

Heather Smith - Submission to:

SA Water regulatory determination 2020: monitoring and evaluating performance

Thank you for the opportunity to comment on oversight of SA Water's performance as the 2020 Regulatory Determination is implemented. I have been involved in the reset process through my role as the Conservation Council SA's (CCSA) representative on the ESCOSA consumer advisory committee.

I am pleased to support ESCOSA's efforts to monitor and evaluate SA Water performance through greater transparency and provision of key metrics.

SA Water remains a publicly owned and controlled entity and it is consistent with the SA Water charter that the purpose of the organisation is to deliver benefits to the state of South Australia. ESCOSA has a narrower role in assessing the economic performance of SA Water. The SA Water board has an even narrower scope in managing the financial performance of the organisation. In my opinion, public transparency of performance, targets and outcomes is the best way to ensure that SA Water's key decisions and long term investments act in the best interests of the South Australians. I also encourage SA Water to become an organisation that listens well to its staff, customers and stakeholders so that it can better understand and manage the challenges ahead. Climate change, social demands and innovation all create changing context for the organization and South Australians will be best served by an organisation that responds to such challenges together with its customers.

My experience of the SA Water Determination process has been mixed. SA Water has consulted with consumers in order to inform its submissions to the regulatory process, however many relevant decisions were not offered for discussion and the overarching aims of the organisation remained ambiguous. I have offered my thoughts on strengthening the decision making within the regulatory process to the independent review developed by Pat Walsh. I summarise some of the recommendations in Appendix 1 and encourage you to read *Public Participation in Environmental Assessment and Decision Making*¹ which makes a robust case for the incorporation of alternative expertise and community knowledge in decisions.

Scope to consider environmental issues within the regulatory review was limited so CCSA commissioned a report on *Alternative Water for Greening in Adelaide* in order to highlight some of the essential relationships between water use and community benefits. The importance of water - to sustain greenspace and provide health and well-being to South Australians - is an important part of SA Water's business. This and many other performance metrics of SA Water will be challenged increasingly by climate change and the long term warming and drying South Australia will experience. SA Water makes high level references to climate change but the Plan and the regulatory process lacked any opportunity for the Conservation Council to engage on the implications of climate change for investment in long term assets. I hope the attached *Greening* report will provide food for thought on some issues that CCSA considers a priority and I welcome the Commission's proposal to require greater transparency around SA Water's long term investment and planning.

I have provided a summary of the *Greening* report in Appendix 2 and attached the full report. This small piece of work highlights that transparent reporting on performance can only be useful when we understand the many ways that SA Water's work benefits the state. To that end, I wish to also highlight that SA Water's priorities are also determined by annual performance statements written by DEW and agreed with SA Water according to its Charter. I would expect to see these statements and any performance reporting against them to also be published.

¹ <https://www.nap.edu/catalog/12434/public-participation-in-environmental-assessment-and-decision-making>

Thank you for the opportunity to comment,

Heather Smith

Appendix 1 - Valuing public engagement

The following is a summary of comments made to Pat Walsh regarding the value of community engagement and challenge processes in the recent SA Water regulatory review. The comments were made by Heather Smith combining experience of UK and Scottish processes, assessment of the SA Water process and additional research.

The US National Research Council's *Public Participation in Environmental Assessment and Decision Making* makes a strong case for public participation based on a substantial evidence base demonstrating superior decision making and results.

The document frames the main reasons for participation as:

1. Quality of decisions
2. Legitimacy of process (which leads to more trust/legitimacy for the final decisions)
3. Capacity building. (the inference is that this is on both sides, however it is not clear that SA Water invests in ensuring capacity building goes past the stakeholder engagement team and any executives that involve themselves in the process.)

It also notes that public participation, done well, leads to better results and enhanced trust and understanding.

I argued that we need to understand **why** we value stakeholder participation and I focused on the **quality** of the decisions made as the main reason SA Water should do more, focused work with stakeholders. SA Water cannot know how much it misses in terms of relevant knowledge from inside its bubble. I examined the process we used throughout 2018 and 2019 and highlighted the three knowledges that SA Water should draw into its process at each stage but generally doesn't:

- Disciplinary / technical knowledge (eg engineers, economists, lawyers)
- Judgement on the political and organisational feasibility of options (regulators, SA Water full time staff on the reset process and to some extent consumer reps)
- Local context and concerns of communities

I concluded with a list of ideas that SA Water could use to engage more effectively and gain more out of its engagement processes. The bulk of these highlight the benefits of alternative perspectives and knowledge sources. In an increasingly complex world with challenges that can cause disruption and volatility, these sense making activities become ever more important.

- Expose the organisational goals to scrutiny. Strategic intent, regulatory obligations, trade-offs already determined by constraints and ambitions, long term challenges and approaches were opaque in the regulatory process.
- Recognise the corporate preference for stability over change. Make the forces of change explicit and assess the risks. Make the radical views, perspectives and advocacy demands explicit and don't dismiss them (I use the word radical because these ideas require structural change. Eg Sustainability and diversity might be accepted in the mainstream as good outcomes but SA Water is still a traditional, white male dominated business on a slow, weak and possibly inadequate journey toward sustainability and diversity). Socialise ideas about these challenges outside the SA Water bubble.

