

**Water Services Association of  
Australia**

***Submission to Queensland's  
Water sector: a 30 – year  
strategy***



**WATER SERVICES  
ASSOCIATION OF AUSTRALIA**

## **OVERVIEW OF WSAA**

**WSAA IS THE INDUSTRY BODY THAT SUPPORTS THE AUSTRALIAN URBAN WATER INDUSTRY**

Its members and associate members provide water and wastewater services to approximately 16 million Australians and many of Australia's largest industrial and commercial enterprises.

The Association facilitates collaboration, knowledge sharing, networking and cooperation within the urban water industry. It is proud of the collegiate attitude of its members which has led to industry-wide approaches to national water issues.

WSAA can demonstrate success in the standardisation of industry performance monitoring and benchmarking, as well as many research outcomes of national significance. The Executive of the Association retain strong links with policy makers and legislative bodies and their influencers, to monitor emerging issues of importance to the urban water industry. WSAA is regularly consulted and its advice sought by decision makers when developing strategic directions for the water industry.

## WSAA's submission to Queensland's water sector: a 30 year strategy

WSAA congratulates the Queensland Government for developing a 30 year strategy Queensland's water sector. The challenges for the future may be less obvious than those posed by the drought, but they are no less complex. A clear vision and strategy is essential if the sector is to realise its full potential in creating liveable communities and regional prosperity.

WSAA members are also developing their vision for the industry and the outcomes they want to achieve by 2030. WSAA members' vision for the sector is:

### **Customer driven, enriching life**

The vision recognises the importance becoming more outward looking and customer focussed, and contributing to liveable communities where water services have broad economic, environmental and social values with multiple beneficiaries. We will be releasing further details on WSAA's vision in the next few months.

In this context WSAA strongly supports many of the elements outlined in strategy, including moves towards:

- total water cycle management and integrated planning for water and energy
- establishing simple regulatory frameworks that incentivise innovation to reduce cost pressures and enhance liveability and the environment
- recognising the role of catchments, urban and rural run-off and sewage treatment in the overall health of water supplies and our waterways
- empowering consumers to encourage smarter use of water and signal fair pricing
- establishing a recognised and respected industry underpinned by a nationally based skills framework, with commonly defined roles and career opportunities

However, WSAA considers that the strategy can be developed and refined in a number of areas. Some elements of the strategy appear to be grounded in the problems of today rather than embracing the possibilities of the future. In particular, WSAA suggests:

- that the focus of the vision should providing the **greatest value to customers**, rather than on lowest cost
- that the regulatory reform agenda should focus on **outcomes** rather than light handed regulation as an end in itself
- there could be an even greater emphasis, including at the national level, on developing the skills for the water sector of the future
- over the longer-term, regional reform needs to be addressed.

### **From 'lowest cost' to providing value**

WSAA understands the current concerns with the affordability of water services. Around Australia, prices have increased significantly to fund the infrastructure necessary to secure the water supply.

Energy prices have also increased sharply. Effective hardship policies are essential to assist those in difficulty. WSAA also appreciates the acute funding issues facing many regional service providers with a low revenue base.

However, price increases are moderating, and the industry will move to a more normal price trajectory. WSAA considers that industry needs to move beyond affordability if it is to fulfil its own and the community's aspirations. The onus is on the water industry to demonstrate the value it is providing and the greater contribution water services can make to the quality of life. Providing value to customers requires utilities to continue improving productivity and the efficiency of their operations. In this way it entails providing services at lowest cost. However, it also focusses on what customers want from water utilities. It requires the industry to deliver the products, services and standards of services that customers and the community are willing to pay for.

Therefore, for a 30 year strategy WSAA suggests that **providing value** is a more ambitious goal for the water sector than focussing on lowest costs.

### **Regulatory reform**

WSAA strongly supports the draft strategy's push for regulatory reform. Much water regulation is highly prescriptive, onerous and is a product of historical circumstances rather than current needs. It lacks the flexibility to meet individual or community needs. WSAA is seeing significant innovation within the water sector which will accelerate in the future. The sector is deploying new technologies and engaging with customers to deliver healthy liveable communities. It will increasingly work with other service sectors, be more strongly involved in land use planning and lead integrated water management. The regulatory system will need to evolve from one which is often a barrier to innovation to one which supports and encourages it.

At the same time WSAA respects our customers' and communities' rights to be independently assured about the quality of water and that the environment is protected.

WSAA considers that regulation should focus on the **outcomes that customer's value**. In this way the regulatory framework should support the delivery of services to customers and the water industry's role in enriching life. Outcomes-focussed regulation allows companies greater freedom to innovate and find more sustainable solutions. Service standards should be aligned with customer's values and preferences rather than determined by engineering specifications or regulators' own preferences.

Moving to an outcomes-focussed approach will in many cases reduce the regulatory burden as it shifts greater ownership and accountability to utilities for what they deliver. It is consistent with light handed regulation but does not view light handed regulation as an end in itself. WSAA suggests that the 30 year strategy could benefit from adopting an outcomes focussed approach to regulation.

### **Skills for urban water services**

It is clear that urban water services will not be the same 30 years from now. The ever increasing connectedness of systems and complexity of technical aspects of the industry continue to grow. That in itself is enough to warrant a focus on the capacity and capability of the industry to deliver urban water services. Moreover, the role that urban water plays in delivering healthy, liveable

communities for Australia implies a role in public health, sustainability and land use planning. Delivering these solutions that are affordable requires an even broader skill base. It is fair to say that the urban water industry has delivered safe drinking water without the requirement of any intervention of other sectors, nor an overly strong role of regulators.

However WSAA concurs with the 30 year strategy. Further WSAA suggests:

- the increasing role of the private sector necessitates stronger sector wide coordination and harmonisation of skill sets to deliver core functions of urban water services. This could be undertaken at a state level but is far more preferable at a national level to ensure seamless mobilisation of skills across the country.
- Queensland and Western Australia are the two states to see the benefits of the resources boom, however the nature of the skill set is largely technical and there can be competition between sectors. Recognising core competencies provides a career path for technical professionals who often cannot be remunerated to the same level as the resources sector.
- Closer alignment of skills with the actual role will increase workforce productivity with flow-on benefits to the productivity of the sector overall.

### **Regional reform**

The discussion paper recognises that there should be:

- Better synergies across neighbouring local governments and service providers
- Regional alliances or similar approaches to collaboration to implement innovative, local, shared-cost alternatives and to build capacity and skills.

WSAA supports these aims, but considers that the strategy could consider more far-reaching regional reforms. Formal rather than informal alliances may offer greater benefits. In the longer term forming larger stand-alone regional service providers should not be dismissed. The reform process undertaken in Victoria provides evidence that aggregation can lead to cost savings, a stronger skills base and an environment for innovation.

### **Contact details**

WSAA welcomes the opportunity to provide input to this important initiative and looks forward to the further development Queensland Government's 30 year strategy for the water sector. If there are any matters you wish to follow up on, please contact:

Adam Lovell, Executive Director, (ph: 02 9221 0082) or  
Stuart Wilson, Manager Industry Policy (02 9221 0059)