



19 August 2024

Independent Pricing and Regulatory Approval NSW (IPART)
ipart@ipart.nsw.gov.au

Dear IPART Dams Safety Regulation Levy Team,

Submission to IPART Draft Report - Dams Safety NSW Levy Review

The opportunity to comment on the findings of the study undertaken by IPART to estimate the levy that may be imposed on owners of declared dams in NSW to recover the costs of regulation by Dams Safety NSW (DSNSW) is appreciated. The Hills Shire Council (THSC) understands IPART will provide the Final Report to the NSW Government in September 2024 for consideration. Based on IPART's recommendations in the Final Report, and on public submissions to the Draft Report, the NSW Government will ultimately decide whether to implement a levy.

As indicated in our previous submission, THSC understands the *Dams Safety Act 2015* includes a provision for DSNSW to collect a levy from owners of declared dams, however THSC believes the shifting of costs required to regulate declared dams from the NSW government to Local Government is an unjustified added financial pressure, especially to Councils that are already burdened by current costs of dam ownership and are funded by a capped rates model.

In view of the Draft Report's findings and recommendations, we provide the below recommendations/submissions on the proposed levy design that could help make the levy more acceptable to owners of declared dams in NSW.

- The Draft Report recommends setting the NSW Government's contribution towards funding DSNSW's annual costs (\$4.59 million) of regulating declared dams, to be 5.4% (\$0.25 million). NSW Government's budget for FY 2024-25 has allocated \$62.9 billion for Transport and \$17.6 billion for state-owned Water Entities. The \$0.25 million recommended for the regulation of declared dams is a paltry 0.0004% and 0.0014% of the Transport and Water Entities budget respectively. THSC believes declared dams provide a range of public benefits, including water supply and flood detention, and the NSW government should allocate declared dams greater funding - as is the case with other essential public infrastructure.
- In October 2005, the NSW Government amended the Local Government Act to allow Councils the option of levying a stormwater management service charge. The amendments to the Local Government (General) Regulation 2005, which provide supporting detailed requirements for this charge, came into force in April 2006. The upper charge limit has been set at \$25 per eligible lot for urban residential land and \$25 per 350m², or part thereof, for urban business land with no method of indexing that charge. This 'stormwater levy' has been imposed by many Councils on ratepayers to cover a small proportion of the stormwater management services - including flood

detention dams. Since its inception 18 years ago, the value of the 'stormwater levy' has now been severely eroded by inflation and we recommend that the NSW government introduces amendments in its regulations that would allow higher upper charge limits and allow these limits to be adjusted annually for inflation. When a higher stormwater levy can be charged to urban properties, Councils will have greater financial capacity to pay the levy for declared dams. An appropriate evaluation of the erosion of the levy value during the last 18 years should also be examined.

- Options are provided between a 'fixed' and 'variable' methods of applying the levy. THSC favors the latter as it allows the levy for each declared dam to be adjusted accordingly based on the total number of declared dams in NSW that DSNSW will need to regulate. Assuming DSNSW's recoverable costs are fixed each year, the levy for each dam will decrease as more declared dams are added. With NSW's population and economy expected to continue growing in the years to come, more dams are expected to be built to service more residential subdivisions, as well as commercial developments and mining sites.
- Where a declared dam benefits multiple LGAs, the levy should not be solely imposed on the Council that owns the dam, but rather the levy should be fairly apportioned between the owner and the other Council(s) that benefit from the declared dam.
- Although not recommended by IPART in this Draft Report, THSC supports a government rebate or exemption for non-income generating stormwater detention dams that provide public benefit eg. Flood mitigation.
- The levy design should consider 'performance adjustment' that enables reduction of levy imposed on dam owners who demonstrate good performance in terms of regulatory compliance. While IPART argues there is insufficient data at this stage to support this, THSC believes this 'performance adjustment' can be based on the owner's consistent record of compliance with dam safety regulations, including the outcome of the dam safety management systems audit that DSNSW staff undertakes on the declared dams.
- THSC supports the establishment of the Council Reference Group that will evaluate the impact of the levy, if implemented, on Councils that own dams, and consider adjustments to the current IPART rate peg methodology to allow Councils to recover the levy cost from ratepayers that directly benefit from its declared dams.

THSC believes that imposing an additional cost of owning a declared dam in the form of a levy will be a further financial constraint to many Councils. Local Government has been subject to extensive cost shifting from the State Government over the last 30 years, and this proposal is once again evidence of a continuing trend to claim revenue from Councils.

If you would like to discuss this matter further, please do not hesitate to contact me on [REDACTED]

Yours faithfully,

[REDACTED]
Michael Edgar
GENERAL MANAGER