



South Australian Water Policy Dialogue

White Paper

July 2016



Water Industry
Alliance

**AUSTRALIAN[®]
WATER**

ASSOCIATION

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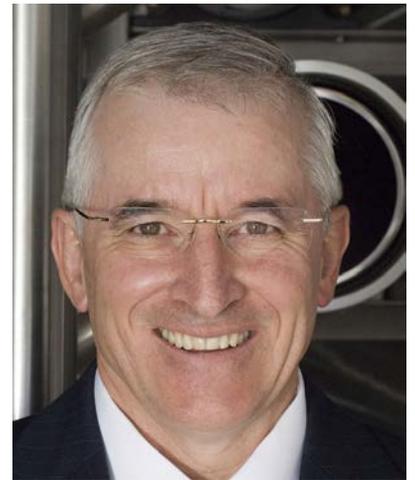


Foreword

Policy is a difficult area in the water sector because:

- Policy topics have very long time horizons
- The financial implications of a policy in the water sector are generally very substantial, and particularly can often involve large amounts of capital which may not always be forthcoming.

Therefore, it is with some trepidation that the two major South Australian water Associations (the Australian Water Association, SA Branch and the Water Industry Alliance) have launched into this space to try to encourage the building of a policy framework which addresses the challenges of the sector, is affordable by Government and the community, and is deliverable.



These are lofty ambitions and this paper records the deliberations of the sixty people from across the sector who gathered together on 28 April 2016 to start the development of a State focussed water policy framework.

A new format that allowed much more dialogue was introduced so that every attendee had plenty of opportunity to table and debate their ideas, not just the presenters.

This White Paper records the deliberations of that day under three broad headings:

- Research
- Industry
- Governance

I thank the contributors to this paper, the facilitators, the authors and the sponsors, particularly Deloitte, whose work in the water sector is growing considerably around the nation.

I commend your reading, questioning, debating and contribution to the development of a State water policy framework, which builds on the previous landmark policies of the National Water Initiative and the Water for Good documents.

Policy is a journey rather than a destination and the proof of good policy is in its adoption and successful implementation, as well as its continual review and updating.

Graham Dooley

AWA National President 2013 - 2015
AWA SA Branch President 1997 - 2008
WIA Founding Board Member 1997 - 2007



Background:

South Australian Water Policy Dialogue Event - 28 April 2016

Fostering close discussion between informed participants to shape the state's water policy.

The Australian Water Association South Australian Branch and the Water Industry Alliance recently held the first South Australian Water Policy Dialogue event, with a new conference format. The Dialogue encouraged discussion and outcomes from the delegates who could be fully interactive with key industry leaders and policy influencers.

The new and exciting format meant registered delegates had access to all the keynote presentations via video to watch when their time permitted. This meant not just listening to presentations - the Dialogue sessions were fully interactive at the event, allowing delegates to speak directly with key industry influencers.

Three streams were held - research, industry and governance - and all generated lively discussion and good outcomes that were the content for the white paper. Jonathan McKeown, Chief Executive Officer of the Australian Water Association opened the event and the Minister for Water and the River Murray, the Hon. Ian Hunter MLC closed the event and was encouraging of conversation on water policy.

MORNING SESSIONS:

Research - Who does it and how is it funded?

Neil Palmer, Chief Executive Officer, National Centre of Excellence in Desalination Australia

Professor Jennifer McKay, Professor of Business Law, University of South Australia



Industry - Water for Business

Tony Circelli, Chief Executive, Environment Protection Authority South Australia

David Eggers, Manager Business Relations, External Relations, SA Water



Governance - Water Management and Use

Karlene Maywald, Strategic Advisor Water Opportunities, Government of South Australia

Andrew Johnson, Group Executive Director, Primary Industries and Regions South Australia (PIRSA)



AFTERNOON SESSIONS:

Research - Environment & Climate Change

Sandy Pitcher, Chief Executive, Department of Environment, Water & Natural Resources

Michele Akeroyd, Director, Goyder Institute for Water Research



Industry - Procurement and Engagement Models

Bruce Naumann, Manager, Salisbury Water, City of Salisbury

Ian Nightingale, Industry Participation Advocate, Office of the Industry Advocate



Governance - Pricing and Access Issues

Nathan Petrus, Director, Consumer Protection & Pricing, Essential Services Commission of South Australia

Professor Mike Young, Research Chair in Water and Environmental Policy, University of Adelaide



Research Stream

The Research Stream of the South Australian Water Policy Dialogue was undertaken across two workshops and facilitated by John O'Brien, Managing Director, Australian CleanTech.