- Make sure knowledge of stakeholders issues and concerns, including the local knowledge dimensions influence the earliest steps in analysis, option generation and decision making.
- Check the quality and diversity of peer review processes. Would the fundamental analyses benefit from fresh eyes? Does SA Water have stakeholders, alternative experts or radicals with whom to test its thinking? Who could challenge the assumptions and the dominant narrative?
- Check the options considered – how imaginative were they? Does a corporate, safe view of the future limit the range of choices under consideration?
- Check the effects. What are the impacts of some of the more novel ideas? How should this knowledge be developed, by who and by when?
- Recognise the dominant values that inform choices. Distinguish facts from choices and make the values/assumptions/uncertainty/choice dimension explicit as information travels through the organisation and into external forums. Do the decision makers, the influencers and the stakeholders have enough insight into the decision parameters to increase their understanding and improve their own judgements?
- Does SA Water generate a deserved level of trust amongst those with whose interests with corporate priorities, ie by being more transparent about dominant values and framing?
- Does SA Water understand (and value) the ways each stakeholder could improve the quality of decisions and longer term decision making capacity?
- When seeking alternative perspectives is simply too expensive or inefficient, can the business identify useful alternatives that will counteract the risk of reduced quality in the information produced? Eg staff development and engagement.

Executive Summary

The importance of greenery to human health and well-being, urban cooling and ecosystem services is well documented (1). The greater Adelaide region is experiencing the loss of urban greenery (2). Much of this loss is occurring in the private realm and is a result of population increase and urban consolidation (2). This discussion piece explores methods of increasing the quality and quantity of greenspace and green infrastructure across both the private and public realm in the greater Adelaide region. Further themes, raised in this piece is the recognition of the importance of water to sustain greenspace in a drying climate and the impact of climate change on greening needs and water availability and water quality.

In developing this project, input was sought from water and sustainability professionals across state government, SA Water, councils, research bodies, private enterprise and advocacy bodies. Information gained through stakeholder interviews and a stakeholder workshop form the basis for this discussion piece. Desktop research and the inclusion of information from relevant government and peer reviewed sources has complemented the insight gained through stakeholder interviews and the stakeholder workshop.

The aim of this discussion piece is to examine the causes of the loss of greenspace and the drivers that will encourage greater greening across the city. Findings from this research found that enablers of urban greening are complex. There is a lack of research in determining greening standards and the quantity of water required to maintain minimum greening standards across the year. Whilst there are a number of strategies that aim for increased greening through tree canopy cover and open space targets, a minimum greening standard is yet to be set. Instead greening initiatives focus primarily on public open space and primarily utilise incentive schemes to increase greening.

Pricing of water in South Australia varies depending on the water source, water quality and the amount of water used. Mains supply water pricing effectively punishes large consumers of water. Some councils are impacted by mains supply pricing and are discouraged from further greening as a result of high water use charges. The volume of water required to green assets is multifaceted. Different assets require different irrigation and watering needs. In determining the amount of water required for different assets, a number of assumptions have been made, due to the limited amount of research in this field. This report found that 21.25 GL of water may be required on an annual basis across both the public and private realm to maintain a low to medium standard of key asset greening across the greater Adelaide region. To maintain a high standard of greening, up to 42.5 GL may be required.

This discussion piece suggests that water delivery and greening projects are considered under a costs benefits analyses scenario during the project design and planning stages. Through this means, the non-market and market benefits of a project can be compared against the capital and ongoing costs. The value of greenspace and water infrastructure projects that lead to better quality greening outcomes are too often valued from a costs only perspective. The incorporation of systems thinking, life cycle analysis and circular economy principles are needed when assessing the value of a project that has significant social, cultural and environmental benefits.

Another focus on this discussion piece was to explore the impact of climate change on greening needs i.e. irrigation and whether Adelaide is well placed to access fit for purpose water for irrigation. The quality of water for greening needs is variable, however, there is a large supply of treated recycled water that can be accessed to irrigate urban greenery. Mains supply water is likely to increasingly be sourced from the Port Stanvac desalination plant, whilst water sourced from Adelaide Hills reservoirs, stormwater and the Murray River will decline.

Suggested priorities for the future include urban planning reforms to ensure the quality of greenery increases in the private realm and that minimum standards are increased, use of a costs benefits analysis for all large scale infrastructure projects and the creation of a greening standard.

Potential Strategies explored in the report

After developing the case for water dedicated to greening and quantifying the extent of the challenge, the report goes on to explore the following potential strategies:

- Encourage watering of space around houses and in streets to cool homes
- Department of Environment and Water, Green Adelaide, to develop a greening master plan for Adelaide
- Council bulk purchase water pricing
- Department of Treasury and Finance and other state government departments to incorporate cost benefit analyses in water infrastructure projects
- Increase the mandated greening for new developments
- Fund cool suburbs trials using City of Mitcham research
- All street renewal programs and new developments to utilise on-site infiltration systems or permeable pavement to support the growth and vitality of street trees