



Office of Local Government

Frequently asked questions about stormwater management

What is stormwater management?

For the purpose of the new annual stormwater management services charge, stormwater management is defined as the management of the quantity and quality of stormwater that flows off a parcel of privately owned, developed urban land.

What is a stormwater management service?

A 'stormwater management service' is a service to manage the quantity and/or quality of stormwater that flows off land, and includes a service to manage the re-use of stormwater for any purpose.

Which land is eligible to be charged for the provision of stormwater management services?

Land within an urban area that is in the residential and business categories for rating purposes, except vacant land, for which the council provides a stormwater management service.

For the purpose of levying the charge, what does 'urban land' mean?

Urban land means land within a city, town or village.

For the purpose of levying the charge, what does 'vacant land' mean?

Vacant land in this context means that there are no buildings, large slabs of concrete or car parks (ie. no impervious surfaces). Note: This differs from 'vacant land' as defined in the rating section of the Local Government Act 1993 where it means no dwelling.

What happens if a council doesn't have data on whether land is vacant or urban?

Councils should determine appropriate mechanisms for identifying land as vacant or urban. This will involve identifying criteria for vacant and urban land. This may involve including information about an appeals process with rates notices should ratepayers believe their land is vacant and therefore not eligible for the charge.

Is the charge only for additional stormwater management activities?

Yes. This charge can only be levied when a council provides additional or a higher level of stormwater management service to eligible land. The intention of the charge is to allow councils to raise stormwater management revenue in addition to that already provided through a council's general income there will be significant challenges obtaining community support for raising a charge when there is no corresponding increase in the level of service provided.

Councils are responsible for carrying out stormwater management activities to deal with stormwater runoff from which areas?

Councils have a responsibility to carry out stormwater management activities within their local area, including managing stormwater runoff from:

- public land (eg parks and roads);
- private land eligible to be levied the charge (eg private residential properties and commercial/industrial premises); and
- other land ineligible to be levied the charge (eg Department of Housing properties, non-rateable land).

Does the annual stormwater management services charge apply to all council stormwater management activities? What are the restrictions?

No. The charge can be used to recover some or all of the costs of providing new or additional stormwater management service to eligible land. Eligible land only covers a proportion of a catchment area. Stormwater management services to ineligible land, (eg. public land) and current services to eligible land must be met from other income sources. An analogy to this is the domestic waste

management charge. Councils levy this charge on domestic premises to recover the costs of providing domestic waste management services. However, the cost of collecting waste from public areas is recovered from ordinary rate income.

What can income from the annual stormwater management services charge be spent on?

The income from the charge can be spent on both capital projects and recurrent expenditure relating to new or additional stormwater management services to eligible land such as:

- planning, construction and maintenance of drainage systems, including pipes, channels, retarding basins and waterways receiving urban stormwater;
- planning, construction and maintenance of stormwater treatment measures, including gross pollutant traps and constructed wetlands;
- planning, construction and maintenance of stormwater harvesting and reuse projects;
- planning and undertaking of community and industry stormwater pollution education campaigns;
- inspection of commercial and industrial premises for stormwater pollution prevention;
- cleaning up of stormwater pollution incidents (charge can fund a proportion);
- water quality and aquatic ecosystem health monitoring of waterways, to assess the effectiveness of stormwater pollution controls (charge can fund a proportion); and monitoring of flows in drains and creeks, to assess the effectiveness for flow management (flooding) controls (charge can fund a proportion); and
- non-permanent staff specifically appointed to work on stormwater management project(s).

As a rule of thumb, approximately 10 – 15% of the costs associated with stormwater capital project works should be allocated for continued maintenance.

What can't income from the annual stormwater management services charge be spent on?

Aside from stormwater management activities not related to eligible land, funding from the charge cannot be spent on activities for which the primary purpose does not relate to stormwater management from eligible land. These include:

- parks and garden activities;
- riparian restoration or management;
- bushcare (unless proposed activity specifically relates to stormwater impacts on bushland);
- street sweeping;
- kerb and guttering (unless dealing with flooding from private land); and
- permanent staff positions.

Is the annual stormwater management services charge subject to rate pegging?

No. The implementation of the charge is independent of rate pegging.

Is Ministerial approval required to implement the charge?

No.

Is community consultation required to implement the charge?

Formal community consultation must occur through the inclusion of proposed stormwater management activities in a council's draft management plan. There is no other requirement for community consultation. However the Office recommends that councils carry out additional consultation in the first year(s) of implementation of the stormwater management service charge to raise community awareness and assist determine priority stormwater management activities for implementation.

Additional consultation could take the form of highlighting the charge and related activities in the foreword to the management plan, producing media releases or advertising. Alternatively, it may involve community meetings.

Are there any exemptions from the stormwater management charge?

The same exemptions that apply to other rates and charges also apply in respect of the stormwater management charge. In addition, all Crown land held under a lease for private purposes granted under the Housing Act 2001 or the Aboriginal Housing Act 1998 is exempt.

