
Integrated water management governance arrangements for Greater Adelaide

Summary of feedback from stakeholder meetings on refined governance options

September 2024



Contents

- Introduction
- Stakeholder meeting information - summary
- Summary of stakeholder feedback
- Next steps
- Appendix A – Stakeholder meeting information

- Page 3
- Page 6
- Page 9
- Page 16
- Page 18



Introduction

Exploring future governance arrangements

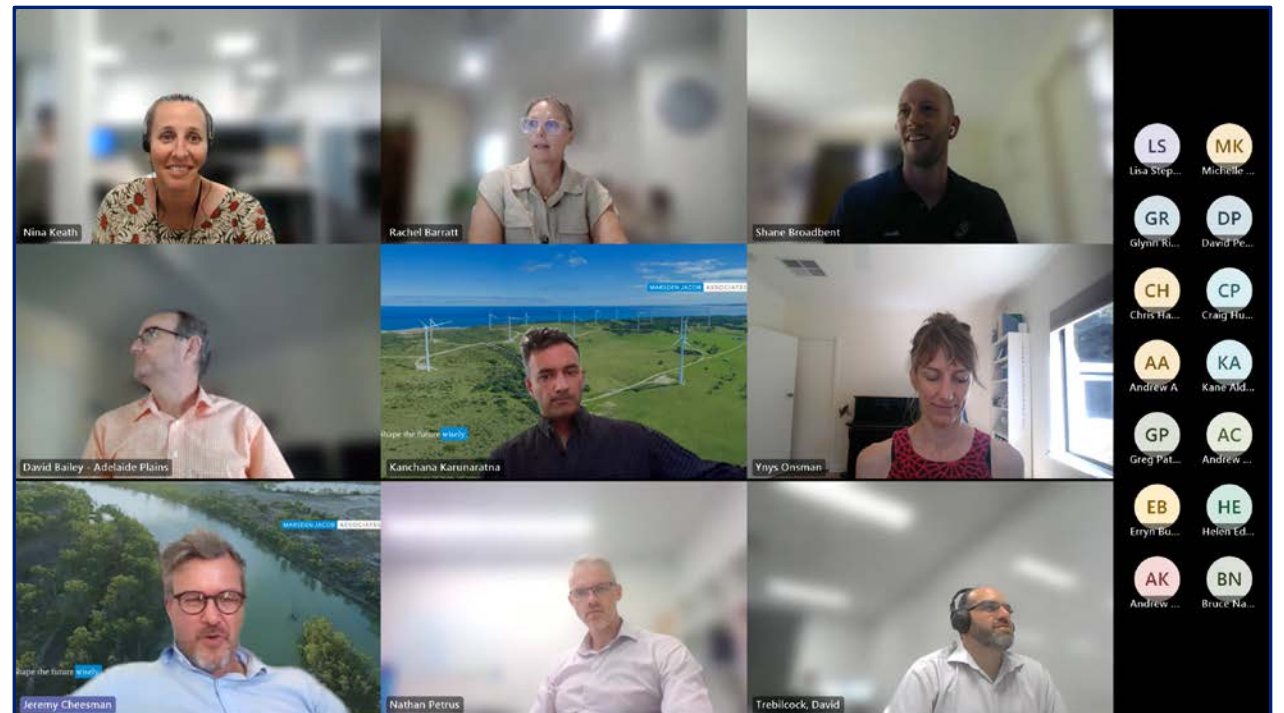
Watertrust Australia has been working with stakeholders since late 2023 to explore future integrated water management (IWM) governance arrangements for Greater Adelaide.

This initially focused on understanding the challenge and appetite for change, followed by exploring potential future IWM governance arrangements.

Most recently, this included a series of one-on-one meetings focused on seeking stakeholder feedback on the refined governance options that were developed through three sector workshops.

This report provides a summary of the information presented and feedback provided at the one-on-one meetings.

We welcome additional feedback on the refined governance options, which will be incorporated into next steps.



