

INQUIRY INTO BUSINESS COMMITMENT TO R&D IN AUSTRALIA

SUBMISSION FROM THE WATER CORPORATION OF WESTERN AUSTRALIA

Profile of The Water Corporation

The Water Corporation is a substantial business enterprise owned by the Western Australian Government. On a national scale the Water Corporation is a large organisation, but by international standards a medium sized organisation. We provide water, wastewater, drainage and irrigation services to urban, rural and remote areas across 2.5 million square kilometres of the state, which is one-third of the Australian continent.

Established under the Water Corporation Act 1995, our Board comprises prominent members of the Western Australian business community. The Corporation holds an Operating Licence issued by the Office of Water Regulation (the body which regulates the Water Industry in Western Australia). The Operating Licence details stringent conditions and standards under which we operate and provide services to our customers.

The organisation is required by statute to act commercially and make a profit, with dividends and tax equivalents paid to the State Government. Equally important is the Water Corporation's commitment to environmental, economic and social sustainability.

Services provided by the Water Corporation are vital for Western Australia. The Water Corporation recognises the need to:

1. Use technology to achieve the operational efficiencies and higher standards of service delivery required.
2. Research the operating environment to better understand the risks faced and the sustainability constraints.

There is also a realisation that an effective research and development program is needed to maintain and grow as a successful organisation.

Current Situation

Water Corporation focuses on applied research. The research is required to solve operational problems and ensure we have the most appropriate technology to deliver a high level of service to our customers. Commercial benefits flowing from the research, to address the organisations needs, are also pursued where appropriate.

Research is strategically important, being a necessary requirement to the acquisition of competitive advantage in market place. Successful R&D enables the Water Corporation to remain at the leading edge of technology development. Successful R&D not only enhances our competitiveness, it also enable us to demonstrate capabilities and grow our business in new areas.

When this Corporation was formed in 1996, there was only relatively small R&D program (\$974,000 for 1995/96) which was not clearly linked to the business needs of the organisation. The Corporation has increase its level of R&D activity to \$3,900,000 in 2001/2002. Great emphasis is now being placed on value for money from research outcomes to the business.

Expertise Attracts Investment

Research and development activities undertaken by the Water Corporation have received some international attention and international funding.

Given the size of the Water Corporation R&D Program there is no possibility that it could provide all the new knowledge required by the organisation. To leverage the funds available joint research initiatives are initiated through the CRC for Water Quality and Treatment and other collaborative arrangements.

The Water Services Association of Australia ("WSAA") was formed in 1995 by the major Australian urban water businesses to assist the industry to contribute positively towards reform processes. It is the peak industry body of the Australian urban water industry. WSAA addresses issues of national significance including the strategic research required to develop a knowledge base to address those issues. The Water Corporation is an active member of WSAA and makes an annual financial contribution to support its water industry research initiatives.

The Corporation also participates in internationally sponsored collaborations. The American Water Works Association Research Foundation ("AWWARF") has provided a small amount of funding to the Centre for Ground Water Studies for a study in Western Australia and membership of Water Environment Research Foundation ("WERF") is being considered. Investigations not suitable for such a collaborative approach are often contracted out to external experts including Western Australian Universities.

Impediments to Research

The use of external organisations to undertake research led to challenges in determining who owns the intellectual property rights and what should be freely available information. An issue we are now confronting is attempting to find suitable people to manage the external research bodies; as knowledge of the research subject is required to effectively manage the individual research projects.

Universities experience difficulties in obtaining adequate research funding and this organisation is seen as a potential source of funds. Often the Water Corporation is approached by universities regarding research initiatives. In the last few years our contracts with Universities have become more demanding, on them, in terms of deliverables, timing, cost and ownership of knowledge. The mechanisms by which the Water Corporation can obtain the maximum benefit from the intellectual property developed from research are continuing to be improved.

The Water Corporation and Western Australian Universities are moving into a more competitive environment and are looking for more opportunities for collaborative research to optimise the use of expertise and resources for mutual benefit. This is resulting in an increasing level of interaction with universities in planning and prioritising research activities. We have also been jointly involved in seeking external funds and resources to undertake R&D projects. Stronger and more formal alliances with universities are anticipated as the Water Corporation's R&D Program expands.

Conclusion

The Water Corporation is using R&D to solve problems, as a tool to enhance its competitiveness and demonstrate its capabilities in the market place. Government policies have made R&D a strategic imperative for the Water Corporation, and have accelerated the need to improve the commercial returns from its expanding R&D program. This has started producing benefits which may not have otherwise occurred, including closer alliances with research organisations, protection of intellectual property rights and better prioritising of R&D to get the best value for money.



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