



Shire of Augusta-Margaret River

OUR REF ENV/103
ENQUIRIES WAYNE PRANGNELL 9780 58280
DOC NO O/32154

17 August 2007

Chairman
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Sir

INQUIRY ON COMPETITION IN THE WATER AND WASTEWATER SERVICES SECTOR

Thank you for inviting the shire of Augusta Margaret River to provide input into the Inquiry on Competition in the Water and Wastewater Services Sector. Council has strong interest in the sustainable management of water resources as this is crucial to preserving the quality of our environment, providing economic development opportunities and maintaining the quality of life for residents. Council is taking a leadership role in increasing sustainability of our water resources through introducing rainwater tanks and treating and recycling water for non potable uses in new developments and through moving toward use of recycled water for irrigating public open space and constructing stormwater treatment facilities to reduce the impact of urban development on waterways. We are keen to encourage competition that will lead to more innovative and sustainable approaches to water and wastewater services.

A response to the issues raised in the issues paper 20th July 2007 is provided below.

Water Source Procurement

The planning for future water resources needs to be more closely linked to the strategic landuse planning process that is the responsibility of local authorities and the Department of Planning and Infrastructure. Currently it is too easy for landuse planning to occur independently of water resource planning with the expectation a servicing authority will deal with water supply and wastewater treatment independently. There is a strong link between the planning and design of urban development and water use, yet typically in Western Australia, this has little consideration as part of the landuse planning process. It is more sustainable to make better use of existing resources as an alternative to new source development. There is a significant opportunity to incorporate landscape planning, water efficiency standards, use of recycled water for non potable purposes and housing alternatives to the traditional detached dwelling that provide better use of existing water sources and delay the need for new sources

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Opportunities for Increased Competition through Third Party Access to Infrastructure

While it is likely that for the scale of use in smaller regional areas such as the Augusta Margaret River Shire scale will limit scope for competition at a scheme level, there is a need for reform to encourage competition of small scale sustainable options with large scale scheme resources. Rainwater collection and use and grey water reuse at an individual household level makes sense in terms of reducing demand on external sources, reducing impacts of urban stormwater discharge and reducing energy usage for pumping water large distances. The regulatory framework in Western Australia could be changed to provide greater encouragement through savings in rates for those properties which reduce water consumption by using individual, small scale resources.

There is also an opportunity to provide greater assurance for access to treated wastewater resources. While the Water Corporation is generally supportive of proposals for use of treated water for irrigation of open space, there is no requirement for the Water Corporation to consider third party access. A competitive arrangement that ensured fair opportunity for access to treated water resources will assist in making more sustainable use of water resources through recycling. Water Corporation should be required to make a case for continuing less sustainable practices such as ocean outfalls for wastewater disposal where recycling and reuse options are proposed, rather than the proponent of a recycling project having to overcome all hurdles and costs.

Other Reforms

The Water Corporation regularly tell us that regional water and wastewater services are heavily subsidised by metropolitan areas and CSO payments, yet this is at odds with experiences from the east. Many regional east coast shires operate their own water and sewer schemes. Water and sewer services are consistently a profitable area for these regional councils to the extent that NSW introduced legislation to prevent income from water and sewer being used to prop up other council revenue areas. It is recommended that State Government invite local authorities to express an interest to transfer of water and sewer assets and services from the Water Corporation to a local authority in regional areas to investigate whether local government is able to operate such schemes more effectively.

Effective whole water cycle management relies on decisions and investment with an interest and understanding of catchment wide issues. With the consideration of competition within the water services sector, it is important, particularly in regional areas with independent water resources, for a catchment wide approach to be taken. We would seek to promote catchment based management of water resources in regional areas and competition on a catchment by catchment basis and further that decisions and investment should not be further segregated. Example that demonstrate how decisions and investment in one area of the water cycle can result in impacts and returns in other areas are:

- Use of rainwater tanks to augment water supply has a positive impact in reducing urban stormwater impacts
- Investment in treating wastewater and sustainable disposal options can offset the cost in using treated water for public open space irrigation.
- Development of design guidelines and landscaping requirements for new houses reduces need for water source expansion.

Without a catchment wide management approach, decisions are less likely to be made that give due consideration to other benefits within the water cycle, so reforms to increase competition should also allow for a more holistic approach to management of the water cycle.

Yours faithfully

RAY COLYER
Deputy Shire President