WATER SERVICES ASSOCIATION
of Australia

AUSTRALIA'S WATER

SHARING OUR FUTURE PROSPERITY

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With this paper, Water Services Association of Australia seeks to make a positive contribution to the current national debate about the best ways to secure sufficient water for all Australians through appropriate national policies and planning.

What WSAA wants from the National Water Initiative

1 A fair share for 15 million water consumers

The members of WSAA [Water Services Association of Australia[1]] represent the interests of 15 million water users.

These are the 75 percent of Australians who live in urban areas, a number expected to grow by 4.4 million by 2030.

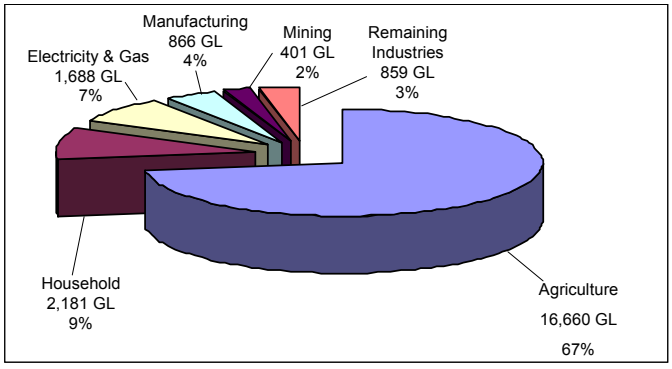
Households consume only nine percent of the total water extracted in Australia yet, by early 2005, water utilities in almost every urban area had imposed domestic water restrictions. These restrictions place significant economic costs on our cities, particularly households. Since 2002 it is estimated that Stage One restrictions for five months, and Stage Two and Three restrictions for eleven months each, have cost the ACT $71M[2].

Although the community generally recognises the need for restrictions, it is unrealistic to expect that what people are prepared to accept in the short term will be acceptable as a continuing part of their lives without some clear indications that the supply side is being addressed.

Climate change is making rainfall more unreliable and water conservation is only part of the equation. Other supply side measures must be encouraged to ensure the continuing economic prosperity of Australia and to ensure fairer access to water for the whole population.

Water use in Australia

24,909 GL was consumed in the Australian economy in 2000-01



Ref – ABS Water Account 2000-01

[1] See page 7 for a full list of WSAA members

[2] NERA and AC Nielson Research (2003), Willingness to Pay Research Study, a report for ACTEW Corporation and ActewAGL, September 2003

2 The argument is not about money

WSAA does not seek Government handouts.

In the interests of Australian urban water users, WSAA seeks a robust policy framework with a genuinely national approach. WSAA wants to hear water talked about in national terms – recognising the high value-add of urban water and its contribution to Australia's prosperity. A national approach would also recognise that rural users can access urban water.

WSAA encourages the Federal Government to consider urban water initiatives as joint ventures and to contribute to the development and implementation of innovative water solutions.

3 A truly national initiative

WSAA wants to achieve a genuinely national water initiative that adopts this methodology.

1. The development of fair national water markets, enabling water to be traded between agricultural and urban users.
2. A diversified approach to the investigation of new and alternative sources of water, not just surface water.
3. The development of comprehensive water solutions for growing cities varying according to the specific needs and capacities of these cities.
4. A commitment to the continuing advancement of water solutions by allowing them to evolve with the advent of new technologies. This includes approaches such as encouraging water sensitive development.

What is the water problem?

4 A growing demand for a diminishing supply

After eight years of drought there is increasing pressure on urban water resources.

While urban water supplies are stretched due to continuing drought and population growth, they are not at crisis point. This is the right time for policies that guarantee the future supply of water for our growing cities.

Given the uncertainty of global climate change and its potential impact on Australia, continued reliance on water from catchments in all urban areas is fraught with risk. This is the right time to act rationally and strategically.

The urban water industry is responding to these challenges by undertaking a 7-point program:

1. Assessing the sustainability of additional supply options including inter-basin transfers and groundwater.
2. Exploring alternative supply options such as recycled water for non-potable purposes.
3. Continuing with the implementation of demand management and education strategies.
4. Promoting water efficient labelling schemes and appliance rebates.
5. Managing water leakage.
6. Promoting water sensitive urban development.
7. Contributing to research and collaboration.

5 Urban water … the 'pools and gardens' myth

The image of urban water users, particularly prevalent in rural areas, is of excess and waste.

It is a fable of large houses with multiple bathrooms, backyard swimming pools and gardens inappropriate to the Australian climate.

The reality is that water is used wisely in the cities for a range of purposes, including high value-add industrial and commercial uses. Over the past 20 years there has been a substantial reduction in per capita urban water consumption.

Sydney, for example, has been able to accommodate an additional 700,000 people without using more water.

In 2001, the urban-based manufacturing and services sectors produced 89 percent of the nation's gross value added. Agriculture, forestry and fisheries accounted for two percent. Yet in 2001 agriculture used 67 percent of Australia's water.

Urban AND rural – together for the benefit of Australia

6 Australia's water belongs to all Australians

Traditionally, urban and rural Australians divide on a number of issues, and water use is one of these.

