

5 November 2010

Inquiry into Australia's Urban Water Sector
Productivity Commission
Locked Bag 2, Collins Street East,
Melbourne Vic 8003

To whom it may concern,

WQRA submission to the Productivity Commission
'Australia's Urban Water Sector - Public inquiry'

Water Quality Research Australia (WQRA) would like to take the opportunity to provide a submission to the Productivity Commission on the public inquiry regarding Australia's Urban Water sector.

Water Quality Research Australia (WQRA) is a not for profit organisation focusing on initiating, facilitating and managing collaborative research of national application in the priority areas of water quality for the Australian water industry and the community. The formation of WQRA marks the successful transition from the federally funded CRC Water Quality and Treatment to a company that is owned and funded by its members who include the Australian water utilities, research organisations and government departments.

WQRA brings together key water research groups and industry members across Australia to conduct targeted, priority research. These relationships place WQRA in a unique position to draw on the expertise and experience of its membership community to rapidly address current and emerging issues in public health and water quality.

The response prepared by WQRA is focussed on priority areas related to water quality issues associated with the supply of urban water and wastewater services.

Clearly, the recent challenge in delivering water services to urban populations has been strongly related to quantity and the security of supply. While, it is understandable that there has been considerable focus on these aspects it is crucial that water quality not be taken for granted. It is fundamental in securing water supplies for urban populations and ensuring fit for purpose use of water sources. Economic drivers based on quantity alone do not provide the right signals regarding the true costs of supplying safe drinking water.

In response to the proposed elements of reform as outlined in the *'Australia's Urban Water Sector - Public inquiry'* document WQRA would like to provide the following comments for consideration:

1. Economic efficiency should also include the water quality requirements of state based legislation in relation to meeting water quality targets, consistent with the Australian Drinking Water Guidelines (ADWG). These targets are critical in defining economic efficiency as setting quantity based efficiency targets alone may result in unintended outcomes, particularly if the concept of third party access is implemented.
2. Urban supplies are moving towards greater diversification in water sources, including desalination, stormwater, recycled water and groundwater. These clearly have different costs associated with the provision of water, as well as a range of management and operational issues to ensure safe and aesthetically acceptable water to consumers. These aspects will need to be considered as it is not beneficial for the Australian community if utilities are not supported to undertake their core business and deliver safe water.

3. Consideration should be given to include the development and maintenance of capability and capacity within the industry. Competency based training and qualifications for operators as well as a skilled professional work force within the water industry will help to ensure the provision of safe water for consumers. Activities that encourage this should be highly supported. In addition, there needs to be consideration on how to mitigate the issues associated with an ageing work force to assist in limiting the impact as the water industry in the long term.
4. There is a cost in meeting legislative requirements – resourcing, monitoring and reporting. These costs should be duly acknowledged. Aside from State and Territory based reporting, the Water Services Association of Australia undertake an annual report on the performance of the urban water sector for the National Water Commission. Water quality compliance reporting is one component of this framework.
5. R&D is an important activity that not only informs utilities how to improve system performance and assists in development of evidence based guidelines, but also leads to significant innovation that provides the urban water sector the tools, knowledge and capabilities to underpin safe supplies now and into the future.
6. Current recycling practices are centred on ‘fit-for-purpose’ so that the appropriate treatment is applied to meet the health based targets for the purpose of application.
7. The World Health Organisation recognised that throughout the world that infrastructure alone does not deliver water security (quantity and quality) and support for management (R&D, operations, maintenance) is necessary.
8. Consideration should be given specifically to the challenges faced in delivering water and wastewater services in remote and regional areas in any reform. Many of these communities face difficulties in simply delivering these services to these communities.

Delivering water and sanitation is a public good activity. Australian utilities are tasked with balancing numerous and diverse challenges in successfully achieving the provision of safe water and in managing wastewater supplies. It could be argued that the true cost of water is not being paid for by any user – urban, industrial or agricultural – and reform to reduce costs does not seem in line with this philosophy. Utilities should continue to be supported so that they can continue to do their business well in implementing legislative requirements for drinking water, wastewater and recycled water and be in a position to be able to respond to the future challenges that lie ahead in delivering safe water supplies for urban populations.

Yours sincerely

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