

The savewater!® Alliance

Annual Report 2006-07



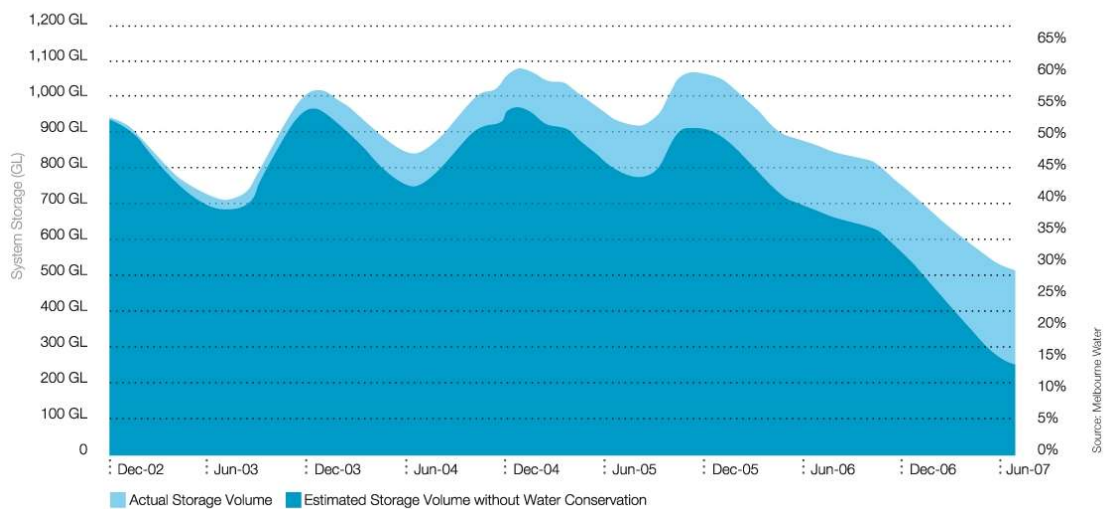
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The year in review

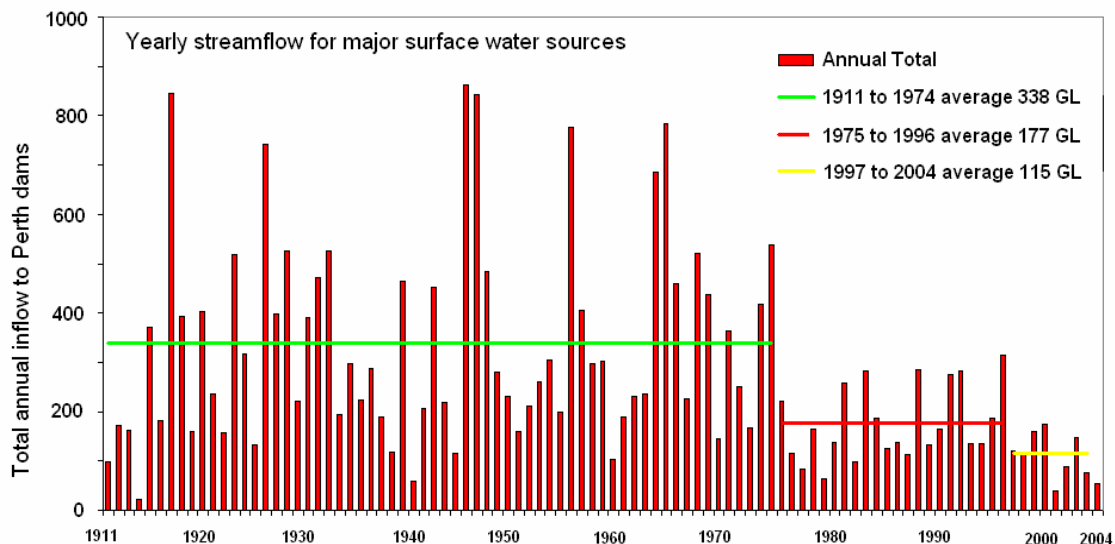
Major milestones were the highly successful savewater! awards®; completion of stage one of the ecosaver™ pilot website; major sponsorship and Premier's award at the Melbourne International Flower and Garden Show; completion of a series of community and industry education forums; distribution of a product catalogue of water saving products for members; and the release of home DVDs and water saving gardens brochures, and the inclusion of all water corporations in Victoria as Alliance members

Figure 4.2 Melbourne's storages 2002-2007
Storages would be 250 GL lower without conservation



Melbourne's storages showing the effectiveness of water conservation.