A recap on Watertrust's work so far

Phase 1 – Understanding the challenge & opportunity

In late 2023, Watertrust worked with stakeholders through surveys, interviews and an Executive Forum to understand the challenges and opportunities related to IWM governance for Greater Adelaide.

The work identified that stakeholders consider current IWM governance arrangements to be inadequate, with a high-level of ambition for reform. It also identified the attributes of 'good' governance and the desired outcomes of IWM related to drinking water and wastewater, economic growth, healthy ecosystems, improved liveability and cultural values.

It was agreed that stakeholders should continue to explore and assess different governance arrangements.

Phase 2 – Exploring possible future arrangements

Watertrust then undertook a preliminary analysis of possible institutional and funding arrangements for Greater Adelaide, identifying four different options - Business as Usual+, Coordination, Statutory Authority and Centralised.

Using these possible arrangements as basis, three sector workshops were held to explore future IWM institutional arrangements in March 2024. The workshops identified Statutory Authority and Centralised as the two preferred options, with input provided on how they could be improved.

The workshops also suggested that there would be value in an agreed 'roadmap' for implementation, including interim arrangements to progress IWM and IWM governance reform.

Using this feedback as a basis, the Watertrust team refined and updated the potential arrangements and held follow-up meetings with stakeholders to seek further feedback.



Stakeholder meetings

Seeking input into refined governance options

A cross-section of stakeholders were engaged through one-on-one meetings between June and August 2024. Feedback was sought on the refined options, specifically:

1. A proposed roadmap
2. A temporary Office of IWM reform, and
3. Two refined long-term governance options that stakeholders identified in previous sector workshops as being the most likely to achieve the desired outcomes of IWM:
 - a. Statutory Authority
 - b. Centralised.

This report includes an overview of what was presented to stakeholders and feedback received during the one-on-one meetings.

Stakeholder meetings
City of Marion
Mount Barker District Council
Local Government Association (LGA)
Stormwater Management Authority (SMA)
Green Adelaide
Hills & Fleurieu Landscape Board
Eastern Region Alliance Water (ERA)
City of Onkaparinga
City of Charles Sturt
Department for Environment and Water (DEW)
SA Water

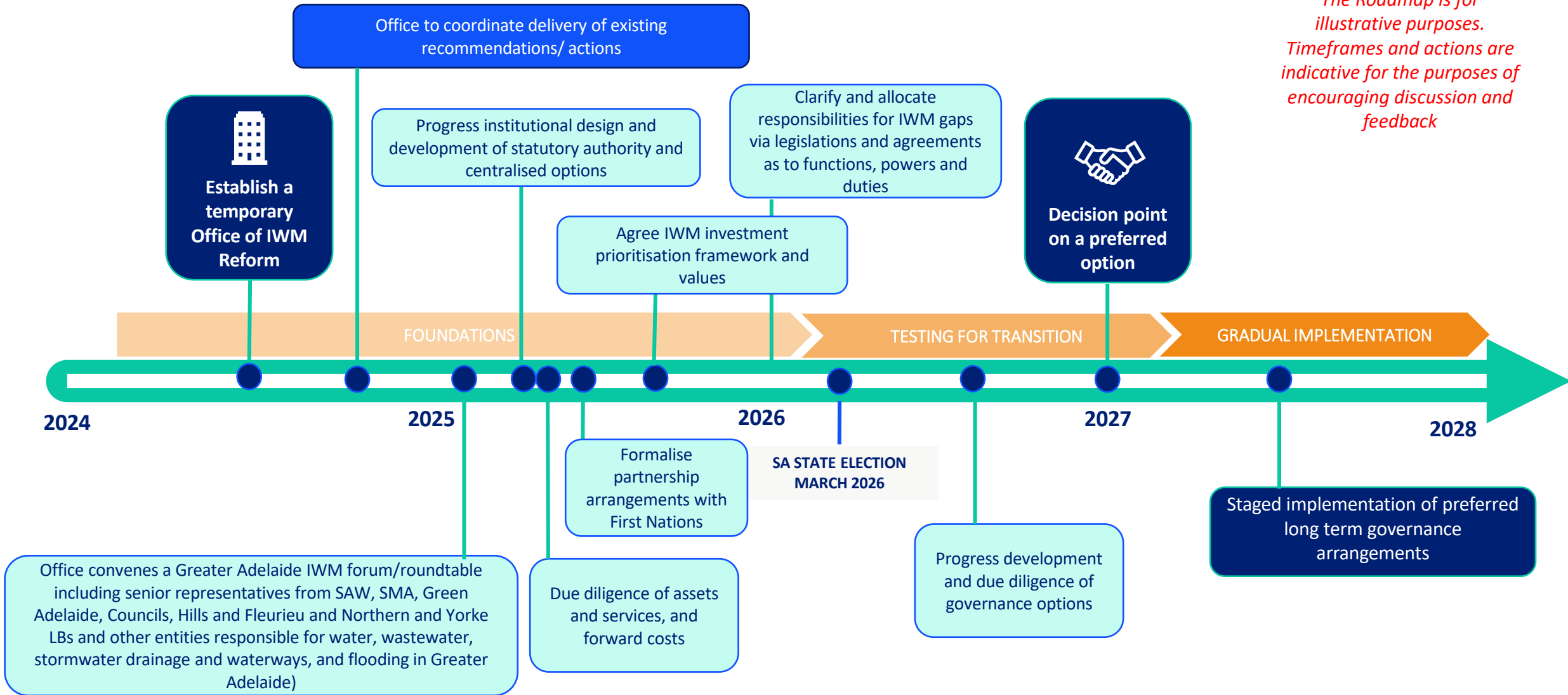
Stakeholder meeting information - summary