Workshop Topic	Workshop Speakers
Research: Who does it and how is it funded?	Neil Palmer, Centre of Excellence in Desalination Australia Professor Jennifer McKay, University of South Australia
Research: Environment & Climate Change	Sandy Pitcher, Department Environment, Water & Natural Resources Dr Michele Akeroyd, Director, Goyder Institute for Water Research

The research stream considered how water research could be funded in a more sustainable manner and delivered in a more coordinated way to achieve the greatest value for the community. The participants felt that, based on the existing reputation of excellence, South Australia has a significant opportunity to export its world leading research capabilities to growing economies.

The summary below provides an overview of the dialogue across both sessions and collated into the four themes that emerged repeatedly during the day: Funding, Research Coordination, Innovation and Engagement. Each theme includes proposed policy solutions that could be adopted.

Sustainable Funding for Water Research

Whilst there is excellent water research undertaken there were views expressed that the lumpiness of funding regimes leads to sub-optimal outcomes for long term research projects and the development of researchers.

It was also noted that economic regulation has reduced allowable expenditure on research activities as the economic regulations do not allow for activities without demonstrable economic benefits for customers. This market failure has been addressed internationally with regulatory regimes that allocate R&D funding as part of allowable tariffs but this is yet to be adopted in Australia.

A policy solution that was proposed was to introduce a small levy to all prescribed water extractions to be allocated to an independently managed South Australian Water Research Fund. The Fund would replace other State funding of water research and would become a sustainable source of funding for ongoing water research. It could also become a model for national research programs with South Australia again showing leadership in the future of water. The levy would be justified through increasing water security and water efficiency over the long term to the benefit of all South Australians.



One solution to moderating the impact of economic regulation was to have a legal ‘customer voice’ as part of the process as has been adopted in other jurisdictions such as Scotland. This customer committee has influence on spending priorities and assesses the benefits on short term pricing and long term sustainability.

Accessing more federal funding for water research was also raised as a priority. The current bid for the CRC for Future Water highlighted as a key current opportunity that could be supported by the State Government.

Proposed Solutions	<p>Introduce a small levy to all prescribed water extractions to be allocated to an independently managed South Australian Water Research Fund and to replace other State funding of water research.</p> <p>Introduce a legal ‘customer voice’ as part of the economic regulation process to influence spending priorities.</p> <p>Support the current bid for a South Australian node for the CRC for Future Water.</p>
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Coordinating Water Research to Deliver Community Benefit

The funds that are allocated to water research do not deliver the best value to the community due to the uncoordinated nature of the research delivered. In particular, it was felt that there was a weakness in applied research that delivers tangible short-term benefits. It was however noted that applied research only ever solves ‘known’ problems whereas more fundamental research can lead to step change outcomes.

It was felt by some that the overall system of water research across Australia was ‘broken’ and it required coordination and oversight to ensure the most valuable research was delivered efficiently. Comparisons to the wheat industry and dairy industry research and innovation programs were made where there is a single independent national body coordinating activity. It was felt that South Australia could lead the movement towards this through establishing a single water research body to coordinate all publically funded research in the State. This body, which might be an expanded Goyder Institute, might then provide the oversight of the Water Research Fund discussed in the previous section.

Areas of research that were felt to require additional focus to deliver community value included water governance structures and optimisation of asset utilisation, resource allocation and service delivery. There should also be a growing focus on the impact of climate change on water security and operations. Finally, the topic of ‘behavioural economics’ or ‘social marketing’ and the importance of understanding how to influence behaviour change was discussed and further research in this field was highly recommended.

Other practical suggestions for increased engagement included:

- facilitating researcher/industry swap programs;
- high profile case studies of success stories where research, business and the community have collaborated; and

- establishing the Adelaide Water Prize to celebrate global success and raise the profile of Adelaide as a global centre of excellence for water.

Proposed Solutions	<p>Establish single water research coordinating body to ensure State priorities are addressed.</p> <p>Focus research funding on governance structures, optimisation of resources and behavioural economics.</p> <p>Facilitate industry/research interaction through structured programs.</p>
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Driving Water Innovation

It was identified that there is little assistance available to bridge the ‘valley of death’ for innovative water solutions once they out of the research stage but yet to be proven commercially viable. This is due to both a lack of focussed mentoring and support programs and also due to the conservative risk-averse nature of the water sector.

