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Reference: 020-21 AT

29 September 2021

The Hon. Shelley Hancock MP and the Hon. Matt Kean MP
GPO Box 5341
Sydney NSW 2001

Attention: Ms Jane Boag and Mr Christian Dunk

cc. Felicity Wilson MP

Re: Advocacy for changes to the Stormwater Management Services Charge (SMSC)

Dear Ministers,

We write to you about the need to create sustainable funding for stormwater management in the greater Sydney region by addressing significant issues with the Stormwater Management Services Charge (SMSC) and the release of relevant information critical to the development of the Greater Sydney Harbour Coastal Management Program (CMP).

The importance of funding stormwater management

Councils have primary responsibility for stormwater management within their local government area (LGA). This includes managing both stormwater quality and quantity in their area and ensuring that potential negative stormwater impacts are not transferred across council boundaries. It includes minimising stormwater impacts on aquatic ecosystems and flooding impacts and utilising stormwater as a water resource.¹

The *Local Government Act 1993* was amended in 2005 to allow councils to levy a SMSC for improved stormwater management. This change was made in recognition of councils' need for sustainable funding to support the key role they play in stormwater management. Many Councils have since adopted this charge to fund stormwater management in their LGA.

As identified in the [Marine Estate Management Authority's 10-year Strategy](#), urban stormwater discharge is a key threat to the environmental, social and economic benefits derived from the marine estate. Appropriate stormwater management can achieve significant benefits to water quality and livability which are recognized by the Greater Sydney Commission (GSC) in its [Greater Sydney Region Plan](#).

Improving the management of stormwater is a key objective of the [Greater Sydney Harbour Coastal Management Program](#) (GSHCMP) which the SCCG is leading in conjunction with the Parramatta River Catchment Group (PRCG) and state agencies. One of the key issues associated with this program will be the extent to which Councils can sustainably fund activities such as upgrades to stormwater devices and installation of new infrastructure, both of which are likely to be required

¹ [Stormwater-Management-Services-Charge-Guidelines.pdf](#)

following completion of our Stage 2 assessment. Ensuring best-practice standards are adopted to the management of these importance devices is critical if our long-term vision for waterway health is to be achieved. The GSHCMP's vision is to improve and sustain waterway health in the catchment.

SMSC (Stormwater Management Services Charge) has been capped since 2005

The current SMSC dates to 2005 and imparts to councils the power to impose a SMSC to properties. However, since that time, it has not increased. Currently the rate is capped at \$12.50 for strata and \$25/rateable property p.a. and is not pegged to CPI and also is not adjustable through the IPART process.

Conversely, Sydney Water's stormwater charge, approved by IPART for July 2020, is significantly greater (\$81 a year for a house, and \$25 a year for an apartment in 2020–21). In the Sydney region, Sydney Water holds responsibility for predominantly large (or trunk) drains within a proportion of their operational areas. They are required to maintain both the condition and hydraulic capacity of these assets. A map of the areas Sydney Water is responsible for can be accessed [here](#).

For residents of Sydney, there is not only inequality in the amounts that are being charged for stormwater management but a lack of transparency on how funds are being spent. Some residents who are within the Sydney Water catchment areas are being charged at least three times what other residents are being charged who are not in these catchment areas. There is also a lack of transparency on how funds obtained by Sydney Water are being spent in these catchment areas.

With the levy not being increased over the last 14 years, Councils have been left with limited funds to meet stormwater operational requirements as the city grows. An urgent review of this is required.

Yet the Office of Local Government in correspondence to the Parramatta River Catchment Group (PRCG) dated the 12 November, 2020 regarding the SMSC (Ref: A729952) stated that:

“...while the Local Government Act provides the legal framework for councils to raise stormwater management services and drainage services charges, any changes to the existing stormwater management services charge cap or guidelines will be informed by this important work being undertaken by [DPIE-] EES.”

The work being done by DPIE-EES is the development of the Diffuse Source Water Pollution Strategy. However, our investigations to date reveal that there is little in the way of progress being done on the Strategy. The Marine Estate Management Authority's latest Implementation Report for Stage 2² does not identify a completion date for the Strategy and only commits to roles and responsibilities between State and Local Government being clarified. This is despite the strategy being in development for over three years now and the threat of diffuse source water pollution being a critical issue being addressed in the majority of Coastal Management Programs (CMPs) including Greater Sydney Harbour, Cooks River and Georges River CMPs.

We urge the NSW Government to meet its MEMA commitments by providing State leadership and guidance to Councils on the management of diffuse source water pollution. We also seek your assistance in clarifying which agency will have responsibility for urgently reviewing the SMSC given that it appears that information is not forthcoming in a way that would assist CMP development.

The current SMSC is not sufficient for the majority of SCCG members

The SCCG has done an investigation, through its General Managers Forum, into the use of the

² [Implementation Plan 2020-2021 \(nsw.gov.au\)](#)

SMSC across its member Councils. The key findings from this analysis were:

- a) All SCCG Councils levy the SMSC, but in most cases, it is not sufficient for Councils to maintain and operate its stormwater assets.
- b) The majority of members want the SMSC to increase and to be able to use the funds to not only fund the operation and maintenance of its stormwater systems but to implement stormwater projects that have multiple benefits.
- c) There is support amongst members to see the SMSC increase.

Outcomes of applying the NSW Government's Risk-based Framework will result in a greater need for funding

The NSW Government is heavily promoting Councils to apply its [Risk-based Framework for Considering Waterway Health Outcomes in Strategic Land-use Planning Decisions](#) (The Framework). This includes through the Marine Estate Management Strategy, the Coastal Management Program process, and the requirements set by the GSC in its Greater Sydney District Plan (see Strategy 25.3) for Councils when developing their Local Strategic Planning Statements.

Preliminary outputs of the implementation of the Framework in Lake Illawarra have been that greater funding for stormwater devices is needed. However, the key funding source which is largely through Councils levying a SMSC is limited due to the cap described above. We consequently expect that there will be challenges in implementing all the outcomes of the Framework as a result. We understand that information has been collected as part of the MEM Strategy by Frontier Economics on these matters but we have been unable to see this work which we believe is very relevant to the work of the GSHCMP. We recommend that it be released to the GSHCMP Project Management Committee.


Recommended next steps

We strongly encourage the NSW Government to urgently review the SMSC to enable Councils to appropriately manage the threat of urban stormwater discharge. The inequality in charges between Sydney Water and Councils also needs to be addressed possibly through using the same methods that IPART employs to determine Sydney Water's charges. Greater transparency in how funds are spent in those areas of the catchment where some residents are paying approximately three times more is also needed.

It is vital that information that is being held by the NSW Government be made available to the GSHCMP Project Management Committee that is seeking to apply the Risk-based Framework as part of the NSW Coastal Reform process.

The SCCG is available to discuss these issues with you further and requests that a meeting be held with relevant staff from your offices. A meeting can be arranged by contacting me directly via email at executiveofficer@sydneycoastalcouncils.com.au or by phone (0407 733 075).

Yours sincerely,



Sarah P Joyce
SCCG Executive Officer