How does a council estimate their additional annual stormwater management costs?

Councils may adopt any reasonable approach to estimating the costs of providing additional stormwater management services to eligible land. Councils may work this out on a project-by-project basis, across the whole catchment or LGA. Further information that may assist councils in this process will be provided in the forthcoming guidelines.

Are there any limits on the amount of the annual stormwater management charge?

Yes. The charge is capped at the lower of:

- \$25 per residential property. In relation to business properties the charge is capped at \$25 per 350m² (or part thereof); or
- the cost of providing the additional stormwater management services.

The charge may vary across the LGA based on the level of service provided.

How is the charge calculated for residential strata lots ?

Councils may charge no more than the actual cost of providing a stormwater management service to residential strata lots. As a stormwater management services charge relates to managing stormwater runoff from impervious surface areas, this is almost always substantially less for strata lots than the cost of providing the service to a standard residential property. It is therefore inappropriate to charge the same amount for a strata lot as for a standard residential property.

In calculating the cost of providing a service to a residential strata lot councils may charge up to 50% of the adopted charge as applied to standard residential properties. This effectively caps the stormwater management services charge to residential strata units at \$12.50 per unit.

For example, if the cost of providing a stormwater management service to standard residential properties is calculated to be \$20 per property, strata lots may be levied at up to \$10 per strata lot.

How is the charge calculated for business properties?

The charge for business properties should be the lower cost of providing the additional stormwater management service, or \$25 per 350m² (or part thereof). As a hypothetical example, a business property has a land area of 800m². If the cost of providing the extra stormwater management service to the property is estimated to be \$95, but the cap for a land area of 800m² is $3 \times \$25 = \75 , then the amount levied would be \$75.00. The gap between the capped amount and the service amount must be funded from other income sources.

How is the charge calculated for business strata complexes ?

The charge for business strata lots should be the lower cost of providing the stormwater management service, or \$25 per 350m² (or part thereof). The cost should then be divided on a pro-rata basis between the lots. As a hypothetical example, a property containing 10 business strata lots has a land area of 1,250m². If the cost of providing the stormwater management service to the building is estimated to be \$120, but the cap for a land area of 1,250m² is $4 \times \$25 = \100 , each of the 10 units may be levied an amount of $\$100 \div 10 = \10 . Alternatively, the charge could be apportioned according to the area of each strata lot. The gap between the capped amount and the service amount must be funded from other income sources.

How is the stormwater management services charge calculated for company title properties?

The charge is calculated for company title properties in the same manner as it is calculated for all other properties, according to the land category (residential or business). The charge is then apportioned according to the number of shares in the company owned by each shareholder.

How does a council get the land area data necessary to calculate the maximum charge for business land?

All councils should have access to this information from land valuation data provided by the Valuer General. Alternatively, many councils have this information on their GIS systems. Councils will need to integrate this data with data in existing rating programs to enable the upper charge amount to be calculated.

Can/must the charge be levied on all parcels of non-vacant, urban residential or business land?

The charge may only be levied for additional stormwater management services provided to the parcel of land by the council. There may be individual instances where the council does not provide any service or provides a reduced level of service (eg. golf courses or coastal land discharging stormwater directly into the sea through a privately owned pipe).

In such cases a reduced charge or no charge may apply.

Can/must rebates or discounts be offered? Can/must concessions for pensioners be offered?

The offering of discounts or rebates to ratepayers of eligible land is at the discretion of each council. Discounts or rebates could be applied in circumstances where:

- residents can demonstrate good stormwater management practice, eg. prior installation of rainwater tanks;
- pensioners are liable for the charge; or
- councils wish to encourage business to adopt improved stormwater management practices.

However, the mandatory concession that applies to ordinary rates, domestic waste, water and sewerage charges does not apply to the stormwater management charge.

How does a council determine how much it still must spend on stormwater management from its general income?

The level of expenditure on stormwater management from a council's general income should remain at or be greater than it was prior to introduction of the charge.

It is recommended that this be calculated by averaging the stormwater management expenditure by a council across an appropriate number of years (eg.3-5 years) to obtain a valid approximation of prior expenditure.

Councils will need to continue to use general income to provide stormwater management services to ineligible land, such as public land and for funding existing services to eligible land. Where the costs of a new stormwater management activity can be attributed to both eligible and ineligible land, councils can use their current stormwater expenditure to fund the proportion of the activity's costs attributed to ineligible land.

What additional information must be included in a council's draft management plan?

Councils will be required to include information about:

- proposed stormwater management services that are to be funded by the annual stormwater management charge;
- proposed stormwater management services to be funded from sources other than the stormwater management charge;
- proposed stormwater management services to be funded from both the stormwater management charge and other sources (noting the proportion funded from other sources); and
- proposed total expenditure for the provision of stormwater management services.

What are the additional reporting requirements?

Councils will be required to report on the implementation of each of the stormwater management services proposed in the management plan. This will compare the services proposed in the management plan with the services actually carried out and include a statement explaining any differences between them.