It is not plausible or appropriate to consider the two geographies as having different and competing interests. Rural and urban water uses are highly interdependent and the interests of all stakeholders demand that urban and rural water be considered in tandem from a policy perspective.

WSAA does not seek to divert water from rural areas for urban users but it does seek a fair distribution of supply based on the needs of all users and the benefits to the nation.

Australia needs robust water policy outcomes

7 Sustainable policies working for everyone

Urban water issues must be managed to ensure sustainable outcomes.

A simple focus on water resource outcomes will have negative impacts for environment and community.

WSAA is keen to work with policy makers to ensure that appropriate outcomes are achieved in the economic, social and environmental interests of all stakeholders.

8 An integrated supply & demand framework

It is vital to develop an integrated policy framework covering supply and demand measures.

Rapid population growth over the past 20 years generally has been serviced without the construction of new storages due to reductions in per capita demand achieved through effective water conservation measures.

These consumption savings cannot be achieved indefinitely as most of the easy measures have been targeted and further limitations will be highly intrusive and likely to encounter community resistance.

While the urban water industry will always encourage water conservation, it recognises that further demand management measures will not alone meet the needs of rapidly growing cities. The time has arrived to implement supply side measures.

Flexibility is key

9 Water trading – a viable and responsible option

Freeing up water markets to enable trading between rural, environmental and urban uses presents an environmentally friendly and inexpensive option for some communities.

In particular, trading with the agricultural sector could give urban users access to water that is currently applied to low economic value uses.

Secure tradeable entitlements will allow agricultural users to better plan water use and to sell water as a product. Environmental entitlements can also be planned to ensure increased amounts are allocated to sustain the health of rivers.

Water trading would in no way drain the supply to agricultural areas, as the volume of water potentially to be obtained for use in urban areas would be relatively small compared to the amount used by agriculture.

Water trading has significant mutual benefits. The recent example where SA Water used the water market to purchase supplies from irrigators in the Lower Murray area is a good example. The trade represented a valuable addition to SA Water's supply for Adelaide and allowed several farmers to retire from farms where water was used inefficiently.

All Australian capital cities, with the exception of Sydney, could potentially access water from agriculture through water markets, without the need to build substantial infrastructure.

Water Services Association of Australia

The Water Services Association of Australia (WSAA) is the peak body of the Australian urban water industry. Its 28 members and 25 associate members provide water and wastewater services to approximately 15 million Australians and to many of our largest industrial and commercial enterprises.

WSAA was formed in 1995 to provide a forum for debate on issues important to the urban water industry and to be a focal point for communicating the industry's views. WSAA encourages cooperation to improve the water industry's productivity and performance and to ensure the regulatory environment adequately serves the community interest.

WSAA manages the voluntary labelling scheme for water efficient appliances and undertakes research on issues of importance to urban water management Australia wide. WSAA annually benchmarks the performance of the urban water industry and reports the results in WSAA*facts*.

WSAA members

State	Providers	Connected properties, residential & commercial (2003–04)
ACT	ACTEW Corporation	136,000
QLD	Brisbane Water	412,000
	Gold Coast Water	202,000
	Ipswich Water	50,000
	Logan Water	67,000
	Maroochy Water Services	51,000
	NQ Water	50,000
	SEQ Water	n/a
NSW	Gosford City Council	67,000
	Hunter Water Corporation	209,000
	Sydney Water Corporation	1,661,000
	Sydney Catchment Authority	n/a
NT	Power and Water	43,000
SA	SA Water	486,000
TAS	Hobart Water	82,000
VIC	Barwon Region Water Authority	121,000
	Central Highlands Water	54,000
	Coliban Water	n/a
	City West Water Limited	296,000
	Gippsland Water	56,000
	Goulburn Valley Water	50,000
	Melbourne Water	n/a
	South East Water Limited	586,000
	Western Region Water	n/a
	Authority	622,000
	Yarra Valley Water Limited	
WA	Water Corporation	635,000
NZ	Metrowater Limited	147,000
	Watercare Services Limited	n/a

Where to now?

10 The next practical steps

1. **Commit to the National Water Initiative**

   WSAA welcomes the commitments outlined in the National Water Initiative (NWI). Urban water utilities urge that the NWI be delivered as promised, in essence if not in the finer detail.

2. **Review appropriate incentives for State Governments to implement NWI**

   The Federal Government needs to consider what incentives exist for State Governments to implement the National Water Initiative.

3. **Functioning water markets across Australia**

   An important element of diversifying water supplies to meet the needs of growing cities will be to access water from rural water markets. The option of water trading allows water to be applied to high value uses and often represents the best outcome from an economic and environmental perspective.

4. **Develop best practice principles for water resource planning**

   WSAA is keen to work with Government to establish a best practice water resource planning framework that takes into account the financial, environmental and social aspects of water. A framework for assessing all potential sources of water will ensure optimal water resource allocation decisions regardless of social and political difficulties.

5. **Introduce a national policy to guide third party access**

   As for electricity, gas and telecommunications, water needs a national scheme for third party access to ensure there are rules to protect the public interest. WSAA welcomes competition but is concerned that, without proper guidelines relating to pricing, market definition and supplier of last resort, the community may suffer.