

MARSDEN JACOB ASSOCIATES



Victorian urban stormwater offsets | February 2021

Implementing best-practices with Councils

Industry note

Several Councils in Greater Melbourne have established innovative stormwater offset schemes over the last three years. Councils are using their stormwater offset schemes to improve stormwater management for greener environments and healthier waterways. The Council run offset schemes can secure a low risk and sustainable funding source for Council delivered stormwater investments.

This industry note provides an overview of what stormwater offset schemes are, outlines some benefits of setting up a scheme, and steps out how Victorian Councils can go about setting a stormwater offset scheme up. This note draws on material from Victorian Councils with established stormwater offset schemes. You can access this information on the [Kingston City Council](#) and [Moonee Valley City Council](#) websites. This note has been prepared by people involved in designing and running these schemes. Our contact details are at the end of this industry note.

Key messages

There is now a clear process that Victorian Councils can follow to set up a stormwater offset scheme. Councils like Kingston, Moonee Valley, Mornington Peninsula Shire and other Victorian Councils followed a similar process to set up their schemes, and have developed consistent developer guidance materials, financial calculators, purchase agreement forms, and administration processes. Councils wanting to set up stormwater offset schemes can draw on these established processes and resources. Doing so will mean there is a consistent process for Council stormwater offsetting in Victoria, and that similar resources and purchase agreement forms are used across Councils.

Schemes cover entire lifecycle of assets. The innovative stormwater offset schemes Kingston and Moonee Valley are now running (and other Victorian Councils are now setting up) differ in important ways from ‘conventional’ stormwater offsets. Their offset schemes cover the full lifecycle cost of Councils building, maintaining, and rehabilitating stormwater treatment assets, and include a buffer in case things go wrong. This approach largely eliminates risk of funding shortfalls for Councils and helps ensure better outcomes from Council stormwater offset schemes.

Councils can choose the allowable level of offset or no offsetting. Stormwater offsets shouldn’t always be made available to developments. Offsetting may not be appropriate if offsetting puts high-value local waterways at risk, such as in Healthy Waterway [stormwater priority areas](#). Talking through where and how offsets best fit is an important step in implementing effective offset schemes for greener environments and healthier waterways.

Offsets funded works should be additional to planned WSUD works. In short, stormwater offset funds should only be used to fund additional WSUD investments, over and above what Council has planned already and intends to fund through Council rates revenue.

What are stormwater offsets? How can they help Councils deliver better stormwater management outcomes?

A stormwater offset is a financial contribution paid by developers for stormwater management works to be undertaken by Council in another location. These works 'offset' stormwater impacts not treated within the development.

The picture to the right is adapted from Kingston City Council and Moonee Valley City Council developer guides. It shows how the offsetting process is working in practice for developers and these Councils.

Changes made in 2018 to the Victoria Planning Provisions (VPP) and all planning schemes by [Amendment VC154](#) means that all stormwater generated from all forms of urban development, not just residential subdivision and apartment developments, now need to comply with Victorian urban stormwater management objectives. This includes all commercial and industrial subdivisions and developments, all public use developments, and all residential multi-dwelling developments.

Stormwater offsets are identified in the decision guidelines of Amendment VC154 policy changes (noted as: entered into an agreement to contribute to off-site stormwater management in lieu of providing an on-site stormwater management system) and are a way that Councils can provide flexibility to developers to meet their stormwater management obligations.