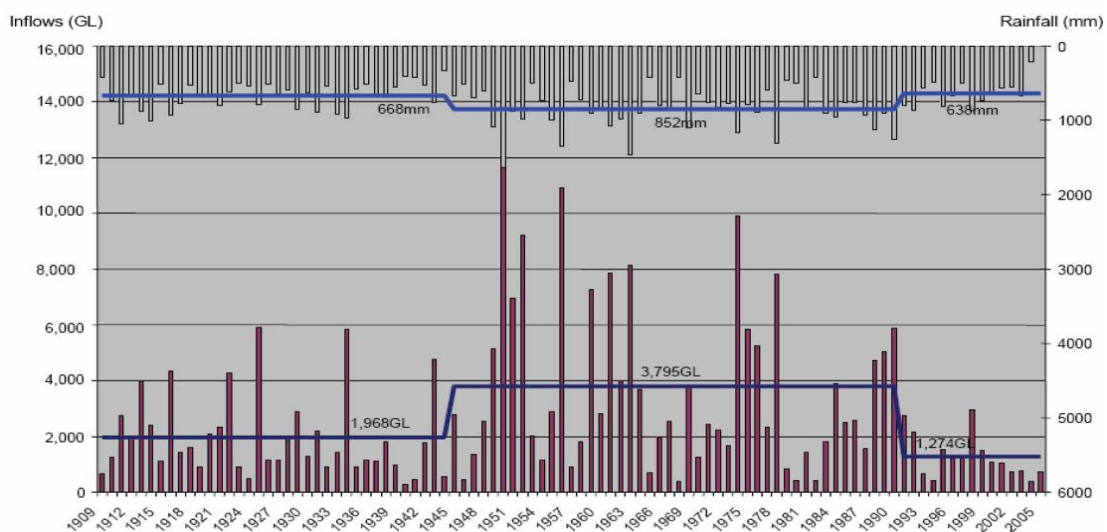
The significant drop in average catchment rainfalls over the last 10 years and the further drop in 2006/07 has resulted in large parts of Victoria and NSW introducing high level water restrictions. In addition the addressing of longer term supply with desalination plants and new pipelines, means that the shorter term situation over the next 4-5 years will need to be addressed through conservation measures.



2006/07 has seen more formal management processes established for the Alliance, including strategies to ensure service and value to members, management accounting and HR support.

We have commenced a very successful program of visiting members to discuss our Business Plan for the following year and would like to expand the program in 2007/8. This is in addition to the annual member survey which is an important tool for directing the resources of the. Members rated savewater!® services with a score of 76% which is above last year's score of 70%

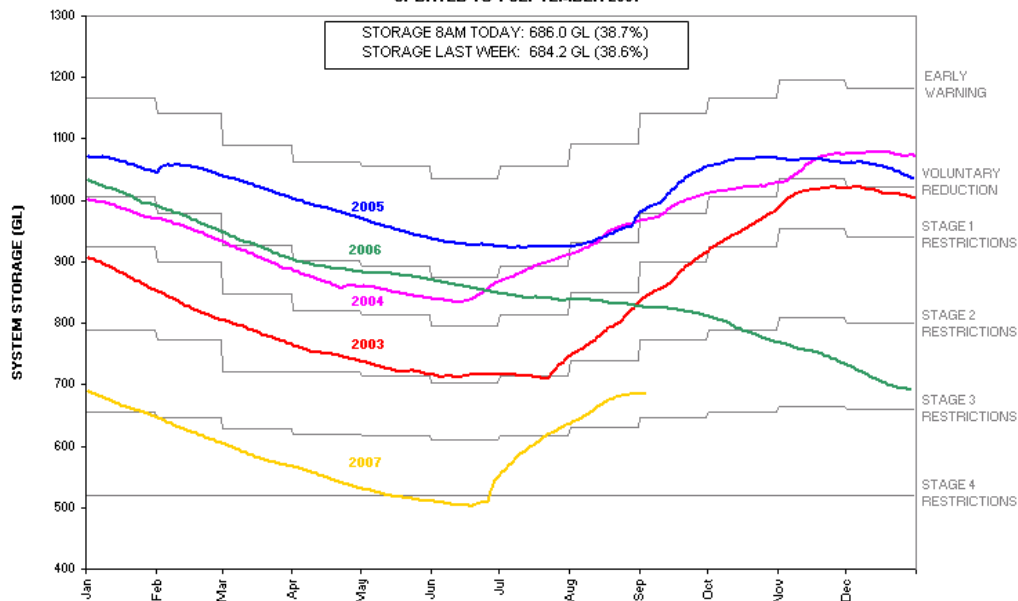
Inflows and rainfall to Sydney's dams 1909 - 2006



With the primary objective to accelerate water conservation take up, in line with government and member requirements, a number of strategy development discussions and consultation meetings were undertaken with members during the year. From these sessions a number of strategies were developed. While some strategies are still in the pilot or planning stages the Alliance undertook a number of successful community educational and communication initiatives, as highlighted in the following pages.

