



ACT AUDITOR-GENERAL'S OFFICE



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PERFORMANCE AUDIT REPORT

Water Demand Management: Administration of Selected Initiatives

The ACT Auditor-General, Mrs Tu Pham, has presented a Performance Audit report titled '**Water Demand Management: Administration of Selected Initiatives**', to the Speaker for tabling in the ACT Legislative Assembly today.

The report presents the results of a performance audit that reviewed the administration of selected measures to manage water demand as announced in the 2004 *Think water, act water* strategy.

This audit focused on three areas:

- Permanent Water Conservation Measures and Temporary Water Restrictions;
- selected residential water saving initiatives; and
- the Flemington Roads Ponds Project as part of the broader Canberra Integrated Urban Waterways Program (CIUWP).

ACTEW, in consultation with Government agencies, manages the Permanent Water Conservation Measures and Temporary Water Restrictions. The management of residential water efficiency incentives was transferred from ActewAGL to CMD, TAMS, and now to the Department of the Environment, Climate Change, Energy and Water (DECCEW), which was established in November 2008.

Audit opinion and key findings

- Overall, various water demand management measures delivered under the ACT Government strategy *Think water, act water*, and related initiatives, have contributed to significant water saving targets.
 - However, agencies used different and changing methods and assumptions to measure water consumption targets. The targets and the methodology used to assess achievements against these targets need to be clearly defined for consistency and clarity across all agencies. This will assist consistent dissemination of information to the public and in monitoring and reporting progress against the strategy.
- ACTEW and its Water Conservation Office managed Permanent Water Conservation Measures and Temporary Water Restrictions well. ACTEW ran extensive and effective community education and awareness campaigns, and its involvement with the community to increase awareness has played a major part in the success of the water restrictions.

- ACTEW is required to work in consultation with the Environment Protection Authority to develop the Permanent Water Conservation Measures and Temporary Water Restrictions. However, there was little effective consultation for the last decisions taken in 2006 regarding water restrictions. A failure to adequately consult could result in a higher risk that a recommendation made by ACTEW and supported by the Minister lacked appropriate whole-of-government input. Since November 2008, there has been better communication on water issues as the water functions and programs are now centred in DECCEW.
- Storage levels in the ACT's dams are used by ACTEW as one of the factors to trigger the possible introduction or variation of water restrictions. There was no consistent correlation between the restriction level indicated by dam storage levels and the actual restrictions in place. This suggests that dam storage levels have far less significance in determining water restriction levels than other factors. It would enhance the transparency of ACTEW decisions if all the factors used by ACTEW in its decision making process, and the relative 'weighting' of these factors, were made readily available to the public.
- DECCEW has a project management system designed to meet the specific needs of the sustainability programs, including the water saving initiatives reviewed by Audit. The system, however, was not being used to assist the management and reporting of all water initiatives. The Department is in the process of implementing the recommendations of a 2009 internal audit, including reviewing its existing project management system, improving record keeping and reporting.
- DECCEW needs to improve the reliability of the measures of water savings and compile sufficient and up-to-date information to assess the effectiveness and relative merit of various residential water saving initiatives against the costs of the programs.
- The Flemington Road Ponds Project was the first stage of a larger project - the Canberra Integrated Urban Waterways Project (CIUWP) - to provide non-potable water to sportsgrounds and recreational areas. The Flemington Road Ponds Project experienced significant delays and the ponds are not yet supplying non-potable water to end users. None of the expected water savings from the CIUWP has been delivered as originally intended (1.5 GL of non potable water by 2010). DECCEW expects the supply of non-potable water to occur in 2011, and the CIUWP target of 3 GL to be met by the revised timetable of 2015, as re-negotiated with the Commonwealth.
- Funding arrangements established between the Commonwealth and ACT Governments included \$3.3 million to be raised from developer contributions by 2009-10. The developer contribution scheme has not been progressed, so none of the \$3.3 million has been raised. The ACT Government will have to meet this shortfall.

Recommendations

The Audit made eight recommendations to address the audit findings detailed in this report. The Managing Director of ACTEW Corporation Limited and the Chief Executive of DECCEW, agreed, agreed in principle, or agreed in part, with the recommendations.

Further Information

For further information, please contact Rod Nicholas, Director of Performance Audits and Corporate Services on 62070827. Copies of the report are available from the ACT Auditor-General's Office (Level 4, 11 Moore Street, Canberra City) and from its website, www.audit.act.gov.au.