



**WATER SERVICES**  
ASSOCIATION OF AUSTRALIA



**WSAA Submission**  
**Australian Infrastructure**  
**Audit 2019**





## About WSAA

The Water Services Association of Australia (WSAA) is the peak body that supports the Australian urban water industry. Our members provide water and sewerage services to over 20 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises.

WSAA facilitates collaboration, knowledge sharing, networking and cooperation within the urban water industry. The collegiate approach of its members has led to industrywide advances to national water issues.

## Overview

**WSAA congratulates Infrastructure Australia on the release of its comprehensive audit of Australian infrastructure. WSAA considers the Australian Infrastructure Audit 2019 recognises the importance of water to the life of all Australians through the provision of clean, reliable drinking water and safe wastewater services and the provision of green and blue infrastructure.**

As the Audit acknowledges the urban water industry is a well performing sector. The Audit also delivers a balanced assessment on the opportunities, challenges and risks for the industry. Uppermost among these are challenges arising from population growth, climate change, ageing assets and changing needs and expectations of customers.

These challenges have been discussed extensively within the industry. This brief submission highlights WSAA's analysis of these challenges as set out in three recently released reports:

- [Urban Water Update 2019: Drought, Growth and Liveability](#)
- [Blue + green = liveability: the value of water to liveable communities](#)
- [All options on the table: lessons from the journeys of others](#)

WSAA commends these reports to Infrastructure Australia and looks forward to discussing these issues further as Infrastructure Australia develops its Australian Infrastructure Plan.

## Water as core to social infrastructure

An innovation within the 2019 Audit has been to frame water infrastructure as core social infrastructure along with health, education and transport. WSAA strongly agrees with this approach and the Audit's view that water's true value is not well understood.

We agree with Opportunity 170:

'In increasingly dense cities, water will need to play a growing role in supporting our cities as desirable places to live, work and visit over coming years. Better understanding water's role in urban environments could enhance quality of life, open new spaces for recreation, natural regeneration and cultural practices'.

Our report Blue + green = liveability outlines the value of water to liveable communities.

It seeks to increase understanding and explain how the urban water industry enables broader liveability outcomes including contributing to green and blue infrastructure to deliver benefits to physical and mental health by making communities cooler, healthier and more attractive places to live, work and play. This is in addition to the provision of safe, secure and affordable drinking water and wastewater services.

However, while planning for green and blue infrastructure can start to unlock improved liveability outcomes there are often no clear pathways to deliver and fund these initiatives.

We are calling on Australian and New Zealand governments at all levels to collaborate with the urban water industry and take leadership to enable green and blue infrastructure to deliver liveability outcomes for cities and regions by:

- Harnessing the full water cycle with all water supply options on the table and by coordinating the incorporation of stormwater
- Integrating our approach to planning

- Implementing an effective framework for measuring health and liveability benefits
- Creating new funding and financing models for green and blue infrastructure as social infrastructure.

## Water security

The Audit notes on page 623 that:

‘a challenge for the urban water sector is to minimise the long-term costs of maintaining an appropriate level of water supply security, while accommodating the uncertainty and pressure placed on urban water supplies by population growth and climate change’.

WSAA agrees and our report Urban Water Update 2019: Drought, Growth and Liveability reflects on a year dominated by severe drought, and explores future challenges and opportunities including population growth, climate change and water’s broader role in people’s lives.

Ironically it is often only during drought that we begin to recognise the true value of water. It highlights the longer-term issues in providing water for future generations. With assets that last up to 100 years, the industry has always taken a long term view on water security. In dealing with long term water security the industry needs to respond to a number of drivers including population growth, climate change and the need to ensure sufficient water for liveable communities.

The industry is aware of the challenges of population growth and believes it will provide both opportunities and challenges. Growth allows us to create new innovative communities that are water efficient and great places to live. Growth also requires planners and utilities to work together to maintain affordability to ensure liveable, sustainable and productive cities.

In terms of climate change the water industry understands the need to plan for uncertainty and to be agile and flexible in its approach. In response, WSAA and its members have developed tools and guidelines to manage the impacts of climate change. An example is WSAA’s Climate Change Adaptation Guidelines which provides the Australian and New Zealand water industry with consistent, clear and practical guidance in building climate resilience across all aspects of a water utility business. The Guidelines draw upon the experience of the water industry, identify current best practice and provide clear principles to guide the industry forward in a pragmatic and defensible approach to adaptation.

## All options on the table

The Audit states on page 613 that:

‘Direct potable reuse could provide an additional non rainfall dependent water resource that is cheaper to produce than desalination and a more flexible part of water networks than decentralised schemes’.

WSAA agrees that diversification of water supplies is critical and good water industry planning means having all options on the table for consideration. WSAA does not advocate specifically for any single water supply solution, but rather the consideration of all options including purified recycled water for drinking alongside desalination, water efficiency, dams and recycling for non-drinking purposes.

The Audit also states that:

‘Further community engagement is likely to be required to support social licence for potable reuse’.

In this context WSAA's All options on the table report provides insights and perspectives regarding community engagement on purified recycled water around the world. Community engagement for purified recycled water has evolved significantly over recent decades and the report includes 10 lessons and case studies from around the world as well as recommended actions based on the learnings from these case studies. It also includes maps showing 35 locations around the world already using purified recycled water for drinking and more that are considering it.