SYSTEM STORAGE VS RESTRICTION RULE CURVES

UPDATED TO 4 SEPTEMBER 2007



Program highlights

savewater! awards[®]

The gala event was held at the prestigious Regent Theatre Plaza Ballroom during National Water Week in March 2007. This was the 5th savewater awards and the first allowing entries from outside Victoria in the product innovations category

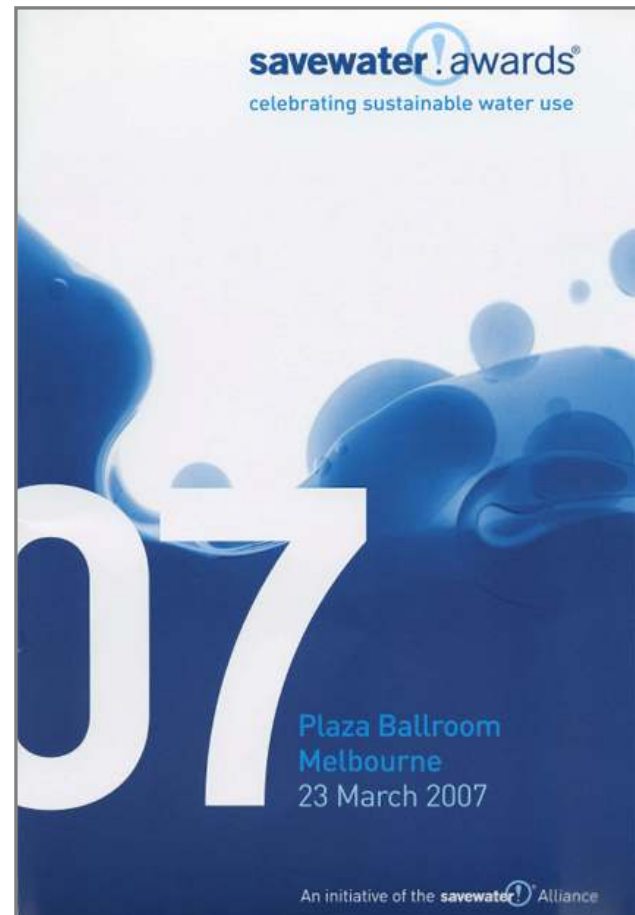
Media coverage for the awards was significantly increased in the 2007 awards campaign, with over 120 individual pieces of coverage obtained across local and statewide press, radio and television.

Sponsorship of the awards was also expanded in 2006/07, taking on significant corporate sponsors, in addition to government sponsors:

- *Government Partners* – the Department of Sustainability and Environment and all Victorian regional and metropolitan water Businesses
- *Principal Sponsors* – BlueScope Water, Interbath and Methven
- *Major Sponsors* – Davey Water Products
- *Supporting Sponsors* – Deloitte, New Water, Blake Dawson Waldron.

A review of the Awards with wider national coverage will be undertaken for the 2008 Awards

2007 was the first year that we issued a winners and finalist catalogue for promotion throughout the industry



A winners and finalists catalogue was produced for the first time.



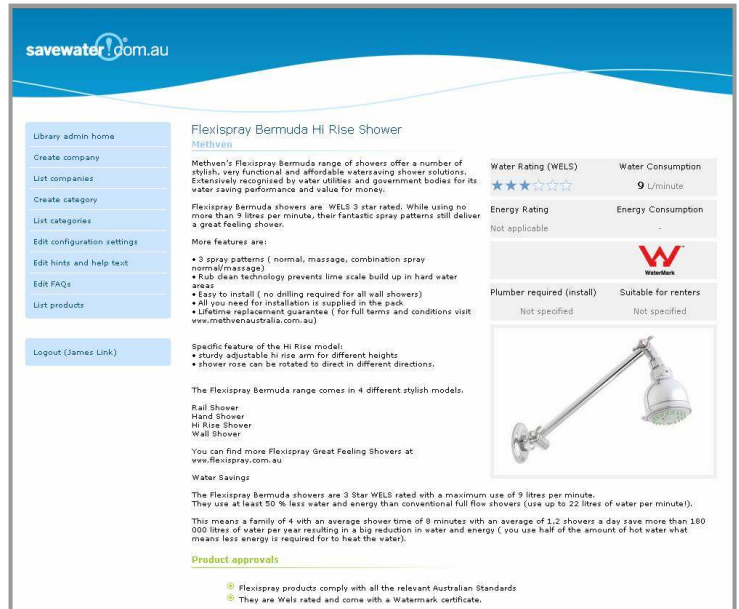
Qenos – winners of the 2007 Manufacturing Award

