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AUSTRALIAN
WATER
ASSOCIATION

Ministerial Water and Sewerage Taskforce
Response to Preliminary Position Paper
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Dear Project Team,

AWA Response to Preliminary Position Paper on the Future Regulation of the Tasmanian Water and Sewerage Sector, November 2007.

The Australian Water Association (AWA) welcomes the release of this paper and, further to its comments on the initial discussion paper, is pleased to make this submission. However, AWA has become aware that the Part B document referred to in this paper has just been released. In view of the fact that the Part B paper contains greater detail of the proposals in the Part A paper, please regard this as an interim response pending AWA's further consideration of the Part B paper.

AWA commends the objectives of the proposed reforms in that they will bring about a greater integration of the key elements of the planning, policy and regulatory framework and thereby overcome the current 'silo-like' approach. AWA endorses the proposition that, under the dual stresses of climate change and population growth, a more integrated approach to the development and management of water sources and services should be taken. It is noted the proposed reforms aim to bring about: better asset management; better compliance with drinking water quality standards and with environmental standards for wastewater; and minimum customer service standards. They will also improve revenue flows, drive business-like decision-making and bring about a better valuing of water by ensuring that customers pay for the services they receive. All this is supported.

Urban water policy and institutional reform are highly topical issues around Australia at the moment. In this regard it is interesting to note that the National Water Commission in its Biennial Assessment Report of October 2007 proposed several principles for best practice urban water management including: a lift in the standard of urban water supply planning (especially to meet the risks of climate change); the removal of any 'policy bans' on any water supply option in order to enable an objective consideration of all options; and, diversification towards less climate dependent water supply options and the idea of a 'floor' under urban water shortages by adoption of a national minimum reliability benchmark for water supply for Australia's major population centres.

The NWC also proposed fundamental reforms to institutional and market arrangements for water supply and expressed concerns about the roles of local government (particularly small local governments) in their capacity in urban water services delivery. It also called for 'strong and independent pricing oversight, and pricing regulation that encourages more flexible or market-driven pricing approaches to emerge in response to water scarcity'. Many of these issues have been addressed by your review and others will no doubt be addressed in the ongoing process.

In its previous submission AWA asked that this study ensure that, "the critical issues affecting different customer groups have been thoroughly investigated". Unfortunately there does not appear to be a reporting of the thorough investigation of these factors as AWA envisaged. Nevertheless, AWA does not disagree with the objectives of this review.



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Additional to the release of the Part B paper AWA notes, below, that there are two other key initiatives in train. It is difficult to come to an appreciation of the full scope of the possible reforms until these are completed:

(i) Future work on the coupling of the provision of water and sewerage services and the land use planning system. It is noted that this paper proposes that the Department of Primary Industries and Water (DPIW) take over the role long term water supply planning on a State-wide basis to ensure adequate strategies are in place to balance supply and demand. While AWA endorses this proposal, we look forward to the future work to examine how best to couple the planning and development approval role of local governments to the planning for the provision of water services, and how the regulatory framework will need to address this.

(iii) At the same time it is understood that institutional reforms to existing water service providers are under consideration as a separate exercise. This is of particular interest to AWA members because issues to do with developing and maintaining a critical mass of water services expertise in water utilities is of special importance. In this regard, in its previous submission AWA also asked that the provision of water supply and sewerage services not be separated from stormwater and flood mitigation services.

In conclusion, while the Preliminary Position Paper makes a most useful advance in developing the possible reforms, clearly, there is more to be discussed.

If you have any queries please contact me on (03) 6208 6177.

Yours sincerely,

Aniela Grun
President
AWA Tasmania Branch Committee

SPECIFIC COMMENTS:

It is noted that:

1. The paper identifies to the lack of a formal catchment management process in Tasmania. In addition to reform of urban water and sewerage framework, a broader catchment management framework (to resources and stakeholder coordination) is fundamental to ensure sustainable water quality and supply because so many people and organisations impact water resources other than water authorities.
2. The DPIW is to: "Issue water allocation licences (ensuring environmental flows maintained)". This would appear to be a generic requirement applying to water diversion for all types of uses – not just urban. Presumably this will be in accord with a comprehensive river basin/aquifer planning process that establishes sustainable flow regimes – consistent with the National Water Initiative.
3. The Economic Regulator is to: "Regulate prices in accordance with legislation and policy/ guidelines". Presumably the Part B paper will discuss these guidelines.
4. It would appear that many of the responsibilities being given to the Economic Regulator will require it to have its own water expertise. Some sharing of expertise with the DPIW may be desirable.
5. The Director of Public Health is to 'seek advice from the economic regulator on costs of compliance of drinking water quality standards'. AWA's preference is that there is little or no compromise on the quality of water supplied for drinking, regardless of costs. Communities facing excessive costs may have to be subsidised.



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6. The Director of Public Health is to have a, "Continued role as first point of customer contact for drinking water quality complaints". It is not clear why the water service provider isn't to be the first point of contact.