## Expand funding options

The Audit (Challenge 169) states that:

'The urban water sector faces considerable risks, including the impacts of climate change, population growth, ageing assets, and changing needs and expectations from users. Failure to adequately address these challenges could lead to rising water bills as well as exposing users to risks of declining service quality and reliability.'

The urban water industry is well placed in terms of capacity and capability to meet these challenges.

However, significant investment will be required particularly to meet the needs of a rapidly growing population and to deliver blue and green infrastructure as social infrastructure. These investments are likely to require innovative funding models.

The water industry has a strong history of implementing full cost recovery whereby water and wastewater customers (as beneficiaries of the service) pay the full cost of the service. In the case of blue and green and growth infrastructure the beneficiaries extend well beyond water and wastewater consumers.

In other sectors, mechanisms exist to fund social infrastructure where there is no direct funding source. For example, transport projects such as urban rail lines, often need to acquire expensive inner city land but are able to subsidise the cost through value uplift and property development rights. The costs of operating these rail lines is then only partially funded by customers with the large proportion provided by governments. To date these funding mechanisms are generally not available to deliver green and blue infrastructure.

Similarly, in many parts of Australia developers have partially funded growth infrastructure. While some regimes contribute materially to the revenue of water utilities, overall charges are less than required to fund new infrastructure. For example in Sydney there are no developer charges for water or wastewater.

While developer charges are payable by the developer, they do not generally get passed onto the prices paid by homebuyers. In this way they do not affect housing affordability. Governments have been increasingly looking at forms of value capture to fund infrastructure. Developer charges are an attractive funding source because, if well-designed, they recover the additional costs of servicing new growth through a form of value capture. Moreover, they may reduce the additional costs of growth through incentivising developers to develop lower cost sites.

## United Nations Sustainable Development Goals (SDGs)

While the majority of Australians have access to safe water and wastewater services, WSAA agrees with Infrastructure Australia's assessment in the Audit that there is evidence that services in some remote communities, including indigenous communities, do not meet United Nations Sustainable Development Goal 6: clean water and sanitation for all.

The urban water industry in Australia recognises that we are part of the solution and we are willing to work with communities and governments to ensure all Australians have access to safe drinking water. In some cases it is not the water utilities providing the water and wastewater services – it is managed by other organisations.

In order to meet SDG 6, WSAA recognises that we need to understand and quantify the problem better and find solutions that are right for these remote communities (including indigenous communities). This process will involve building capacity in these communities.

WSAA is part of the Commonwealth Government SDG Working Group along with several of our members. We recognise the importance of all 17 SDGs and have led the development of an industry commitment to SDG 6 together with strong support to advance all 17 of the SDGs. Over 24 utilities have signed on to the commitment.

WSAA and its members will continue to build the capacity of the water industry to address all 17 SDGs.

## Improved data and transparency

WSAA strongly supports the role of a national reporting framework that provides transparency around the management of urban water resources. Australia is unique in having the National Performance Report. However, in its current form the Report is showing its age and needs reforming to ensure it aligns with contemporary industry focus and challenges. WSAA agrees with Infrastructure Australia that ‘urban water performance reporting and data is not fit for purpose’ and with Challenge 175 that ‘Information on water and wastewater services is not nationally consistent, reliable, insightful or reflective of the outcomes that matter to users’. Accurate, consistent data is important to ensure governments and operators can make informed decisions.

WSAA is therefore pleased that the Bureau of Meteorology has commissioned a review of the NPR and in collaboration with the Commonwealth and States is moving to implement the review’s recommendations. WSAA looks forward to the momentum behind this process continuing.

This reform process could be formalised in a new National Water Initiative.

## A new National Water Initiative

The Audit (Challenge 177) states:

‘National objectives have not been updated since the Millennium Drought, despite clear lessons for the water sector during this period, and the need for long-term proactive and adaptive strategies to efficiently meet future needs. Being unprepared for another major drought could lead to reactive expenditure on additional supply assets, adding further costs to user bills and taxes’.

WSAA agrees with the need to update national objectives and our report Urban Water Update 2019 calls for a new National Water Initiative (NWI) that includes a focus on urban water. The challenges are the same across Australia and experience has shown that joint national action is more effective than ad hoc approaches.

WSAA believes a new NWI should recognise the future challenges of climate change and extreme events, urban growth (including population growth) and liveability of our cities and regions across the urban water cycle.

Components of a revised National Water Initiative include:

- **All options on the table** (national leadership to ensure all options remain on the table and to facilitate engagement and dialogue with local communities)
- **Stormwater and drainage** (reflecting the role stormwater management can play in the overall urban water cycle)
- **Economic regulation** (encouraging independent economic regulation should form part of a new NWI)
- **Collaboration** (improved collaboration between Federal, State and local government agencies, water utilities and other stakeholders)
- **Improved data and transparency** (reforming the national reporting framework to ensure it aligns with contemporary industry focus and challenges)
- **Sustainable Development Goal (SDG) 6** (provide an incentive based framework for meeting our obligations under the SDGs)

## Contact Details

WSAA welcomes the opportunity to discuss this submission further.

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