precondition for human existence and for the sustainability of the planet*”⁵ and has outlined clean water and sanitation as part of the Sustainable Development Goals.⁶

Acknowledging this connection will enable for the statement to better recognise and explore issues of both water quantity and quality, especially in relation to drinking water supply.

Some regional areas may have available water quantity; however, the quality may be too poor for the community to drink it. Other examples of health needs include the provision of clean water for dialysis in remote communities.

Water is also vital for urban greening and cooling. It is well researched and documented⁷ that urban green spaces such as parks, playgrounds and residential greenery can promote mental and physical health and reduce morbidity and mortality in urban residence by providing;

- psychological relaxation;
- stress alleviation;
- stimulating social cohesion;
- supporting physical activity; and
- reducing exposure to air pollutants, noise and excessive heat.

Quality urban green spaces are proven to assist in alleviating the stresses associated with modern life.⁸ Heat stress results in significant impact on the health system, both in terms of physical health and mental wellbeing. Water security considerations need to include access to water in public spaces for both drinking and cooling.

Fit for purpose water

Fit for purpose water solutions are identified in the statement⁹ as: capture and storage of water in wetlands, injection of water into a groundwater aquifer, and pumping of the water out of the aquifer to irrigate parks and gardens.

The statement could emphasise fit for purpose water solutions for industry, rather than using potable water for most applications. The statement has an opportunity to identify wastewater as a resource that could be leveraged by industry.

Future threats to water security

The statement should address future threats to water security and the impacts of these threats to the long-term water security outlook for the state. Some examples of potential future threats include;

- Microplastics
- PFAS (Per- and polyfluoroalkyl substances)
- Water-borne diseases (resulting from altered temperatures, water flows/stagnant water)

⁵ <https://www.unwater.org/water-facts/>

⁶ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

⁷ World Health Organisation, “Urban green spaces and health – review of evidence” (2016) < https://www.euro.who.int/_data/assets/pdf_file/0005/321971/Urban-green-spaces-and-health-review-evidence.pdf >.

⁸ Braubach M., Egorov A., Mudu P., Wolf T., Ward Thompson C., Martuzzi M. “Effects of Urban Green Space on Environmental Health, Equity and Resilience.” In: Kabisch N., Korn H., Stadler J., Bonn A. (eds) Nature-Based Solutions to Climate Change Adaptation in Urban Areas. Theory and Practice of Urban Sustainability Transitions. Springer (2017).

⁹ Draft Water Security Statement, page 9.

Specific comments on strategic priorities

Recommendation 3

The LGA recommends that when developing the forthcoming Urban Water Direction Statement (strategic priority eight) and any actions relating to stormwater (strategic priority nine), the Department for Water and Environment consider the findings of the Statutory Review Committee's Inquiry into the Stormwater Management Authority and the LGA's submission to that inquiry.

Strategic priority seven

Continue to drive full implementation of the Murray-Darling Basin Plan for a healthy River Murray – to meet critical human water needs in Adelaide and SA country towns, maintain vibrant river communities, meet the aspirations of First Nations and sustain internationally important floodplains and wetlands.

This strategic priority is supported, however the LGA notes that Australia's First Nations people are only mentioned once in the entire statement – in the above strategic priority.

Please refer to comments above in the "scope" section of this submission, supporting a more holistic approach to the statement that integrates and identifies the role water has in culture.

Strategic priority eight

Develop an Urban Water Directions Statement that sets a state framework for optimising the use of all urban water sources – in a way that supports growth, greening and liveable towns and cities, more efficient and cost-effective water use, as well as the release of water for productive use outside of urban areas.

An Urban Water Directions Statement should be focused on actions and achieving outcomes as well as defining roles and responsibilities.

Much more needs to be done to promote Water sensitive urban design, including better integration within the planning and development system, targeted funding, industry training and demonstration projects. This should be considered as part of this Directions Statement.

Stormwater

Improved management of stormwater has the potential to offer significant environmental, economic and social benefits to South Australia. However, the ability to capitalise on these opportunities is currently limited by the existing complex governance and institutional arrangements, limited funding and a lack of strategic direction.

The LGA provided a submission and evidence to the Statutory Authorities Review Committee Inquiry¹⁰ into the Stormwater Management Authority which outlines the LGA's position in relation to stormwater within the state.¹¹ The LGA's recommendations to the Committee are identified in **Attachment A**.