Specific programs to support water innovation might include accelerator programs and a program to allow innovators access to State owned assets as part of a competitive demonstration and pilot program to help local technologies commercialise. A similar program is being delivered in Vancouver where multiple types of city-owned assets are being used to help demonstrate local pre-commercial innovations.

Another suggested activity was for industry to present and pitch their water challenges to researchers to see if any of them have ideas for solving these problems. This could be delivered through a forum such as the AWA SA Water Conference or delivered confidentially through one-to-one meetings between industry and researchers based on the NanoConnect program delivered by Flinders University. This program was funded by the Department of State Development and provided opportunities for free consultation from researchers to relevant industries to explore issue and opportunities to deliver tangible value to industry.

Proposed Solutions	<p>Support water technology accelerator program.</p> <p>Introduce program to enable demonstration of local technologies on State owned assets to help local innovators succeed.</p> <p>Support a targeted program of engagement between water companies and researchers to focus research effort on un-met industry needs.</p>
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Engaging Business & the Community

Helping business and the wider community to place a greater value on water as a resource and on the value that can be generated through water research was also seen as a key activity that would provide state-wide benefits.



Engaging the community in the value of water needs to be delivered in a way that is not just logical and rational. It needs to engage at an emotional level through arts, culture and creativity. The activities joining schools’ projects and stormwater recycling in West Torrens is an example of successful engagement. Specific funding of research or pilot projects in this might deliver increased engagement and support of water activities such as increased Water Sensitive Urban Design requirements.

Engaging business in water issues requires an increased focus on the risks and opportunities that water security and quality present for every business activity. Research projects can drive strong case studies that highlight these outcomes and make them real for business. It was also suggested that specific research is commissioned into assessing how to deliver major projects with sustainable water plans.

Water knowledge and technology exports can be enhanced through ‘aid for trade’ initiatives delivered through national programs. At a State level, a focus on delivering business matching as part of trade missions is most likely to deliver tangible economic outcomes for the State.

Proposed Solutions	Support water arts programs to increase community engagement in water issues. Deliver research projects to highlight risks and opportunities to business from the water sector. Facilitate business matching programs targeted at water knowledge and technology export.
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Policy Recommendations Summary

The proposed solutions are summarised in the table below along with key benefits to the State and risks to the Government resulting from their adoption.

	Policy Recommendations	Benefits	Risks
1. Sustainable Funding			
1.1	Introduce a small levy to all prescribed water extractions to be allocated to an independently managed South Australian Water Research Fund and to replace other State funding of water research.	Long term research funding comes off State budget and delivered independently.	Perception of increasing water prices will have political sensitivities regardless of logic of solution.
1.2	Introduce a legal 'customer voice' as part of the economic regulation process to influence spending priorities.	Engages community and counters input of only economic benefits.	Potential for uneducated recommendations not in the best interests of the State.
1.3	Support the current bid for a South Australian node for the CRC for Future Water.	Secures Federal funding for local research and builds reputation of excellence for State.	-
2. Coordinating Water Research			
2.1	Establish single water research coordinating body to ensure State priorities are addressed.	Ensures that priority research areas are addressed effectively.	Potential for vested interests to skew research priorities.
2.2	Focus research funding on governance structures, optimisation of resources and behavioural economics.	Provides greater depth of knowledge to allow water sector to evolve effectively.	Criticism that research is being focussed on soft issues rather and away from water quality.
2.3	Facilitate industry/research interaction through structured programs.	Increased engagement and understanding between business and research.	-
3. Driving Water Innovation			
3.1	Support water technology accelerator program.	Provides assistance to local companies bringing water technologies to market.	Early stage commercialisation support leads to many 'failures' as companies not make the transition to being commercial.
3.2	Introduce program to enable demonstration of local technologies on State owned assets to help local innovators succeed.	By being able to pilot of demonstrate a technology, companies have a better chance of succeeding and exporting.	Risk to asset operation and reliability by introducing new unproven technologies.
3.3	Support a targeted program of engagement between water companies and researchers to focus research effort on unmet industry needs.	Delivers practical solutions to industry to help them improve productivity and efficiency.	Business not interested in engagement or researchers not focussed on delivering practical short-term solutions.
4. Engaging Business & the Community			
4.1	Support water arts programs to increase community engagement in water issues.	Increased community support for water activities at all levels.	Seen as a waste of tax payer money funding arts programs.
4.2	Deliver research projects to highlight risks and opportunities to business from the water sector.	Better engagement from industry and more efficient operations.	Case studies not seen as widely relevant and so not valued.
4.3	Facilitate business matching programs targeted at water knowledge and technology export.	Increased water knowledge exports.	No increase in water knowledge exports.