Information presented to stakeholders as a basis for
the one-on-one meetings



Proposed high level IWM governance reform roadmap

The Roadmap is for illustrative purposes. Timeframes and actions are indicative for the purposes of encouraging discussion and feedback



IWM governance options

Transition arrangements

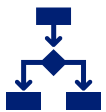
Temporary Office of IWM reform



Establish temporary Office of IWM Reform



Establish IWM roundtable/forum



Undertake due diligence on long-term options and completes unfinished business



Develop IWM sub-regional plans & clarifies and allocated responsibilities for IWM gaps



Coordinate delivery of actions and report to Minister

Long-term arrangements

Statutory IWM Authority



Establish IWM Authority (replace SMA)



Statewide IWM planning & regional subsidiaries for regional planning & delivery oversight



Issue orders & define performance levels



IWM Management Fund



Consult with entities responsible for IWM functions to prioritise investment

Greater Adelaide and regional bodies

Centralisation



Assets and services under SA Water (stormwater harvesting & MAR schemes by negotiation)



Board and its own resourcing / staff



IWM planning & can identify priority catchments/regions for IWM priority plans



Amend legislation to give force to the agreement



Consult with stakeholders to prioritise investment

Greater Adelaide only

Summary of stakeholder feedback



Summary of what we heard

Key messages

The one-on-one meetings revealed that there is good agreement on the long-term options warranting due diligence and the need to progress towards these as soon as possible. Whilst there was also broad support for transition arrangements, there was no agreement on how or where they could be established.

More specifically, several recurring themes emerged from the discussions:

- Both the Statutory Authority and Centralised options warrant further detailed consideration and due diligence to inform a final decision
- Overall, the Statutory Authority was preferred over the Centralised option
- Foundational work is required now to progress towards long-term arrangements, but it is unlikely that funding will be made available in the short-term for interim governance arrangements
- Whilst a temporary Office of IWM Reform was broadly

supported, it was unlikely to be established in the short-term and so it was also not clear who would lead or drive reform

- Stakeholders are unclear on the geographical scale of future arrangements
- Stakeholders are looking for leadership from the State Government, but further work is required to 'build the case' and champions for reform.

The following pages provide further detail on each of these messages.

