Water Efficiency Position Statement Addendum

Note: The below submission has been prepared and endorsed by the Australian Water Association's Water Efficiency Specialist Network committee however has not received endorsement from the Australian Water Association's Board.

Water efficiency is a component of demand management that seeks to avoid wastage and maximise the productive use of existing water resources and systems. The avoidance of wastage is a valid part of maintaining a productive, cost effective and resilient water industry - and one that is able to act for the public good.

However, over the past decade the commitment to seeking and driving water efficiency has seen a decline in the Australian water industry to low levels, based on the experience of the members of the AWA Water Efficiency Specialist Network and as recently noted in the NSW Auditor General report (2020). It appears likely that these efforts are now significantly under-represented.

This is despite evidence to suggest that large systemic cost savings are achievable with water efficiency options that improve the net financial position for water utilities, when considering the associated benefits to infrastructure deferral and reduced operating costs. (Coombes et al 2016, Urban Water Cycle Solutions 2017)

A possible cause for this decline is the apparent inertia of supply augmentation as the 'business as usual' solution, and the gradual tuning of revenue models and cost-benefit assessment techniques to fit this expectation over time. This is likely bolstered by infrastructure dependent financial incentives at the water utility level and a common (though generally untested) perception that water efficiency represents an 'additional cost' and/or a revenue risk in an industry that must sell water to achieve financial outcomes.

Water supply upgrades will continue to be necessary over time, but it is important to ensure that all options be equivalently considered with appropriate governance and robust cost-benefit approaches – ensuring that existing biases are corrected wherever necessary. Failing to properly consider options that address wastage risks large ongoing cost increases and eroding resilience throughout urban and rural areas into the future.

Recommendations

1. The first recommendation of the 2012 AWA Case for Water Efficiency at the end of the Millennium drought continues to hold true. We should not let the lessons of the millennium drought be forgotten.

Water efficiency offers significant potential to enhance water security. Water efficiency measures should be considered alongside all other options for improving water security.

2. There is a need for high-level oversight of regulatory and incentive mechanisms - to ensure all options are considered equivalently and minimise any investment and funding conflicts between the goal of efficiently meeting the needs of the community and business demands placed on the water utilities. For example, the Regulatory Asset Base (RAB) model is important for ensuring there is continued investment in supply and network augmentation, but there is no equivalent incentive in place for considering other investments such as water efficiency - even where these may be economically beneficial to the community.

3. The increasing interest in integrated water management in the water industry is supported and should include the concept of water efficiency. Water efficiency reduces capital and operational costs for all water management options and provides an important reminder to reduce wastage in urban water management.

Bibliography

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Urban Water Cycle Solutions, & Thirsty Country. (2017). *The Greater Melbourne Alternative Water Plan.* Newcastle: Urban Water Cycle Solutions.