savewater.com.au

The savewater!® website underwent continued upgrading throughout the year. The website continues to be consumer focussed and includes member logos and branding on every page to provide the community with a clearer identification.

Training sessions with members were completed to provide instructions on using the enhanced self management system, allowing each member to provide up to date local information. The localisation of content and branding on the website is postcode driven.

A new tracking system licence was purchased to provide highly detailed water conservation market intelligence on consumer online patterns and behaviours. This will also be used in 2007/08 to improve the website attractiveness and attract traffic.



The new savewater!® product library

The licence also allowed the onselling of industry specific reports which went to customers in the whitegoods, tanks, pumps and government sectors

Visitors to the website continued to increase throughout the year, with traffic reaching 29,000 visitors using the site each month, more than double the previous year

savewater!® gardens

In May 2006 the savewater!® Alliance held a workshop with members to ensure savewater!® programs were aligned with the objectives and strategies of local Supply Demand strategies. One of the key areas that emerged for both metropolitan and regional members was the area of outdoor garden water use.

The savewater!® Alliance worked with Burnley Horticultural College to change the way water saving gardens and gardening is perceived.

The essential message of the new savewater!® gardens is that you can keep the style of garden you have or want such as a cottage garden, a formal garden or even a subtropical garden. Within this preferred style rather than having to select from literally thousands of water efficient plants on offer the savewater!® gardens offers a short list of proven plants suitable to a wide range of soil types and conditions. Importantly the savewater!® gardens should not need additional watering once established. Launched in April 2007 the gardens have been enthusiastically taken up by almost half the savewater!® Alliance members and are being installed by Dennis Family Homes and AVJennings in display home gardens in new estates outside Melbourne.



The message for the 2008 Melbourne International Flower and Garden show Show is "Green Gardens without drinking water". This theme has already attracted some high profile supporters including the Burnley Horticultural College, the Royal Botanic Gardens, Melbourne Water and the Alternative Technology Association. The theme is based on the idea that great gardens, once established, can survive on local rainfall. For more intensive uses such as vegetable gardens, orchards and some lawns alternative solutions such as rainwater tanks and greywater systems should be investigated.

The savewater!® Alliance has also identified another important gardening issue – what can garden owners do in summer when their gardens are suffering stress and it is not the right time to make major changes to the garden? Melbourne metropolitan water authorities have produced a booklet called "Sustaining Gardens in Dry Times" and made the work available to savewater Alliance members.

Competitions

The corporate donated prize pool for savewater!® competitions offered to consumers was changed from 3 monthly draws to half yearly. The \$100,000 prize pool was also changed to include only major prizes such as installed tank systems and whitegoods.



A new management software package was also installed to streamline entrant management, electronic winner selection and prize allocation and notification. The competitions now run continuously throughout the year and receive around 20,000 completed surveys for each competition.

Market research

The online market research service is run as the point of entry for the competitions and is offered free to members, or to qualified companies at a fraction of the cost of conventional quantitative research. Swinburne University was appointed during the year as the market research consultant. Research conducted during the year included consumer attitude studies

towards home water and energy retrofit programs, restrictions, conservation measures, rainwater harvesting, and gardens

savewater!® survey

Most homes in Victoria could be more energy and water efficient. We are interested in helping Victorians save water and energy by assessing homes and helping home owners install suitable products. This would be arranged at a time to suit the home owner and would take about an hour. In that time the assessor would:

- change many of your light globes to energy saving models,
- install flow restrictors and aerators in your bathroom, kitchen and laundry
- install a 3 star water saving showerhead,
- install draft prevention strips around doors and windows (to reduce heating and cooling costs),
- install toilet devices to reduce the amount of water wasted per flush
- fix leaking taps inside the home and outside in the garden with new washers
- discuss suitability for rainwater and greywater systems provide advice on more opportunities to save water and energy

There are no right or wrong answers to the survey questions, we are interested in your opinion. The reason we ask the demographic questions is so that we can understand how different people have answered these questions. As this is market research, it is carried out in compliance with the Privacy Act and the information you provided will be used only for research purposes.