Feedback on long-term arrangements

The Statutory Authority and Centralised options warrant due diligence

- Stakeholders broadly agreed that the refined Statutory Authority and Centralised options were the most likely to progress IWM, with further consideration and detailed due diligence required to inform a final decision.
- Stakeholders also supported the Coordination option, which was explored at the sector workshops, being incorporated into the other options rather than as a separate option.

Overall, the Statutory Authority was preferred over the Centralised option

- All stakeholders identified limitations, risks, and benefits of both options. However, most considered the Statutory Authority to be less risky, would have greater support from stakeholders, and, therefore, would be more likely to be implemented and maintained to progress IWM.
- The separation of strategy from delivery was highlighted as an important attribute of the Statutory Authority, with

stakeholders suggesting that its role should include a coordination function and being the decision-maker on infrastructure investments.

- Including regional subsidiaries in the Statutory Authority option was strongly supported, with the potential to apply the arrangements across the state.
 - Inadequate funding was considered a significant risk of the Statutory Authority with sustainable and adequate funding considered the most critical enabler for ensuring its success. This could include a cooperative model for funding infrastructure. Others felt that the funding risk was not different to that of the Centralised option.
 - It was suggested that the Statutory Authority should be distinguished from the SMA due to the significant difference in its role, with the potential for the SMA role to be incorporated over time rather than replacing the SMA.
 - Some felt that the Statutory Authority's focus might be susceptible to changes in government.
-

Feedback on long-term arrangements

The Centralised option was considered likely to be effective, but it carries significant risk and would be complex to implement

- Some stakeholders believed the Centralised option would be more effective at progressing IWM due to its controlling powers and more sustainable funding source.
 - Sustainable and adequate funding was identified as one of the most critical enablers of the Centralised option, with the suggestion that SA Water's profits should be re-invested back into IWM under this option.
 - Most stakeholders raised concerns that the Centralised option could move IWM backwards due to its focus on water supply and drainage; vulnerability to government changes; the need to prioritise profitability over public good outcomes as a commercial organisation; and reduced integration with landscape management and catchment-level decisions.
 - Whilst it was recognised that having assets transferred by negotiation might help build support among stakeholders for the establishment of the new arrangements, there was strong view that it would likely result in complex, drawn-out and in many cases, unsuccessful negotiations, ultimately limiting IWM. This was in part due to the different approaches of organisations to valuing assets, with the potential for an independent valuer required to address this. e.g. Infrastructure SA, Productivity Commission. There was also confusion on what assets would be transferred, particularly whether stormwater harvesting and managed aquifer recharge schemes would be transferred.
 - It was identified that many of these risks could be addressed through appropriate changes to legislation, the regulatory environment and SA Water's Charter. However, it was highlighted that this would require a significant transformation of SA Water's operations.
-

Feedback on the Reform Roadmap

Foundational work is required now to progress towards long-term arrangements, but it is unlikely that funding will be made available in the short-term for interim governance arrangements

- Generally, stakeholders considered that the roadmap provided a realistic timeframe for implementation – not progressing long-term arrangements until after the next state election, while allowing time for due diligence and continuing to progress IWM.
 - Some stakeholders suggested that long-term arrangements should be established soon. In contrast, others identified that long-term arrangements could take much longer (e.g. a decade) due to the complex changes required, including reforming multiple pieces of legislation.
 - While it was identified that foundational work is needed now, there was broad recognition that it is unlikely that additional resources would be made available before the next state election.
 - An opportunity to incorporate the current work into a policy Green Paper for water reform before the next election was identified.
 - More generally, a reform roadmap was considered to provide a valuable approach for the 'change journey' – supporting a shared understanding of the complexity of work required and an ongoing commitment to reform among stakeholders, helping to maintain momentum.
-

Feedback on the temporary Office of IWM Reform

A temporary Office of IWM Reform was broadly supported, but it was considered unlikely that it would be established in the short-term