Industry Stream

The Industry Stream of the South Australian Water Policy Dialogue was undertaken across two workshops and facilitated by Andy Roberts, CEO, Water Industry Alliance.

Workshop Topic	Workshop Speakers
Industry: Water for Business	Tony Circelli, Chief Executive, Environment Protection Authority South Australia David Eggers, Business Relations Manager, SA Water
Industry: Procurement & Engagement Policies	Ian Nightingale, Industry Participation Advocate, South Australian Government Bruce Naumann, Manager - Salisbury Water, City of Salisbury

The industry stream considered how the water industry through best practice, regulation and service delivery could provide significant benefits to South Australian business and wider community and also how through strategic procurement this could be used to both strengthen industry and successfully achieve project outcomes.

The summary below provides an overview of the dialogue held in each session and highlights for each some of the major themes that were discussed. Each theme includes proposed policy solutions that could be adopted.

Water for Business: Best Practice Regulation Assisting Productivity

The SA EPA is actively moving regulation from simply being about compliance for sustainability to having a greater focus on community wellbeing and also being a driver of industry innovation. Likewise, SA Water has an extensive customer engagement process and a business support unit actively working with its larger customers.

It was acknowledged that future customers and those with new projects should be encouraged to reach out to regulators and other supportive organisations (eg local governments) earlier as the organisations would be able to help more during the formative parts of the venture to minimise the risk that regulation is problematic later in the process.

It was recognised that while this change would be beneficial it was also important that regulators provide industry with certainty and so clear communication of requirements is necessary.

Sometimes the overall reason for regulation is overlooked and this can lead to resentment from communities when decisions are made. One suggestion to help the wider community understand the rationale and intended outcomes of regulation is to be very clear with how the



actions of regulation tie back to a wider vision.

Proposed Solutions	Aim to further increase early engagement on projects so regulation is built-in during design and not be a “hurdle” later in the process. Work to have a clear vision and communicate how the actions of regulation link back to this vision.
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Water for Business: Communicating with the Community

A common theme across all government parties in the room was that it is imperative that any regulator understands the community they are representing and also communicates clearly with them.

Those present on the day discussed with others about that to succeed in any regulation or paid for service provision, the Government must ensure that it properly understands the community that it represents and also understands the social licence that is given to operate.

One method of improving the relationship between the community (whether it is the business community or the wider public) and the Government service providers and regulators, is to better communicate the rationale and reasoning for the outcomes experienced by the community. Commonly these outcomes are driven by science and/or economics and as such these topics can at times be difficult to explain to the wider community.

There has already been some good examples of the continued development of this communication (eg EPA Summit or SA Water’s education programs) but perhaps it may assist to explore how “science communicators” and those who specialise in making difficult concepts understandable to the wider community may be utilised to further assist in conveying this message.

Proposed Solutions	Continued investment in understanding the community’s values. Investigating how “Science Communicators” could be utilised to make the rationale of decisions more accessible to the community.
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Water for Business: Balancing Risks and Opportunities

As a further extension to understanding the community’s values it was felt that the topic of risk required additional specific attention.

Regulators are regularly faced with maintaining a careful balance between allowing for change, innovation and progression together with identifying and managing associated risks. Often these decisions have impacts that ultimately affect costs to the communities either in infrastructure or services or alternatively in levies or costs required for management.



It was noted that constructive regulation involved the ability to open opportunities through managing risks to empower industry while not unreasonably endangering what is being protected by the regulation (eg environment, health or customers). The introduction of new technologies or innovative projects may introduce new risks to be identified and properly managed.

Engagement and communication would be beneficial to help identify if the community was supportive of the potential risks, understand the consequences of decisions being made, and share in the ownership.

Proposed Solutions	Work with the community to understand the risks the public is willing to accept and understand the potential consequences.
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Procurement & Engagement Models: Maximising Value, Not Just Reducing Cost

There was significant discussion regarding the wide range of benefits that could be achieved by smart procurement of state assets. These benefits are beyond just the primary outcome but also can impact the wider state good including capacity building and employment. As such, this needs to be considered as industry benefit not just local content.