Must funds raised from the levying of the annual stormwater management services charge be spent specifically in the catchment within which they are raised?

Councils should aim to reasonably demonstrate that properties are levied a charge according to the additional stormwater management services provided to them. In practice it is difficult to directly link all stormwater management services back to the individual properties levied (eg. education). To overcome this problem councils may choose to take a 'global' approach in estimating the costs of providing additional stormwater management services across their local government area rather than on a catchment-by-catchment basis, and attributing these costs to each parcel of chargeable land. However, in doing so, councils still need to ensure a reasonably equitable distribution of stormwater management services over time.

Do funds raised from the levying of the annual stormwater management services charge have to be spent within the financial year they are raised?

Funds related to the charge do not have to be spent within the year they are raised, as it is recognised that these funds may be used to resource major programs spanning a number of years. Relevant reporting requirements would apply to ensure that expenditure is appropriately accounted for.

What are the differences between a special rate for stormwater management and a stormwater management services charge?

	Special rate for stormwater management	Service charge for stormwater management
Calculation method	Structure must include an ad valorem component	The lower of a specified cap (\$25 for residential lots) or the cost of providing additional stormwater services.
Payees	Specific group of ratepayers who benefit from, contribute to need for or have access to service	All eligible ratepayers in the LGA receiving a stormwater management service
Rate pegged	Yes.	No.
Approval/Consultation process	Ministerial approval required if special rate causes council to exceed permissible general income limit.	Community consultation through draft management planning process
Reporting process	In annual report if subject to special variation approval	Through annual report.

Could a council levy a stormwater management service charge if it already has a special rate primarily for stormwater purposes or a drainage rate, where these are under council's general income limit and were introduced without a special variation approval?

Where a council has not received Ministerial approval to raise their general income limit to include income from a special rate or drainage charge, councils would need to discontinue the special rate (or drainage charge) before implementing the new stormwater management charge.

The council will still be required to allocate at least the same amount of funding from its general income that was allocated prior to the introduction of the charge. The discontinuance of the 'special rate' or 'drainage charge' is intended to minimise confusion with ratepayers, who may otherwise consider that they are being 'double-charged'. The amount of general income that a council can raise is not affected by the discontinuance of an existing special rate or drainage charge.

Could the annual stormwater management charge be raised by a council if it has received a special variation approval previously that was primarily for stormwater management activities?

No. Regardless of whether the council elected to raise the additional income by way of a special rate or charge or just by increasing ordinary rates, it cannot raise the stormwater management service charge as it is already receiving additional income from its ratepayers for the purpose of stormwater management. This would be considered to be 'double-charging'. If a council wanted to raise the stormwater management charge, it would have to reduce its general income by the additional revenue currently being raised as a result of the special variation. This would create a catch-up amount equivalent to the figure determined by council, which would drop off after two years. The council would also still be obliged to allocate an amount of funding from its general income for stormwater management that is equivalent to the amount that had been allocated previously.

Would a council have to reduce its general income if a special variation approval it had in place was for a number of projects of which stormwater management services were just a small component?

The council would have to determine whether the additional revenue was primarily for stormwater management. If not, the council could levy the stormwater management service charge.

If a council implemented the annual stormwater management charge and still had a shortfall in respect of the funding required to complete the stormwater service, is it still eligible to apply for a special variation to raise the additional income required?

Yes. However, if a council is considering applying for a special variation for stormwater, it will need to have either already implemented the stormwater management charge or be able to substantiate why it has not done so.

What is the role of the Catchment Management Authorities?

Catchment Management Authorities (CMAs) are generally responsible for overseeing natural resource management within their respective catchment. Generally, they also play a major role in determining distribution of Commonwealth and State funding to local government Natural Resource Management projects. For the purpose of administering the charge, the CMAs identify potential stormwater management related projects through Catchment Action Plans, and councils need to consider these plans prior to determining which stormwater management activities will be funded by the charge.

Through consulting with CMAs during the project/activity planning phase involved with levying the charge, councils also have the opportunity to adopt partnership approaches towards addressing stormwater issues of regional or catchment-wide significance.

What resources are available to support implementation of the charge?

The Office will be issuing Annual Stormwater Management Services Charge Guidelines. The Office is currently consulting with the Department of Environment and Conservation, LGSA and other industry representative groups about the draft guidelines.

It is expected that they will be released to councils by mid-May 2006 and that they will focus on all aspects of the stormwater management service charge. Additionally, the Department of Environment and Conservation, through the Stormwater Trust, is publishing a variety of technical documents under the Managing Urban Stormwater banner. These documents will be available at www.environment.nsw.gov.au/stormwater/ and provide guidance for a wide variety of stormwater management issues.

Who should councils contact for further information and advice?

For general information and policy advice councils should contact the Innovation team at the Office of Local Government ph: 02 4428 4100.

For technical advice councils should contact the Department of Environment and Conservation on ph: 9995 6068.