Survey

1. Would you consider having your home assessed and upgraded with water and energy saving devices? Yes (please go to question 3) No

2. Why wouldn't you consider having your home water and energy use assessed?

- Price
- Quality and feel of water saving shower heads and flow restrictors
- Already had one
- Inconvenience
- Wouldn't save much water (not worth the effort)
- Wouldn't be worthwhile as I don't use much water
- I rent
- Not interested in saving water
- Not interested in saving energy
- Don't trust installer

Major exhibitions program

savewater!® continued to co-ordinate displays for major exhibitions held across Melbourne in 2006/07.

With water saving in the garden sector being identified as a high priority, this year savewater!® continued its three year major sponsorship of the Melbourne International Flower and Garden Show. This sponsorship included the construction of one of the largest displays at the event in April, focussing on alternative water saving garden designs, grey water, tank systems including many other water saving products. The display won the Premier's Award in the water saving section. The Premier attended the site and a \$15,000 garden makeover competition attracted about 14,000 entries. There was extensive television coverage of the display.

The major sponsors and supporters were Yarra Valley Water, South East Water, City West Water, Sustainability Victoria, Melbourne Water, Alzheimers association, Home For Garden Lovers, Sustainable Gardens Australia, Royal Botanical Gardens and Water Pros

savewater!® also displayed at the Sustainable Living Festival in February where the new ecosaver™ products and home loan offer were tested.

Community forums

Over 40 community forums were completed for members under stage 4 restrictions across Victoria. These were usually opened by the respective water authority and covered how to save water at home both in the garden and indoors focussing on the various products and "How to save 50 litres a day". More are planned for the next year as more water authorities enter stage 4 restrictions.

Building industry forums

savewater!® presented water savings practices and design techniques to the Building Designers Association of Victoria in Melbourne where 170 people attended for the 2 hour professional development session. More are scheduled for regional areas in 2008.

savewater!® efficiency service

The savewater!® efficiency service is a water and energy auditing service, currently offered through a number of Alliance members for schools and businesses in their regions. A number of businesses have used this service and are experiencing significant water savings. Audits were completed for 6 major sites of the Industrial Superannuation Property Trust. Others included Coles Myer HO, all the Aquatic Centres run by the YMCA in the Yarra Ranges and four hospitals as part of Northern Health. Gippsland Water have also been very active in utilising the service with many businesses audited.



The display won the Premier's Award 2006



Yarra Ranges Aquatic Centres audited by the savewater!® efficiency service

Marketing programs

With most of the 5 million existing houses in Australia lacking significant water and energy saving devices, the retrofitting of this large market sector will be a major issue for many years to come. savewater!® developed and piloted the ecosaver™ project, which included low interest financing packages and rewards for new and existing home owners to upgrade their homes with water and energy saving devices. Due to the not-for-profit status of savewater!®, the high credibility of members and their strong access to consumers, the lending institution appointed for the pilot offered loan discounts of 0.8% to 1.00% off the standard variable rates, with no home loan change over costs.

The pilot exercise provided valuable market information for the ecosaver project. During the trial period, demand for mandatory rainwater tanks significantly exceeded supply pushing lead times from plumbers out to over 6 months. As a result the construction of the website and promotion was put on hold pending an improvement in the supply situation.