To achieve these benefits it is often useful that the criteria and weightings are formed such that they are outcome focussed while not being overly prescriptive to allow for a wider range of tenderers and to not artificially stifle innovation by assuming a solution or technology.

It was acknowledged that the ability to properly identify criteria and weightings that were well targeted but not too open ended was an important skill that needed to be further fostered in the state and this was something that may require investment. Also parts of government with good track records and skills in this area could be utilised to advise or support other areas of government.

The participants also identified that there was sometimes a propensity for the “least cost” tenders to be selected rather than those that provide a greater value for money but may be potentially higher cost. While cost is an important factor in most tender selection processes there has been a long history of “least cost” tenders not delivering best value.

Proposed Solutions	Invest in setting correct criteria and weightings to allow for a wider range of potential outcomes. Ensure that projects are selected for a “value for money” against the criteria and weightings not just “least cost”.
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Procurement & Engagement Models: Reducing Costs for Business Responding to Tenders

It was discussed that while there is significant potential for wider benefits through state



procurement sometimes the procurement process itself can be an arduous and expensive exercise for companies to respond to.

Care must be taken to ensure that the process is not unduly onerous nor too many companies are taken too far through the process as this can be a significant expense for a company. It was also discussed that long hold points during a procurement process can also significantly add to the expense of companies responding.

Other issues that contributed to costs were when the tender documents were not clear enough and the ambiguity meant that additional work needed to be carried out to either provide both conforming and non-conforming bids or clarify what was required.

Proposed Solutions	State Government can show leadership by being a model client by doing procurement process well and in a timely manner.
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Procurement & Engagement Models: Early Contractor Involvement

A lot of discussion was held about using early contractor involvement to provide additional information and expertise during the design which can ultimately lead to significantly greater value and buy-in from the contractor. This model also reduces the expense on industry where competing bids will result in multiple designs being made for the same project.

There have been a wide range of different engagement models and experiences historically inside governments and increased sharing of information across parts of government about these experiences would be beneficial and promote better outcomes.

Proposed Solutions	Greater focus on early contractor involvement to allow for input earlier to achieve better results.
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Policy Recommendations Summary

The proposed solutions are summarised in the table below along with key benefits to the State and risks to the Government resulting from their adoption.

Policy Recommendations		Benefits	Risks
1. Water for Business: Best Practice Regulation Assisting Productivity			
1.1	Aim to further increase early engagement on projects so regulation is built in during design and not be a "hurdle" later in the process.	Earlier in the design there are more options to allow for better joint outcomes. Create a shared ownership of the goal for regulation.	May require additional funding and up-skilling to achieve.
1.2	Work to have a clear vision and communicate how the actions of regulation link back to this vision.	Helps stakeholders appreciate the bigger picture of why regulation is required.	Work may be required to articulate and communicate a vision that adequately represents the purpose of the regulation.
2. Water for Business: Communicating with the Community			
2.1	Continued investment in understanding the community's values.	Helps further refine and optimise future investments.	Will require a scope of work if not already carried out.
2.2	Investigating how "Science Communicators" could be utilised to make the rationale of decisions more accessible to the community.	Regulation, pricing and other decisions will be accepted more fully with better understanding.	Will require funding. Additional information provided may invite more questions from the community.
3. Water for Business: Balancing Risks and Opportunities			
3.1	Work with the community to understand the risk the public is willing to accept and understand the potential consequences.	Can further refine the levels of regulation to the expectations of the community.	Criticism may result from lack of agreement and also from those not involved in the program.
4. Procurement & Engagement Models: Maximising Value, Not Just Reducing Cost			
4.1	Invest in setting correct criteria and weightings to allow for a wider range of potential outcomes.	Will invite more innovation in response to tenders by limiting the tenderers to a specific solution.	Up-skilling may be required for staff. Tenderers may also need to up-skill to meet requirements.
4.2	Ensure that projects are selected for a "value for money" against the criteria and weightings not just "least cost".	Procurement will yield greater outcomes and better value.	There may be some resistance to change and lack of understanding of change in early period of adoption.
5. Procurement & Engagement Models: Reducing Costs for Business Responding to Tenders			
5.1	State Government can show leadership by being a model client by doing procurement process well and in a timely manner.	Will show leadership and encourage others to follow suit while benefitting industry.	Will require greater disciplines and perhaps some new procedures to achieve.
6. Procurement & Engagement Models: Early Contractor Involvement			
6.1	Greater focus on early contractor involvement to allow for input earlier to achieve better results.	Expertise from contractors will be injected into the design phase.	Poor execution may lead to suboptimal project outcomes (eg higher costs).