- The majority supported the temporary Office of IWM Reform for progressing IWM and longer-term governance arrangements. To be effective, stakeholders identified that it would need a clear and agreed-upon role and sufficient resources, power, and independence. The latter could be achieved with an independent Board, Commissioner, and staff to oversee its operations, allowing it to make 'tough' decisions.
 - There was no clear view of where the office should be established. Most stakeholders believed it should not sit within an existing agency (state, regional or local) but should report directly to the Minister for Environment and Water. Others identified that it could sit within an existing agency that is independent of the day-to-day water management business. e.g. Infrastructure SA, Productivity Commission, Water Sensitive SA.
 - Some stakeholders felt that reform could be progressed through existing arrangements. e.g. the State Water Forum and DEW. It was identified that local government was 'not at this table', which would need to be addressed. Others considered this approach unlikely to progress reform due to limited staff resources.
-

Leadership identified as critical

Stakeholders are looking for leadership from the State Government, but further work is required to 'build the case' and champions for reform

- Stakeholders raised concerns that they feel that the State Government's appetite for IWM and IWM governance reform has waned based on recent decisions and a loss of momentum in exploring future arrangements. Stakeholders are seeking clarity of the government's appetite, to allow them to move forward with certainty.
 - It was identified that for the government to provide leadership, a strong case for why reform is needed would need to be built and presented. Several stakeholders highlighted that this should focus on the current political agenda of housing and climate change adaptation, with future liveability as the potential connecting theme.
 - It was also identified that building support across multiple ministerial portfolios will be critical, with planning, housing, and infrastructure seen as particularly important. To achieve this, champions for reform will be needed, particularly leaders of existing government departments and agencies. More generally, for IWM reform to be successful, it was identified that the community will also need to be 'on board'.
 - Some stakeholders raised questions on the scale of governance arrangements, identifying a lack of clarity regarding the boundaries and the rationale of Greater Adelaide.
-

Next steps



Next steps

The political landscape has changed & Watertrust will need a new approach

The initial plan for phase 2 of this work included an Executive Forum as the next step, with the intent to reach an agreement on a shortlist of long-term governance options. Stakeholder feedback indicated that this is no longer the most valuable approach, given the broad agreement on options warranting due diligence and a lack of clarity on the government's appetite for reform.

Based on the feedback from stakeholders, Watertrust will now focus on preparing a synthesis paper that consolidates the findings of this work to-date so that it is available for all stakeholders. This will likely include:

- A case for reform as communicated by stakeholders during phases 1 and 2 of this work
- The desired outcomes of IWM
- Updated and refined shortlisted governance options, including detailed information on the possible arrangements and an assessment against the design and assessment criteria
- The barriers that need to be addressed to progress IWM reform, and
- A decision pathway for reform.

In parallel, Watertrust will brief sector leaders on the findings and to understand the ambition level and identify potential champions of reform. Should this reveal that a strong level of ambition remains, Watertrust will consider further work on building the case for reform through independent analyses with stakeholder input.

As always, we welcome input on this approach.

Appendix A - Stakeholder meeting information

Further information presented to stakeholders as a basis for the one-on-one meetings



