

## COMMUNITY WASTEWATER MANAGEMENT SYSTEMS (STEDS)

### 1. Purpose

This paper summarises recent developments in regard to Community Wastewater Management Systems (CWMS - formerly STEDS), with particular focus on the upcoming submission to the National Water Commission to potentially gain a significant amount of Commonwealth funding for CWMS in South Australia.

### 2. Background

The CWMS Advisory Committee (CAC - formerly the STEDS Advisory Committee) was tasked in 2003 by the Minister's Local Government Forum to lead reform of the CWMS (STEDS) sector. Information on the activities of this organisation has been supplied to the Forum on a regular basis.

### 3. Actions

A number of CWMS projects have significantly advanced since the last Forum meeting:

#### 3.1 Name change

In March 2006, a joint decision between State and Local Government was reached to rename STEDS to Community Wastewater Management Systems (CWMS) to better reflect the role of the provision of wastewater management systems, and to incorporate all forms of technology that can be utilised to provide adequate wastewater management. Although wastewater management schemes often take the form of septic tank effluent disposal schemes, wastewater management need not necessarily require the use of a septic tank.

It was recognised that funding support for communal wastewater management systems in areas of South Australia not serviced by SA Water sewerage schemes should not be restricted to a particular form of technology, as implied by use of the term 'STEDS' but rather that the most appropriate and cost effective form of wastewater management would be employed in each area, according to local circumstances. It was also deemed appropriate to reflect the current focus on wastewater management, as is often demonstrated through the reuse of wastewater, rather than the previous focus on disposal of wastewater.

#### 3.2 Completion of audits

In 2005, the CAC undertook to subsidise and support an audit of all existing CWMS in the State. These audits were completed in April 2006, and were then assessed by Tonkin consulting for the CAC. This process has recently been completed, and summaries of all audits will be provided to councils within the next month. While it is not appropriate to comment on the results of individual audits before councils have received this information, the audit process to a large degree reflects the conclusions of the audits undertaken in 2004/05 on a smaller number of schemes. Key issues remain:

- While councils have, on the whole, increased CWMS (STEDS) charges significantly in recent years, most councils do not charge a sustainable amount for their schemes, or an amount comparable to that that would be raised by the application of SA Water sewerage rates.
- Most councils do not have appropriate long term operation and management plans for their schemes.

- Significant numbers of schemes across the State do not meet current regulatory requirements.

As with the audits undertaken in 2004/05, it is expected that the complete audit of all schemes across the State will act as a further incentive for councils to achieve sustainable management of schemes within their area.

### **3.3 Endorsement of investigation into aggregation possibilities**

In July 2005, the South Australian Regional Organisations of Councils (SAROC) endorsed a full investigation into the possibility of managing CWMS on an aggregated basis. This follows from the CAC pilot project run in conjunction with the Central Local Government Region that analysed the benefits to be gained from aggregating CWMS on a regional basis.

Accordingly, the CAC prepared a paper outlining a number of CWMS management options, which is attached (Attachment A). The options explored in this paper include:

- CWMS management by a council as a single scheme
- Aggregation of CWMS within a council
- Resource sharing between councils
- A State LGA CWMS Management Service Authority
- A Regional LGA entity
- A State LGA entity

After consideration of this paper, it was decided and endorsed at the LGA General Meeting held in March 2006 that further investigation of two of the potential options for aggregated management of CWMS will be undertaken. This investigation will include a detailed examination of possible governance, membership, legal, structural and financial arrangements for these options:

- A State LGA CWMS Management Service Authority
- A Regional or State LGA CWMS entity

A working party has been formed to undertake this investigation. The working brief that will guide this group is attached (Attachment B). A group of consultants have recently been engaged to prepare working papers on specific aspects of the management options - governance and legal mechanisms, equity issues and structural arrangements.

### **3.4 Development of submission to National Water Commission**

As the Forum was informed at the January 2006 meeting, an exciting opportunity now exists to gain a substantial quantity of CWMS funding from the Australian Government Water Fund, which is administered by the National Water Commission (NWC). The LGA, with support from OSLGR, Department of Water, Land and Biodiversity Conservation, the Environment Protection Authority, the Department of Health and the Office for Regional Affairs, is developing a submission to the NWC, which will be submitted by Friday 16 June 2006.

Of the 42 councils in South Australia that operate CWMS, 41 expressed an interest in the proposed submission, nominating a total of 68 schemes. Further information regarding proposed work on each scheme to enable to operate with a capacity to reuse wastewater has been added to the detailed information already available from the audit process detailed in 3.2 above. The submission will be based on a detailed business plan outlining the proposed expenditure of the funds on a project-by-project basis. This will incorporate an assessment of each nominated scheme, the estimated whole of life cost

of undertaking the proposed work, and an analysis of the amount of subsidy needed to complete the work, based on an application of SA Water sewerage rates to the relevant areas. It is expected that the submission will request consideration of a very substantial quantity of funding, although, at the time of writing, the exact amount is yet to be finalised.

Given that the potential Commonwealth funding is a singular opportunity, and that councils are applying for funds to assist them to undertake work to achieve a reuse standard for their schemes that is beyond regulatory requirements, the LGA and OSLGR have agreed that the initial approach to the NWC will be based on providing all applicants with a subsidy to cover the up-front capital cost of reuse works as a minimum. Further discussions with the NWC will assist to clarify this approach.

The LGA has contacted officers from the NWC to discuss the proposed submission, and has submitted an overview of the project for their consideration and advice. It is expected that regular contact with NWC officers to discuss the submission as it develops will ensure that the final document meets the expectations and needs of the NWC Commissioners.

### **3.5 Confirmation of funding for 2006-07**

Forum members will be aware that the current funding agreement between State and Local Government for CWMS ends on June 30 2006. Given that a submission to the Commonwealth is currently being finalised (as described above) for CWMS funding, and that the role of State Government to best facilitate this submission will not become clear until further discussions with the NWC are undertaken, it was considered premature to approach Cabinet for consideration of another long term CWMS funding agreement.

However, on 29 May 2006, Cabinet agreed to an extension of the current funding agreement until such time as a longer term funding agreement can be finalised, with a maximum extension time of twelve months. The funding to be provided to the CWMS Program under this arrangement for 2006-07 will be \$3.206m. This will enable the current CWMS construction program to continue without impediment while the NWC submission, and the role of State Government funding is clarified and finalised in a longer term funding agreement.

## **4. Recommendations**

**That the Minister's Local Government Forum:**

- 1. Note the activities of the CWMS Advisory Committee since the January meeting of the Forum, in particular the agreed change of name to CWMS;**
- 2. Endorse the continuing work to investigate future management of CWMS on an aggregated basis;**
- 3. Support the proposed submission to the National Water Commission based on the approach outlined; and**
- 4. Note the continuing support of the State Government while this submission and the role of future State Government funding is finalised.**