Governance Stream

The Governance Stream of the South Australian Water Policy Dialogue was undertaken across two workshops and facilitated by Niki Robinson, Manager of Water and Sewerage Infrastructure Regulation, Office of the Technical Regulator and Jeremy Lucas, Performance and Innovation Manager, Allwater.

Workshop Topic	Workshop Speakers
Governance – Water Management and Use	Karlene Maywald, Strategic Advisor Water Opportunities, Government of South Australia Andrew Johnson, Group Executive Director, Primary Industries and Regions South Australia (PIRSA)
Governance – Pricing and Access issues	Nathan Petrus, Director, Consumer Protection & Pricing, Essential Services Commission of South Australia Professor Mike Young, Research Chair in Water and Environmental Policy, University of Adelaide

The governance stream considered how water is used and managed, and issues around pricing and access. The participants felt that there is a need to: identify and develop appropriate policy to prioritise allocation of water based on specific use; and increase the transparency of water charges across the state.

The summary below provides an overview of the dialogue across both sessions and collated into the 9 themes that emerged repeatedly during the day:

- Reinvigoration of National Water Initiatives
- Keeping water on the national agenda
- Capacity to support successful reform
- Improved societal understanding of water
- Proactive water allocation decision making
- State-Wide Pricing
- Drinking Water Charges
- Sewage Charges
- Alternative Water

Each theme is summarised below and proposed policy solutions included in the summary table.

Reinvigoration of National Water Initiative

The disparity of effort and maturity in water reform across state government is significant with the eastern states only commencing in the last 15 years whilst South Australia started in the 1960's. Concurrently, the federal government has struggled to manage the reform development



and implementation from state to state, whilst being conscious of the need for equity but also needing to ensure progressive states are not disadvantaged. The Murray Darling Basin Plan was acknowledged for making headway in the area of reform but lacked a future overarching and complete water reform.

The participants all agreed that the work of the National Water Initiative (NWI) was considered valuable in leading national water reform, and were concerned that with its dissolution that there is now no real means to progress in an equitable manner.

Proposed Solutions	Reinvigoration of a nationally led initiative to lead the next decade of water reform
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Keeping water on the national agenda

Success of the SARMS program was considered to be inadequately recognised and should be publicised as a flagship program for national adoption. Whilst it is acknowledged that other states are considering similar implementation programs, they are not progressed, supported or focused in the necessary areas to observe national success. Instead, the programs are established as trigger responses to drought and lack a true focus on improved water reform.

Most reform at present is focussing on urban areas, yet rural areas account for more than 65% of the use. To make tangible national decisions we must face the political reality that decisions will continue to be made in a manner which avoids upsetting the electorates. Fundamental distribution of power is a key factor which must be incorporated to get positive outcomes.

Dialogue is needed to allow for the importance of water to be ingrained in all products so people clearly appreciate how their lives are impacted.

Proposed Solutions	Keeping water on the national agenda outside of drought - communicating success and failure – influence of asset management
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Capacity to support successful reform

Whole of life costing expanding into environment and social sectors is still inadequate and huge infrastructure projects rarely have adequate funds for appropriate long term maintenance and also operation. Whilst environmental factors form part of infrastructure investment there continues to be a shortfall of funds to collect the evidence demonstrating success (or otherwise) of the infrastructure.

Our key priority is to ensure water security doesn't go backwards as a result of insufficient or inadequately funded operation.

Effective resourcing across government is required to maintain appropriate monitoring both pre and post infrastructure development along with resourcing for public education on infrastructure outcomes. Government resources are presently considered inadequate to cope with what is required to achieve a long term balance.



Proposed Solutions	Improving organisational capacity within government to support successful reform including research and development resources.
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Improved societal understanding of water

Long cycles for water reform impede our ability to respond quickly to environmental and societal pressures. Budget pressures also impose limitations which restrict appropriate and timely changes. During the millennial drought the community recognised that water was too “cheap” yet once it rained our community reverted back to the old rhetoric.