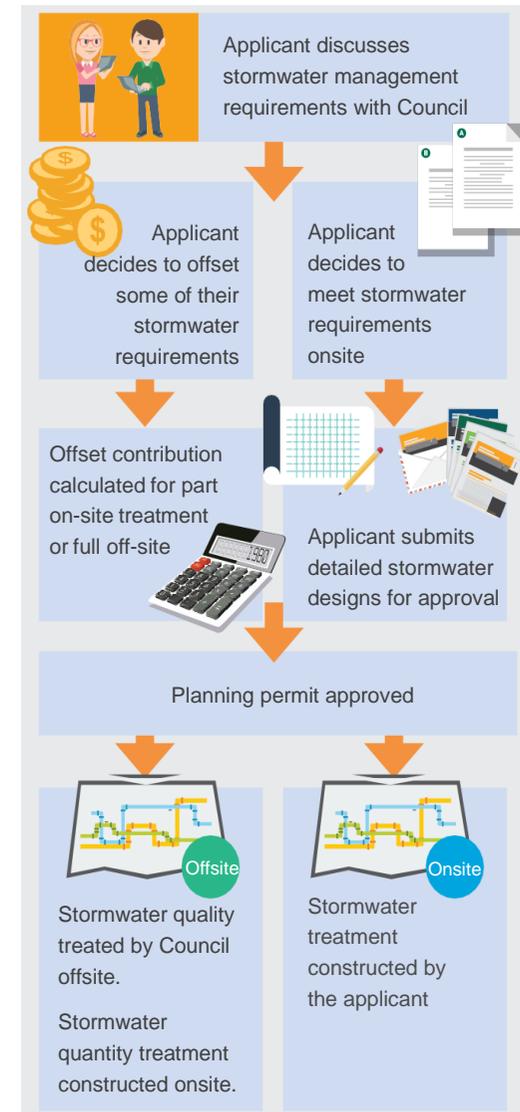
Several other Councils in Greater Melbourne are currently designing their stormwater offset schemes. Councils are choosing to realise the benefits of establishing their own stormwater offset schemes for lots of reasons.

Benefits of setting up stormwater offsetting schemes

Stormwater offsets deliver better outcomes for developers and Councils at the same time by providing flexibility when needed. They can reduce negotiation and permitting costs and help developers and Councils to achieve stormwater management compliance. The flexibility provided by the mechanism can also reduce the risk of unwanted environmental outcomes from inappropriate/impractical on-site WSUD used to meet best practice requirements.

Stormwater offset schemes can provide Councils with a reliable funding source for delivering stormwater management activities. Because the stormwater offset funds are ringfenced from things like Council rate revenue, the funds are a dedicated source of funding for Council stormwater management activities.

A secure funding source means Council can better plan and invest in long-term stormwater management outcomes. When combined with Council funds, stormwater offsetting funds can scale up and extend planned Council investments and help achieve water sensitive urban design strategies and objectives.



Offsets can cover the full lifecycle cost of stormwater management. When designed properly, they can include cost recovery for capital, operating and maintenance of WSUD assets, and a buffer for cost over-runs. This reduces financial risks to Councils and means that the stormwater investments do not need to draw on rate revenue.

Stormwater offsetting can also mean that Councils have confidence that the stormwater offsetting mechanisms are delivering on their stormwater management objectives. This is because Councils own, operate, and maintain the schemes. Council also tie payments to off-site stormwater management infrastructure that delivers the same or better environmental outcomes than on-site infrastructure.

Council can retain the right to reject applications and require developers to achieve full compliance on site. This gives Council discretion around how and where stormwater offsetting occurs.

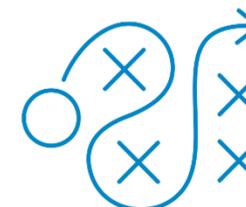
Councils can choose to the level of partial offsetting depending on things like Council land availability to set up stormwater schemes, and Council's preferences for on-versus off-site stormwater management.