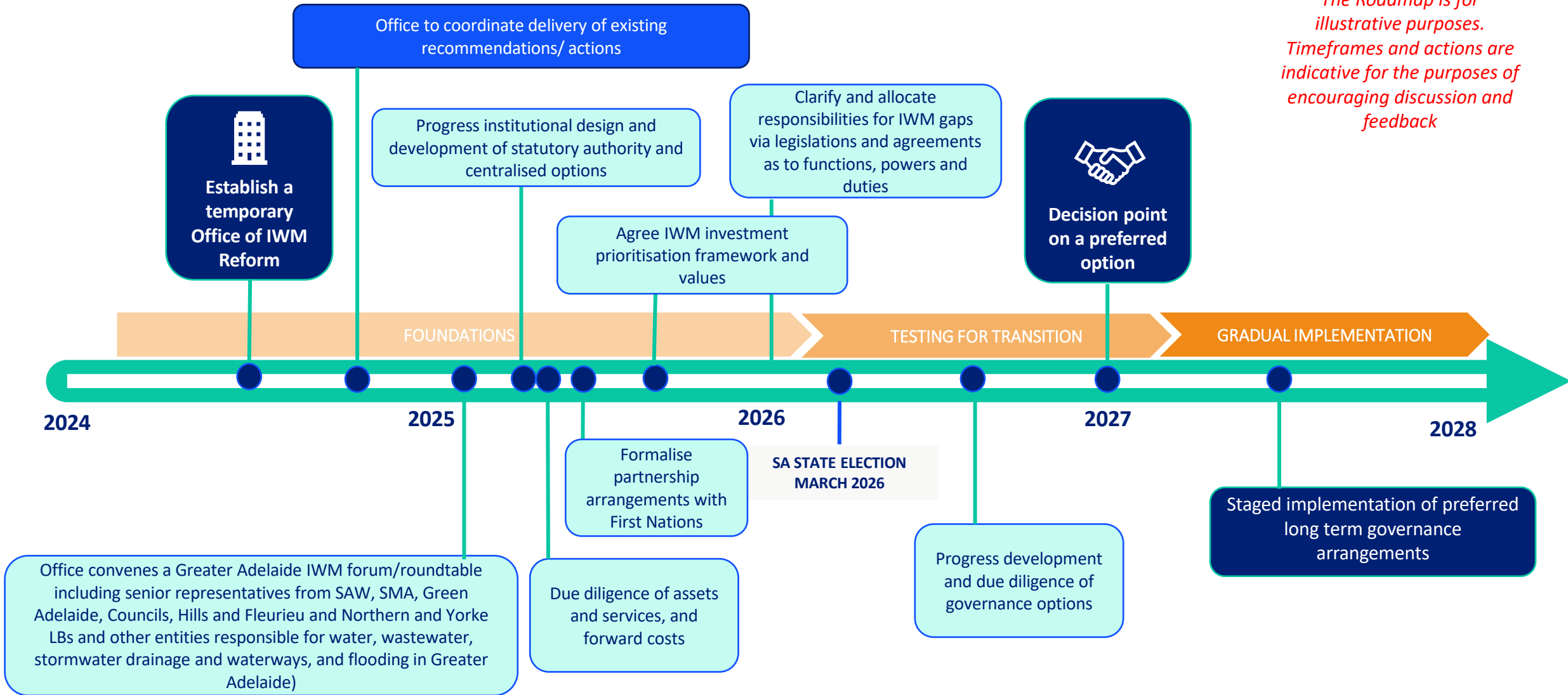
A proposed IWM governance reform roadmap

Foundational activities to progress to longer-term model

- The roadmap has been developed to reflect the feedback that the reform is complex and will take time and that a clear and agreed process will be critical for it to ‘stay the course’
 - The roadmap includes progressing a series of foundational activities to progress towards the longer-term model
 - Foundational activities needed irrespective of the longer-term governance model to be adopted
 - Foundation activities will make it easier for organisations already providing IWM services to deliver these services in a coordinated and efficient way, with adequate funding and resourcing
 - Enable a transition to longer-term IWM governance arrangements under one of two preferred approaches – a centralised approach, or an IWM Statutory Authority approach
-

Proposed high level IWM governance reform roadmap

The Roadmap is for illustrative purposes. Timeframes and actions are indicative for the purposes of encouraging discussion and feedback



IWM governance options

Transition arrangements

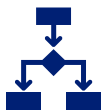
BAU + with Temporary Office of IWM reform



Establish temporary Office of IWM Reform



Establish IWM roundtable/forum



Undertake due diligence on long-term options and completes unfinished business



Develop IWM sub-regional plans & clarifies and allocated responsibilities for IWM gaps



Coordinate delivery of actions and report to Minister

Long-term arrangements

Statutory IWM Authority



Establish IWM Authority (replace SMA)



Statewide IWM planning & regional subsidiaries for regional planning & delivery oversight



Issue orders & define performance levels



IWM Management Fund



Consult with entities responsible for IWM functions to prioritise investment

Greater Adelaide and regional bodies

Centralisation



Assets and services under SA Water (stormwater harvesting & MAR schemes by negotiation)



