

# AWA Policy Principles

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## Background

The Board of the Australian Water Association has supported the development of a set of 'Policy Principles' that will guide AWA's review of policies on which it has the opportunity to comment (for example a government Green Paper or draft legislation) and the development of its own policies.<sup>1</sup>

The members of the Committee overseeing the Water Management Policy and Laws Specialist Network have developed these Principles and they have been endorsed by AWA's Board.

## Purpose

The purposes of the Policy Principles are to:

1. Establish values to which AWA will adhere in developing or commenting on policy<sup>2</sup>;
2. Guide AWA's advocacy activities (and, potentially, other activities and programs where these touch on policy-related matters)

## Intent

The Principles articulated in this document will guide the development of the Australian Water Association's own policies and its comment on reforms proposed by governments and other groups.

The intent of the Principles is to:

- Protect public health
- Facilitate access by all Australians to safe and reliable drinking water
- Promote best practice policy making; basing policies on evidence and taking community and individual aspirations into account
- Promote transparency in decision-making
- Promote the adoption of pricing practices that recover the full costs of service delivery from those who make use of the service, including positive and negative externalities
- Promote sustainable water management
- Uphold the water sector's reputation

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<sup>1</sup> It is intended that these Principles will be used to guide AWA in the development of its own policies and in commenting on the policies of other institutions, primarily governments. They are not intended to bind AWA members.

<sup>2</sup> The term 'policy' should be interpreted broadly. Policy documents might include, Discussion Papers, Position Papers, White and Green Papers, legislation, media releases and public announcements.

## Principles

### **1. The health of consumers should be protected.**

*The purpose of water and wastewater systems has always been to protect the community's health. Policy proposals should support this goal.*

### **2. Communities and stakeholders should be consulted about policies that affect them.**

*Policy decisions will always have an impact on someone or some group. AWA believes that appropriate consultation with communities and other stakeholders is an essential inclusion in policy. Thus, where appropriate, AWA will comment on the effectiveness of consultation mechanisms included in draft policies, or will recommend policies be amended where appropriate consultation is lacking. Consultation should be meaningful and be undertaken early in the policy development process so that the outcomes of consultation can be accommodated.*

### **3. Policies should be based on sound evidence**

*AWA acknowledges that there will always be uncertainty. Nevertheless, policies that are rigorous with regard to the gathering of evidence and which are based on sound and current science will be encouraged.*

### **4. Effective and transparent governance frameworks should underpin all water related institutions.**

*AWA believes that the roles and responsibilities of the different institutions contributing to the delivery of safe and reliable water services – including operators, regulators and managers – should be clearly stated, whether they be publicly or privately owned. Responsibilities should be assigned to avoid duplication and gaps in coverage. The highest levels of probity and transparency in decision making should be established by responsible institutions. In reviewing policy proposals AWA will comment on any deficiencies it perceives in governance arrangements.*

### **5. Pricing of water services should be transparent and fully reflect the costs of supply**

*Price setting should meet at least the minimum standards set out in the COAG Pricing Principles. Where cross-subsidies are needed, they must be transparent (whether those cross-subsidies are required to support essential infrastructure that would otherwise be loss making, or whether they are required to assist those in society least able to contribute).*

*Importantly, the prices charged for water services should include positive and negative externalities. The Council of Australian Governments identified, in 1994, the need to include externalities in prices charged for water services but insufficient progress has been made since.*

**6. Policy proposals should contribute to the sustainability of Australia’s water resource use.**

*AWA accepts the Brundlandt Commission definition of sustainable development as the most widely accepted: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. AWA interprets this definition as including intra- as well as inter-generational equity and believes that policies and programs must be culturally sensitive. Also important is the relationship between water services and other utilities (for example, the impact on energy consumption and greenhouse gas generation and the provision of water services).*

**7. Reform objectives should be clearly articulated and cost benefit analysis carried out on all policy proposals**

*AWA believes that the objectives of any reform proposal must be clearly stated and that measures of progress towards those objectives should be articulated. The costs and benefits of proposals should be identified and compared with each other and against the status quo, and such analysis should include positive and negative externalities. AWA recognises that it is difficult to monetarise some impacts and benefits. Nevertheless, AWA believes it important that rigorous methodologies be employed to enable comparison of benefit and costs, even if these cannot be expressed in monetary terms.*

**8. Individuals’ freedom of choice should be protected.**

*Water is essential for human wellbeing and for the wellbeing of the environment. It is a renewable resource, but not always available when required or in the volumes needed and there may be limitations on the environment’s capacity to assimilate pollution caused by water services. AWA therefore accepts that at times of critical shortage or acute or chronic impact, policies that temporarily restrict consumer choice may be needed. However, when shortages are not acute and once serious impacts are ameliorated, AWA generally favours policies that allow consumers freedom to choose how to meet their water needs. AWA believes, nevertheless, that users must always meet the full costs of the demands they place on the system including externalities.*

**9. Water supply and related management options should not be arbitrarily limited**

*The direction of water reform over the past 15 years has been toward the establishment of an independent, sustainable water sector. Arbitrary decisions by governments to limit the options available in water supply or in water management are antithetical to the direction of this reform and are counter-productive. AWA believes that sustainable water management will only be achieved if the widest possible range of options is available for consideration and if individual options are only ruled out after rigorous analysis of their economic, social and environmental impacts.*

**10. Flexible and adaptive policy approaches that can be tailored to changing circumstances should be preferred to those that are rigid or incapable of adaptation.**

*By way of example, a policy that incorporates an externality in a price charged is likely to be a better policy than one that seeks to ameliorate that externality through bans or other government interventions, as the former allows consumers freedom to make choices that suit their circumstances, rather than being rigidly bound by government decree.*

**11. Policies should contribute to the water sector's reputation over the long term.**

*The water sector has contributed significantly to the wellbeing of Australians, and to the protection of public health and the environment. While reform may generate controversy at times, policy proposals should not bring the sector into disrepute over the long term.*

## **Review Period**

These principles will be reviewed biennially to ensure they are appropriate and add value to members and, by extension, the Australian Water Association.