The South Australian Water Industry has extensive and international renowned knowledge and information, and as such should be encouraged to be ambassadors of water management and used within the broader community.

The use of social media needs to be adopted to transcend intergenerational reach, influence change and provide education. All possible avenues need to be exhausted to transfer the necessary information into the community about water reform – what does and doesn’t work, and what is and isn’t important. For example, use SARMS as a means of showing how the program impacts on the average person in the city, whether it is the pricing of different consumables or other means.

Proposed Solutions	Raising societal and community understanding of water including general education, pricing and technologies.
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Proactive Water Allocation Decision Making

We need a proactive approach to water allocation, which is independent of drought, considers the science and economics of the situation and allows for independent decisions.

To date, there has never been a successful model which provides true clarity on who makes the final decision. The participants noted that there is a disconnect between the groups who write water allocation plans, those required to implement them, and those providing the funding for implementation.

To make proactive water allocation decisions, the governing group (such as an independent board) need to be accountable for both the management and implementation and have adequate funding for oversight.

Proposed Solutions	Moving away from reactive decisions towards reactive water allocations.
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State-Wide Pricing

Whilst there has been criticism of state-wide pricing from time to time, none of the participants felt it was a flawed model, and all felt it should continue. The benefits of state-wide pricing were discussed and acknowledged, with the ability to support regional areas for growth, tourism and for the good of the State.



Proposed Solutions	Continue to support State-wide pricing model.
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Drinking Water Charges

There was a lot of discussion on the confusion by customers of how their SA Water bills are determined, what the different components are, and what they can influence.

A communication strategy should be developed to better inform customers of how their bill is determined and what they can control, and why there are fixed costs, and what they mean (cost of connections and infrastructure in the ground for water and wastewater).

There was a consensus that the current structure should be more biased towards usage, with a higher fixed cost charge, and lower usage cost. This would more accurately reflect the true cost of water infrastructure and water supply.

There was a lot of discussion on support for customers in difficulty and how this is handled by SA Water. The general consensus was this could be better run through another government agency arranging discounts and payment options as is done for other utility bills.

Proposed Solutions	Communicate water bill facts and how the water bill is made up for the community.
	Consider changing water bill with a higher fixed cost charge and lower usage rate.
	Consider moving customer discounts and payment options for customers in hardship to another government department.

Sewage Charges

There was a lot of discussion on how sewage is charged in water bills. The general consensus was that having a sewage charge based on property value was not being transparent and an alternative model should be explored.

One popular option for this is to explore a fixed charge for sewage, and then a separate transparent charge or levy based on property value.

Proposed Solutions	Consider increasing transparency on sewage charges in the water bill by separating the property based tax from the fixed charge cost.
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Alternative Water

There was a lot of discussion on alternative water supplies, and third-party access.



Third-party access was acknowledged as positive, however ensuring public health was the key critical consideration under this regime. With state-wide pricing in place critical to ensure this regime doesn't allow supplies which subsidise water bills to be stripped out leading to increased water bills for remaining customers.

There was a feeling to continue supporting recycled water schemes and stormwater schemes where economic and with positive benefits to the community.

There was also a strong view that the rainwater requirement for new housing should be scrapped as not economic.

Proposed Solutions	<p>Support third-party access as a positive initiative, while ensuring public health considerations are paramount.</p> <p>Continue to explore alternative water supplies, including recycled water and stormwater schemes where economic and of community benefit.</p> <p>Consider scrapping requirement for new housing to have a rainwater tank.</p>
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Policy Recommendations Summary

The proposed solutions are summarised in the table below along with key benefits to the State and risks to the Government resulting from their adoption.