Board and its own resourcing / staff



IWM planning & can identify priority catchments/regions for IWM priority plans



Amend legislation to give force to the agreement



Consult with stakeholders to prioritise investment

Greater Adelaide only

Business as Usual +



- Temporary office of Integrated Water Reform is established within DEW. Office resourced by (additional) Department for Environment and Water (DEW) staff, and corporate services



- Office convenes a IWM forum / roundtable including senior representatives (with decision making powers) from SAW, SMA, Councils, Hills and Fleurieu and Northern and Yorke LBs and other entities responsible for water, wastewater, stormwater drainage and waterways, and flooding



- Use the IWM forum / roundtable to develop and deliver sub-regional implementation plans supporting Resilient Water Futures



- Coordinate the delivery of existing recommendations/actions and report on the progress of these actions to the Minister. Also identifies how to address IWM 'gaps' by allocating responsibilities across institutions

- This arrangement reflects current arrangements with some adjustments to processes and coordination.
- Roles and responsibilities largely remain unchanged.
- Funding arrangements remain largely unchanged, with some top up funding to close funding gaps around joint service and asset delivery.

Statutory IWM Authority

Greater Adelaide and regional bodies



- Transform Stormwater Management Authority into an IWM Authority and establish IWM regional subsidiaries



- Authority is responsible for overarching statewide IWM planning and regional subsidiaries for regional planning and delivery oversight



- Under the Act, IWM Authority can issue Orders and define performance measures for IWM investment on SAW, SMA, Councils, Green Adelaide and other entities responsible for water, wastewater, stormwater drainage and waterways, and flooding across Greater Adelaide and South Australian regional centres



- The Authority operates an IWM Management Fund, similar in operation to Div5, s17 of Local Government (Stormwater Management) Amendment Act 2007. Funding is scaled up to support cross-sector service delivery, and supplement funding from entities responsible for water, wastewater, stormwater drainage and flooding asset and service delivery



- IWM Authority and regional subsidiaries consults with Councils, and other entities responsible for water, wastewater, stormwater drainage and waterways, and flooding to prioritise regional IWM investments

- Step changes from current arrangements
- Roles and responsibilities largely change, including some existing institutions are dissolved
- Funding arrangements change through legislation to ensure sustained funding through the entities created
- Overcomes existing issues including but not limited to:
 - clarity of roles & responsibilities
 - coordination across institutional boundaries
 - alignment of asset and service delivery, risk management & funding;
 - alignment of investment timeframes and horizons;
 - performance monitoring and reporting; and regulation.

Centralisation

Greater Adelaide only



- Consolidate assets and services for Greater Adelaide planning area under SA Water, other than stormwater harvesting and MAR schemes already operating that Councils elect to retain



- SA Water includes Board and its own resourcing / staff that is independent of SMA, Councils, LBs, Green Adelaide, and other entities currently responsible for water, wastewater, stormwater drainage and waterways, and flooding in Greater Adelaide



- SAW is responsible for IWM planning across Greater Adelaide, and SAW has a statutory responsibility to identify priority catchments for which regional / catchment IWM priority plans (IWMPs) should be prepared



- Amending of existing legislation to give force to the agreement (like operation of Local Government (Stormwater Management) Amendment Act 2007 but could be as an amendment to the Landscape South Australia Act 2019)



- SAW consults with Councils, and other entities responsible for water, wastewater, stormwater drainage and waterways, and flooding in Greater Adelaide to prioritise IWM investments

- Step changes from current arrangements
- Roles and responsibilities largely change, including some existing institutions are dissolved
- Funding arrangements change through legislation to ensure sustained funding through the entities created
- Overcomes existing issues including but not limited to:
 - clarity of roles & responsibilities
 - coordination across institutional boundaries
 - alignment of asset and service delivery, risk management & funding;
 - alignment of investment timeframes and horizons;
 - performance monitoring and reporting; and regulation.