



Department for Planning and Infrastructure
Government of Western Australia

Environment and Sustainability

Enquiries: Ken Dawson ph: 9264 7575

8 February 2008

Mr Simon Farnbach
Manager Projects
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Mr Farnbach

**Inquiry on Competition in the Water and Wastewater Services Section
Department for Planning and Infrastructure Submission**

Please find attached the Department for Planning and Infrastructure submission to the above.

Yours sincerely

David Saunders
Director of Environment and Sustainability

Department for Planning and Infrastructure

Submission on the draft report:

Inquiry on Competition in the Water and Wastewater Services Section

8 February 2008

The Department for Planning and Infrastructure (DPI) notes the draft report *Inquiry on Competition in the Water and Wastewater Services Sector* ('the draft report') and generally supports its recommendations. Innovative reforms that provide for sustainable, effective and efficient management and delivery of water and wastewater services need to be implemented. DPI acknowledges the challenges of constrained water resources in a time of climate shift and rainfall decline, the need for a responsive approach, and the need to be consistent with established government policy and, in particular, the actions and recommendations in the State Water Strategy and the State Water Plan.

DPI supports the intended effect of the recommendations contained in the draft report (to increase competition by creating opportunities for private enterprise to supply both sectors and potentially improve outcomes for consumers). However, DPI considers that any changes to the delivery of water and wastewater services implemented through the WA land use planning system should be consistent with planning policies and practices that promote sustainable total water cycle management (refer below). Any reforms in the delivery of water and wastewater services should take into account relevant planning policy/sustainable water resources management context.

State planning policies and guidelines have been prepared to promote and facilitate total water cycle management and support better integration of land use planning and water resources planning and to enhance the beneficial management of water resources. For example, the Western Australian Planning Commission (WAPC) has prepared *State Planning Policy 2.9 Water Resources* (SPP 2.9), which provides policy measures directed towards protecting and enhancing water resources with a focus on surface and groundwater catchments, environmental water requirements of wetlands, waterways and estuaries and total water cycle management. Guidance is also provided in the SPP for integrating water planning with land use planning through regional and local planning strategies, structure plans, schemes and statutory decision-making.

DPI, in conjunction with DoW, the Western Australian Local Government Association (WALGA) and key stakeholders, has prepared the draft *Better Urban Water Management*. This document is intended to provide additional guidance under SPP 2.9 and is designed to facilitate better management and use of our urban water resources by ensuring an appropriate level of consideration is given to the total water cycle at each stage of the planning system. It aims to assist at all levels and scales of planning and development to ensure issues relevant to the planning area and level of risk associated with the issue in terms of environmental and community values are considered within the context of the type of planning decision being made.

In relation to issues in sensitive catchments, particularly catchments which are significant sources of public drinking water and where environmental and land use planning is under investigation and review, such as the Gnangara Mound, a cautious approach to reforms aimed at developing and implementing a water trading regime is

recommended. Decisions need to be informed by appropriate and detailed scientific understandings within a strategic land use planning context.

DPI notes that draft report makes specific reference to agencies and organisations directly involved in the water and wastewater services such as the Department of Water (DoW) and the Water Corporation. However, the report could make specific reference to planning agencies and authorities and the broader planning decision-making context. It is important to acknowledge this context and the land use planning decision-making framework that enables/facilitates sustainable water resources planning and management. There needs to be recognition that land use planning agencies and authorities can have a significant policy and approval role/responsibilities to ensure sustainable water resources planning and management.

It is recognised that on-going consultation and negotiation with key stakeholders on how we can best achieve reforms is necessary. Consensus is needed on what we mean by integration and total water cycle management, and review of long established institutional structures and arrangements may also be necessary.

In summary, the draft report promotes an innovative approach to the water reform agenda. However, water reform decisions need to ensure consistency with sustainability principles as outlined in the WA State Sustainability Strategy, State Water Strategy, State Water Plan and relevant State Planning Policies. DPI acknowledges the need for innovative water reform that provides for sustainable, effective and efficient management and delivery of water and wastewater services. DPI supports increased competition in the water and wastewater services sector where this can be implemented in a way that ensures sustainable social, environmental and economic outcomes.

For your information: relevant land use planning policies and practices are summarised below.

1 Existing land use planning policies and practices

- The *State Planning Strategy* (1997) contains strategies and criteria for plans and actions for the conservation and protection of water resources. These include the statutory protection of groundwater resources in schemes, the promotion of integrated catchment management and water sensitive urban design, and the greater use of recycled wastewater. The WAPC will incorporate the key principles and objectives of the State Water Plan in its review of the State Planning Strategy.
- The protection of water resources has been an important component of regional strategies and regional and sub-regional structure plans. The *Jandakot Land Use and Water Management Strategy* (1995) and the *Future of East Wanneroo Land Use and Water Management in the Context of Network City* (2007) manage land use change in the context of water source protection and management.
- *State Planning Policy No. 1: State Planning Framework* sets out the key principles which should guide the way in which planning decisions are made including the conservation and management of water resources.
- *State Planning Policy No. 2: Environment and Natural Resources* sets out the broad environment and resource management policies for sustainable land use and development, including measures for the protection and use of water

resources. It recognises that effective water quality and quantity management is essential and that planning strategies, schemes and planning decision-making will need to identify and, where appropriate, include provisions to protect water resources.