¹⁰ <https://www.parliament.sa.gov.au/en/Committees/Committees-Detail>

¹¹ https://www.lga.sa.gov.au/news-and-events/news/submissions?result_560035_result_page=1

Strategic priority nine

Progress the findings and recommendations of the review of the Water Industry Act 2012 to further drive innovation and competition in the water industry sector.

Recommendation 4

The LGA recommends that any forthcoming amendments made to the *Water Industry Act 2012 (SA)* consider appropriate pricing and price setting processes to better support smaller operators such as councils.

The LGA welcomes the state government's review of the *Water Industry Act 2012 (SA)* and the intention to progress findings and recommendations from this review. The LGA welcomes further investigations into the influence of pricing and price setting processes in supporting an efficient and competitive water industry that removes hidden subsidies that disadvantage smaller operators.

The following comments provide context to the competition, regulation and pricing challenges faced by South Australian councils, as smaller operators in water industry sector.

Excluded retail services, third party access

Some councils in South Australia as part of Council Waste Management Systems (CWMS), are responsible for wastewater treatment and disposal.

CWMS takes liquid wastewater (effluent) from properties to SA Water sewer mains or an approved treatment facility. It is sewerage that is being discharged into SA Water sewers from such systems, as such councils should be charged by SA Water accordingly. Unfortunatley, the current pricing determination statement¹² is silent on this matter and SA waste are charging councils for discharging sewerage to SA Water sewers in the category of trade waste.

This gap in regulatory oversight and pricing determination of "trade waste" drives up the cost for councils CWMS customers compared to their neighbour who are directly connected to SA Water, making council service "uncompetitive".

Minor and intermediate retailers

As councils responsible for CWMS update asset management plans, it has been highlighted they are not fully cost recovering for this service. However, given the small customer base and/or customers capacity to pay, councils will continue to experience difficulty in achieving full cost recovery.

Councils do not have the same capacity to spread costs across customers, when compared to SA Water, therefore changes, repairs and other maintenance on CWMS will impact the individual ratepayer, more so than SA Water customers where the costs for these works will be spread across the entire customer base.

Community Service Obligation payments

Councils offering the same services as SA Water to their community do not currently have access to community service obligation payments to subsidise cost and keep prices equivalent to state-wide prices. This means that communities, whose councils are responsible for delivering this service, are missing out and experiencing an unfair detriment.

¹² <https://www.escosa.sa.gov.au/projects-and-publications/projects/water/sa-water-regulatory-determination-2020>

Although councils offer rebates to those public non-commercial businesses that are identified for social purposes for use of CWMS, the community as a whole takes on this cost as councils need to raise the revenue (through rates and other means) to cover these costs. These communities are often regional, with a small ratepayer base.

Attachment A**LGA recommendations to the Statutory Authorities Review Committee Inquiry into the Stormwater Management Authority****Recommendation 1:**

The LGA recommends that the Statutory Authorities Review Committee has regard to the reports and recommendations of the Productivity Commission's National Water Inquiry relevant to the scope of its inquiry into the SMA.

Recommendation 2:

The LGA recommends that the Statutory Authorities Review Committee:

- *recognises the participation of local government and the LGA in the function of the SMA;*
- *recommends no changes to the composition of the SMA as set out in the Local Government (Stormwater Management Agreement) Amendment Act 2016; and*
- *recommends that the SMA requests that the Minister formally establishes a Stormwater Advisory Committee as allowed under legislation to further inform and support the work of the Authority.*

Recommendation 3:

The LGA recommends that the Statutory Authorities Review Committee:

- *recognises that the wide array of legislative responsibilities shared across organisations is contributing to a lack of clear leadership, coordination and cohesive approach to stormwater management across South Australia;*
- *finds that a strategic and effective SMA should lead reform into stormwater management; and*
- *recommends that the SMA play a key role in demonstrating the strong leadership required to drive improvements in stormwater management.*

Recommendation 4:

The LGA recommends that the Statutory Authorities Review Committee:

- *recognises that significant improvements have been made to improve the effectiveness of the SMA and that these are ongoing; and*
- *considers further opportunities and makes recommendations:*
 - *ensuring the SMA has sufficient resources to operate;*
 - *enabling the SMA to take a more strategic and outcomes-based approach;*
 - *enabling the SMA to be more involved in the delivery of SMPs; and*
 - *progressing the development of service standards.*

Recommendation 5:

The LGA recommends that the Statutory Authorities Review Committee considers further funding opportunities and makes recommendations enabling the SMA to investigate funding options.



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