

**Submission
No 44**

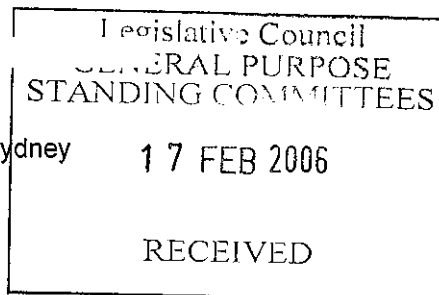
INQUIRY INTO A SUSTAINABLE WATER SUPPLY FOR SYDNEY

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Subject:

Summary

From: "Guenter Hauber-Davidson"
To: <gpscno5@parliament.nsw.gov.au>
Date: Fri, Feb 17, 2006 11:28 am
Subject: Submission by ECS into Sustainable Water Supply for Sydney



Dear Committee Members

Thank you for the opportunity to make a submission to the GPSC No.5.

The Water Group of Energy Conservation Systems Pty Ltd is one of the few fully vertically integrated water conservation entities in Australia. We are at the forefront of developing, designing and installing commercial rainwater harvesting solutions incorporated into fully integrated water conservation and management systems. Our company has worked in the Performance Contracting field for well over 20 years guaranteeing many ML of water savings each year. We believe that we can provide the Committee with valuable feedback from the commercial, industrial, large residential and institutional market on its needs, wants and hurdles towards a more sustainable water supply.

Firstly, we welcome the decision to shelf the desalination plant. We agree with the Premier and many other experts in the field that this should only ever be part of an integrated water supply solution if all other avenues are exhausted, including recycling for direct or indirect potable use from wastewater and use of brackish water.

Our experience indicates that if the Government was to make a similar dedicated and concerted effort (as it did for the desalination plant) to establish water conservation as a key element of a future sustainable water supply a quantum change could be achieved. However, the focus has to be on market transformation to shift the drivers towards a more sustainable future.

In our experience, the right combination of market incentives and regulatory approach achieves the best results. Currently

- * water is too cheap as its true costs are not accounted for
- * the costs for wastewater discharge are also too low, and, more importantly, are often not reflected in significant variable charges negating the added incentive to save water by saving money on the wastewater discharge fee.

- * there is a split incentive – often the cost of water is simply passed on by the landlord to the tenant. If the landlord was to invest money to save water, the tenant was to enjoy the savings. Yet retail and lease agreements often prevent landlords from recovering their capital costs for water conservation measures, hence completely voiding the market incentive to conserve water.

- * water funding programs scheduled for awards by late Nov/Dec last year have still not been announced. These include the NSW Water Funds, the Community Water Grants, and the Smart Water initiative under the National Water Commission.

- * Rainwater tank rebates offered by Sydney Water for residential customers are not proportionally scaled up for commercial installations, i.e. even if such a tanks saves 100 times more water (and cost proportionally more), it will still only receive the standard rebate of \$550.

- * There is large confusion regarding regulations and about who holds the final authority for approval of reuse schemes, being both rainwater or grey water. Clarifying these and putting one authority into charge would greatly facilitate the greater uptake of such opportunities.

Other barriers to the achievement of greater water efficiency towards a

sustainable water supply in Sydney include:

- * Information – Relevant information is not always available at the right time to the right people
- * Inertia, shifting of paradigms – Policies and programs that only provide information do not address or overcome behavioural barriers and inertia.
- * Low cost of water – As water is a small proportion of total expenditure for most consumers, the potential savings are not perceived as justifying the necessary investment in time and effort to consider and implement water efficiency improvements
- * Lowest capital cost approach – Ongoing operating costs such as caused through water consumption, still take a back seat in most up front new developments. Builders keep referring to the lack of understanding on the consumer side, on both residential and commercial applications, that higher capital costs leading to lower operating costs, i.e. here a lower water consumption, is economically attractive. Instead, the focus is on meeting the minimum legally required standard at the lowest possible up front capital cost.
- * Lack of data – Smart water metering is rarely done. Most households as well as commercial customers get their bill once a quarter, if the user gets the bill at all – hardly a good management tool to conserve water.
- * Lack of skills/expertise – Often there is no easy internal or external access to the necessary expertise or tools to identify or take advantage of the available water efficiency opportunities
- * Competition for capital expenditure – There are limits and priorities on the capital available to any home owner or organisation. Water efficiency has to compete for this capital with other potential investments. Amongst residential developers it the “first home affordability” argument is often heard. Organisations appear to use a higher hurdle rate for water efficiency investments than for other investments.
- * Uncertainty about government support, rules and guidelines – There is uncertainty regarding the consistency and adequacy of resources, and continuity of government measures over the long-term.
- * Institutional barriers – there are many institutional barriers, in particular in relation to the reuse of water, that can act to provide a strong disincentive, and in some case an insurmountable barrier to good water efficiency practice.
- * Lack of baseline data – There is a lack of evidence of achievements from water efficient applications and government measures as a result of a lack of consistent measuring and reporting of water use and efficiency.
- * Occupational Safety and Health. The perceived and real issues of health risk associated with non-potable water represent a significant complicating factor in the consideration of water reuse. Fear of being held responsible for an installation that has a risk – no matter how small- of causing a health issue contributes to excessive conservatism and procrastination in relation to decisions relating to the permitting of water reuse applications.

We would be happy to provide further details to the Committee, including practical case examples and look forward to the findings of the Committee being released.

In the meantime, we are available for any further queries on the contact details below.

Yours sincerely

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