	Policy Recommendations	Benefits	Risks
1. Reinvigoration of National Water Initiative			
1.1	Engage COAG to drive a continuous reform agenda.	Ongoing monitoring and assessment of water scarcity, ecosystem health efficient use. Long term benefits to South Australia.	Misunderstanding of resources and effort into non-infrastructure areas. Lack of community support for ongoing reform.
1.2	Urban water policy.	Independent and consistent economic regulation.	Perception of additional red tape.
1.3	The NWI equivalent to employ rural water reform policy.	Improved water systems delivering water to farms. Support improvement of water systems on farms. On farm business reform capturing economic reform and valuation of water.	Lack of community support due to majority of population in urban areas.
1.4	National policies through COAG.	Keep water on the agenda to prevent losing the investment made to date and continue forging forward as world leaders of water management.	Lack of agreement from States and support from Federal Government.
2. Keeping water on the national agenda			
2.1	Policy for broadcasting success and failure of policy and processes to manage water and its use across all public areas.	Improved and ongoing awareness of the need for water reform.	Poor messages. Misunderstanding of failures and consequences to the community.
2.2	Reintroduce water use and individual impact into school curriculums in a consistent and sustainable way.	Improved knowledge and understanding of water use and reforms. Maintain water as a priority educational subject.	Lack of funding. Competition on curriculum.
2.3	Pursue water education in other educational areas such as town planning, architecture, industrial engineering and others.	Educate the importance of water management and efficiency at the community and individual levels. Improved awareness.	Lack of funding. Competition on curriculum.
2.4	Gain bipartisan support and develop an ongoing process.	Maintain water on the political and educational agenda.	Lack of agreement from States and support from Federal Government.
3. Capacity to support successful reform			

3.1	Ensure appropriate funding of government departments, programs and research to support water reform.	Provision of appropriate data and support materials for successful water reform. Supporting information and data for funding decisions. Historical evidence for water reform decisions.	Lack of funding. Lack of agreement from States and support from Federal Government.
4. Improved societal understanding of water			
4.1	Undertake appropriate community consultation and awareness program on water reform (utilising different platforms including social media).	Improved and ongoing awareness of the need for water reform. Improved understanding of water in life. Identification of SA water industry members as ambassadors.	Lack of funding and oversight of any awareness program. Continued support of awareness program. Responsibility allocation.
5. Proactive Water Allocation Decision Making			
5.1	Establish a long term group or board to decide on water allocation.	Consistency of decision making. Arbitrary treasury decisions removed from decision making process. Independence. Ability to make quick and good decisions based on evidence. Removes complexity and inconsistency which lead to fallible decisions.	Group or board may be unbalanced or too big to make quick and correct decisions. Potential biased decision making. Lack of data for decision making. Incorrect decisions due to poor evidence. Decisions of group or board not supported.
6. State-Wide Pricing			
6.1	Continue to support State-wide pricing model.	Long term benefits to South Australia across regional communities for agriculture, mining and tourism.	Perception of the true cost of water not reflected in bills.
7. Drinking Water Charges			
7.1	Communicate water bill facts and how the water bill is determined.	Customers better informed, improved transparency and trust, improved debates going forward.	Potential for targeted criticism for water bills.
7.2	Consider changing water bill with a higher fixed cost charge and lower usage rate.	More accurately reflects water costs and better informed customers and community. Increased transparency and education on water bills.	Potential for low water users to pay more, so would have to be modelled and carefully worked through to ensure fair and palatable.
7.3	Consider moving customer discounts and payment options for customers in hardship to another government department.	Less double handling for customers in hardship, reducing the need for them to deal with multiple individual utilities rather than managed centrally.	Resources would have to be appropriate to achieve efficiencies.

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8. Sewage Charge			
8.1	Consider increasing transparency on sewage charges in the water bill by separating the property based tax from the fixed charge cost.	Increased transparency around sewage charges.	Increased focus on property based levy or tax in water bills.
9. Alternative Water			
9.1	Support third-party access as a positive initiative, while ensuring public health considerations are paramount.	Increased competition, increased options and services for customers.	Potential for poor outcomes and increased water bills if not well governed.
9.2	Continue to explore alternative water supplies, including recycled water and stormwater schemes where economic and of community benefit.	Community benefits, reduced discharge of wastewater to the gulf.	These alternative schemes are often not economic so have to be justified through environmental or community benefits.
9.3	Consider scrapping requirement for new housing to have a rainwater tank.	More sustainable economics around housing, improved communication around water costs.	Perception that government not caring about water, potential impact of local rainwater tank manufacturers.



Further Information

The Australian Water Association South Australian Branch and Water Industry Alliance thank the sponsors, speakers, facilitators and participants for being involved and contributing so generously.

The South Australian Water Policy Dialogue Paper has been provided to the relevant policy decision makers and influencers.

This is only the beginning, the South Australian Water Policy Dialogue started the conversation, but it will be up to the South Australian water community to engage all stakeholders to continue it.

AWA SA and WIA plan to create opportunities for further water policy discussion.

If you are interested in participating and contributing to the future, please contact:

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