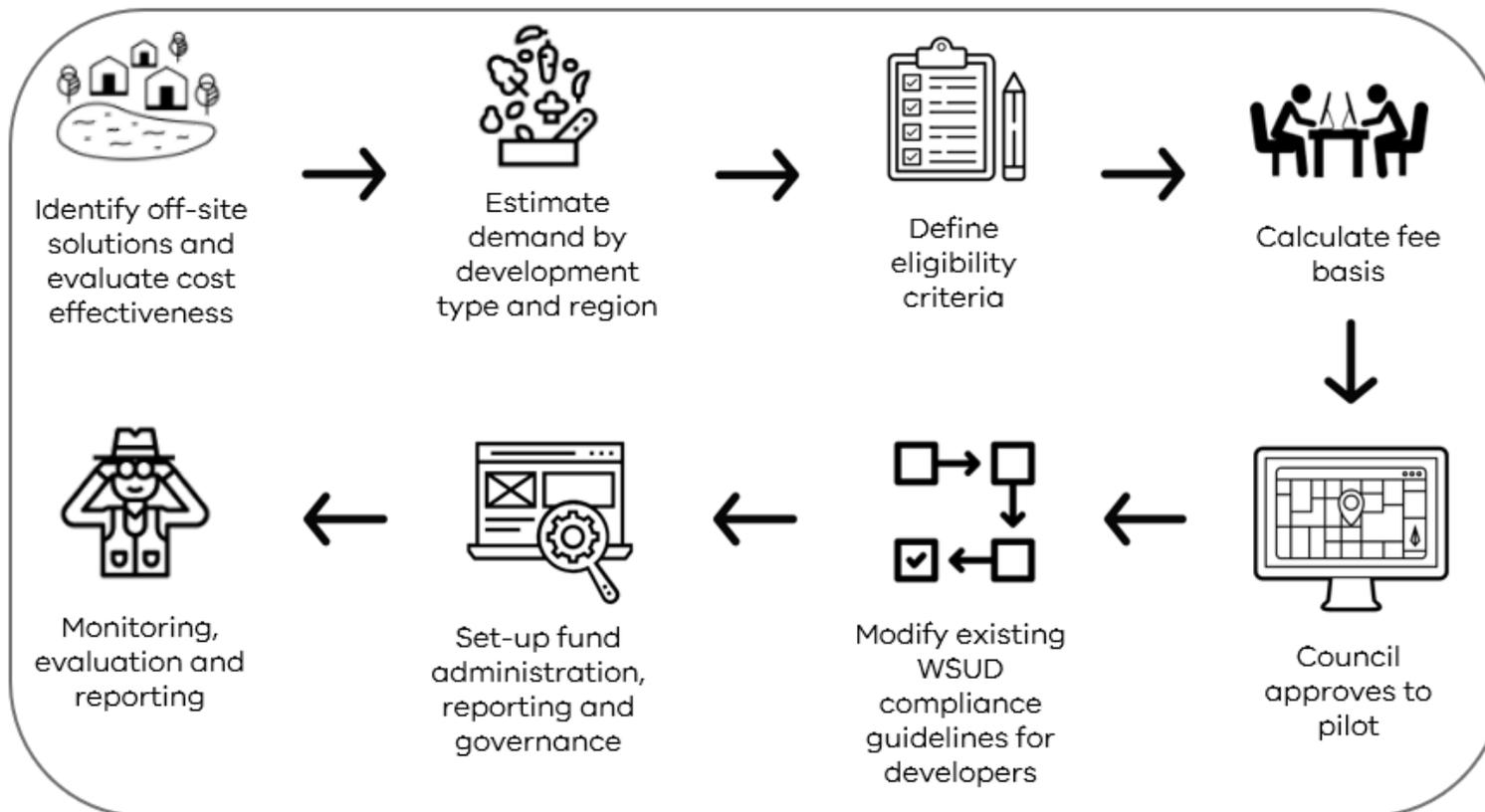
Steps in setting up stormwater offsetting schemes

Setting up a stormwater offset scheme can be relatively straightforward if you collaborate with people who have done it before. We have outlined some of the key steps in the box on the next page.

Strategic planning to identify the key stormwater treatment asset site opportunities across a municipality is an important first step in setting up a Council run stormwater offset scheme. Opportunity identification is based on site feasibility, with sites prioritised accounting for assets' life cycle costs and their ability to deliver multiple beneficial outcomes (such as, waterway improvement, water supply security, urban greening, enhanced liveability, etc.). Doing this strategic planning is an important first step that provides a robust monetary value to underpin the offset scheme, as well as transparency on how the offsets will be invested to deliver enhanced community and urban design outcomes.

The contacts at the end of this industry note have all been involved in developing frameworks for, and the successful delivery of, priority WSUD/IWM opportunity plans for Victorian Councils to ensure the full suite of benefits of setting up stormwater offsetting schemes are realised.





Engage with Council, Melbourne Water, developers and other key stakeholders throughout

Lots of people can help you get started, and on the way

As we said earlier, there are now well established processes that Victorian Councils can follow to set up a stormwater offset scheme. Councils like Kingston, Moonee Valley, Mornington Peninsula Shire and other Councils have followed similar processes to set up their schemes, and have developed similar developer guidance materials, financial calculators, purchase agreement forms, and administration processes. Councils wanting to set up stormwater offset schemes can draw on these established processes and resources. Doing so will mean there is a consistent process for Council stormwater offsetting in Victoria, and that similar resources and purchase agreement forms are used across Victoria.