- *State Planning Policy No. 2.9: Water Resources* provides policy measures and detailed guidance on measures for integrating water planning with land use planning through regional and local planning strategies, structure plans, schemes and statutory decision-making. These are directed towards protecting and enhancing water resources with a focus on surface and groundwater catchments, the environmental water requirements of wetlands, waterways and estuaries, and total water cycle management.
- *State Planning Policy No. 2.7: Public Drinking Water Source Policy* protects public drinking water source areas from incompatible land uses in order to maintain the quality and quantity of the drinking water. Land uses that are detrimental to the water supply are not permitted unless the impacts can be managed. The mechanisms of local and regional schemes, including reservations, zonings and special control areas, are to be used to protect the highest quality drinking water.
- *State Planning Policy No. 2.2: Gngangara Groundwater Protection Policy* and *State Planning Policy No. 2.3: Jandakot Groundwater Protection Policy* provide specific guidance on the compatibility of land uses in priority 1, 2 and 3 source protection areas of the Gngangara and Jandakot mounds respectively.
- *Draft Better Urban Water Management*: this document is intended to provide additional guidance under SPP 2.9 and is designed to facilitate better management and use of our urban water resources by ensuring an appropriate level of consideration is given to the total water cycle at each stage of the planning system. It aims to assist at all levels and scales of planning and development to ensure issues relevant to the planning area and level of risk associated with the issue in terms of environmental and community values are considered within the context of the type of planning decision being made.
- At the more detailed subdivision and neighbourhood planning level, *Liveable Neighbourhoods* (particularly Element 5) provides for a more integrated approach to urban water management and urban form.
- A number of the WAPC's development control policies, particularly *DC 6.3: Planning Considerations in the Metropolitan Region for Sources of Public Water Supply and Sensitive Water Resource Areas*, addresses the integration of water planning and land use planning at the local level.
- A range of significant water conservation measures are currently being implemented at a subdivision level (such as common bores in Brighton and water recycling initiatives in Belmont) and in building design and development.

2 General comments - Integration with land use planning

Across government, an agreed understanding of what is meant by the integration of land use planning and water planning is being developed. The National Water Initiative mandates a water planning regime that relies on market forces and deliberately separates water and land. Water plans are primarily descriptive rather

than prescriptive and seek to define a decision making or trading environment. Traditionally, land use plans also respond to market forces but are more prescriptive and seek to encompass all relevant factors in urban and regional development.

Water plans on the one hand, and land use and transport plans on the other hand, are prepared in different ways and to different criteria. Both kinds of plans can strongly influence the other, and cannot be prepared in isolation. This does not mean that the two kinds of plans can always be prepared at the same time or in the right sequence, since neither can be put on hold while the other is prepared. Instead, the interdependence of the different plans requires continuous efforts to align and adjust their objectives and regulatory impacts. It follows that the plan making process needs to embody a number of critical principles.

- The overriding framework for both water plans and land use and transport plans must be sustainability. Sustainability principles should provide a common set of criteria for both kinds of plans.
- Meeting the new standards and demands for environmental management should not generate additional layers of planning and assessment processes, multiple approvals or overlapping conditions. Some existing regulatory processes will need to be repealed.
- Compliance with the standards for any one consideration should be assessed by one assessment body on behalf of other regulators. Some existing regulators will need to defer to others.
- Approval processes should be as few and as simple as possible, with a single approval body for any one kind of proposal. Reciprocal referrals and delegations should take the place of separate approvals.
- A single set of conditions, standards and targets should be attached to a planning permit, through efficient referral, advice and concurrence processes.
- All new water plans and land use plans should be prepared with e-government in mind. They should be networked and spatially enabled, and should contain standards which are machine readable.

Land use and transport planning has come to focus, at the larger scales, on regional/subregional *strategies* and/or structure plans, and at the district scale on *local planning strategies*. The latter, in particular, should be a shared vehicle, kept up to date, for bringing together all planning considerations at the local level, whether concerned with land use planning, infrastructure and works, service provision, economic development, environmental management and sustainability generally. Effectively, the planning hierarchy has two levels, regional plans and local planning strategies, supported or implemented by the other instruments and processes. Relevant information, standards, rules and targets from water plans should be incorporated in regional strategies and local planning strategies. Some other water plans and instruments will be distinct and independent, but wherever possible water plans should be built into regional strategies and local planning strategies, increasing the transparency, effectiveness and efficiency of urban management.