Your first best step is to speak with someone experienced in setting up the innovative stormwater offset schemes now up and running in Victoria. We've provided some contacts to get started with below.

	<p>Emily Boucher Team Leader Environmental Planning President South East Councils Climate Change Alliance (SECCCA) M: 0418521502 E: emily.boucher@kingston.vic.gov.au</p>	<p>Kingston Council (with the support of Melbourne Water) launched the first innovative stormwater offset scheme in 2017. The scheme provides flexible options for developers to meet stormwater quality management obligations, on all development applications other than 1 - 2 dwellings.</p> <p>Council will use these funds to deliver medium scale WSUD projects that are outlined in a detailed delivery masterplan and are modelled to deliver high stormwater quality benefit.</p>
	<p>Rowena Joske Senior Sustainability Officer Integrated Water Management P: (03) 9243 1558 E: RJoske@mvcc.vic.gov.au</p>	<p>Moonee Valley Council launched their stormwater offset scheme in July 2019. The scheme allows planning applicants to offset up to 20 per cent of their on-site stormwater requirements through a financial contribution to Council. Council will use these funds to deliver large scale WSUD projects that deliver an equivalent stormwater quality benefit.</p>
	<p>Melissa Burrage Manager Climate Change, Energy & Water Place P: 03 5950 1247 or M. 0400 533 169 E: melissa.burrage@mornpen.vic.gov.au</p>	<p>Mornington Peninsula Shire's scheme is currently under development. The scheme will allow planning applicants to offset up to 100 per cent of their on-site stormwater requirements through a financial contribution to Council. Council will use these funds to deliver medium to large scale WSUD projects that provide an equivalent stormwater quality benefit.</p>
	<p>Dr Jeremy Cheesman M: 0414 765 739 E: jcheesman@marsdenjacob.com.au</p>	<p>Marsden Jacob originated the innovative stormwater offset approach with Kingston City Council and Melbourne Water in 2016. We are fortunate to have worked with Moonee Valley City Council, Darebin City Council and Mornington Peninsula Shire Council to establish their schemes. We have also worked with</p>

		<p>other Victorian Councils to restructure their existing schemes to become more sustainable funding sources and deliver better on-ground outcomes. We are the only advisors in Victoria with this level of Council offset experience.</p> <p>Members of our team were part of the 2018 Stormwater Management Advisory Committee that recommended Victoria establish effective Council run voluntary stormwater quality offset schemes across Victoria in major metropolitan and regional centres.</p>
	<p>Gerogie Wettenhall M: 0407 831 143 E: gerogie@designflow.net.au</p>	<p>DesignFlow has developed stormwater quality offset schemes with Australian Councils since 2014. We provided WSUD expertise for the Moonee Valley offset scheme and has also developed offset schemes for four Queensland Councils. We also delivered the review of the Urban Stormwater Best Practice Environmental Management (BPEM) Guidelines for EPA Victoria, Melbourne Water and DELWP. The review included developing the proposed new Victorian stormwater flow regime standards.</p> <p>DesignFlow has been engaged by many Councils, including Kingston and Moonee Valley, to identify and prioritise public realm stormwater treatment and harvesting opportunities that can be funded via stormwater quality offset schemes.</p>
	<p>Dr Sara Lloyd M: 0488 662 796 E: sara@e2designlab.com.au</p>	<p>E2Designlab delivered the review of the BPEM Guidelines for EPA Victoria, facilitated all stakeholder workshops for the introduction of amendment VC154 to the Victorian Planning Provisions, as well as, developed training and approval checklists for developers and approval authorities. We are currently delivering the most significant IWM strategic planning project for the state working the over 40 stakeholders to produce the Catchment Scale IWM Plans for Metropolitan Melbourne (on behalf of DELWP and its partners).</p>
	<p>Rianda Mills M: 0421751063 E: rianda@rainconsulting.com.au</p>	<p>Rain Consulting comprises Rianda Mills and Luke Cunningham – engineers who are highly regarded in the water industry. Skilled communicators and facilitators, they are currently working closely with the City of Melbourne and Melbourne Water in strategic planning across urban stormwater, flood management and integrated water management needs. Rain also assists developers in meeting their stormwater quantity and quality management requirements through technical design and authority liaison.</p>