ecosaver® was registered as a trademark of the savewater!® Alliance

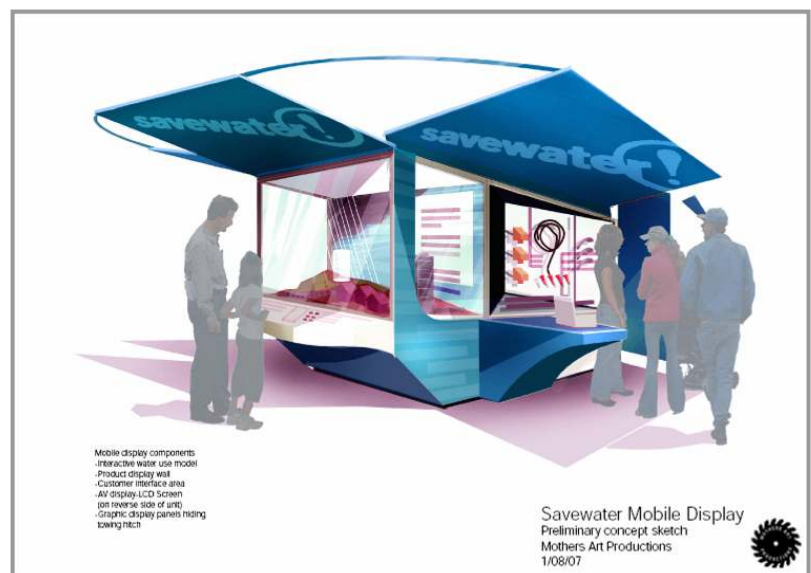
Accommodation industry trials

While most individual premises don't fall within the top 1500 water users, the accommodation industry category is one of the largest water consumption sectors in Australia. As such it has been targeted for special attention. savewater!® was successful in partnering with the Hotel and Motel Association of Australia and Tourism Victoria to secure Smart Water Funding to measure the water savings associated with retrofitting 8 motels selected across Victoria. This is a 18 month project and is due for completion November 2008

savewater!® has also partnered with The Melbourne Marriott Hotel and the Fitzgerald Marketing Group to trial and survey guests with a number of showerheads and flow control devices in rooms as part of a larger program to rollout throughout Australia.

Mobile displays

Preliminary design options were completed for community mobile displays to be used predominantly for regional members. These are intended to capture the imagination of kids and adults alike through interaction and innovation. The will be displayed at field days, community events and school visits. Coupled with the displays is a planned unique registration system to allow long term tracking of changes in behaviour. The first mobile will be primarily funded internally.



New brochures and DVDs

Co branded brochures on relevant water saving topics are key communication tools that achieve the **savewater!®** Alliance economy of scale objective and are invaluable for local member displays and content.

At the request of members the Alliance had recently written two new brochures on selecting and installing a rainwater tank and is preparing a series of brochures and case studies on topics ranging from swimming pools to car wash facilities and artificial grass for primary schools.

A new "How to change a showerhead, washer, flow valve and how to read a water meter" DVD was produced. This is downloadable from the **savewater!®** website for the first time. Our thanks to Rob Gel and Troy Campbell (Green Plumber of the Year 2006) for donating their valuable time and expertise.

The savewater!® Alliance is also proudly supporting an excellent Australian production on water saving in the home that comprehensively addresses all aspects of residential water saving and is the best product we have seen on the market to provide an overall picture of water saving techniques.

savewater!®

Information sheet

Installing a rainwater tank in Victoria

What plumbing needs to be done?
A plumber will be able to give you some great advice about water tanks, such as the best location and size. You will also be able to get an idea of how much the entire project will cost.

A licensed plumber is required by law wherever a tank is connected to the mains water supply, such as a tank to toilet system. A plumber is also required to connect your gutters to your tank and install an overflow to stormwater. Some tank installations (particularly for large tanks) may require a building permit. Check with your local council.

Preparation
Delivery: In most situations, you can arrange delivery with the manufacturer or retailer. It is important to ensure that there is clear access from the street to where you want to put your tank.

Foundations: The ground where a tank is going to be located needs to be levelled. Larger tanks will also require either sand or concrete foundations. The tank manufacturer's instructions will guide you, but a plumber should also be consulted when deciding where to put your tank to maximise the catchment area.


Gutters: The guttering on your roof is a major part of catching water and will need to be cleared of any leaves or debris. Damaged guttering should be repaired. On some existing houses, the guttering may need to be adjusted to direct the water to the corner of your house where the tank will be installed.

When should I install my tank?
The best time to install a rainwater tank is when you don't need it. Fitting your tank at the beginning of winter will ensure that you have as much water as possible to sustain you during summer.

What accessories will I need?
Pumps: Most rainwater tank systems will require a pump to generate adequate pressure. Washing machines and some irrigation systems require a level of pressure similar to mains water. When connecting your rainwater supply to your toilet or laundry, leading plumbers recommend a pump which will automatically switch to mains supply when your tank water runs dry. In times of water restrictions you must ensure you are not using mains supply on your garden. You also need to provide electricity to the pump close to the tank. Be mindful of neighbours as pumps can be quite loud, nylon blade pumps are quieter than ones with metal blades.

First flush diverters: These devices are useful to divert the first 20 litres of rainfall from entering your tank. This will prevent pollutants on your roof from entering the tank. For example, many roofs have lead flashing which can be dangerous.

Backflow prevention valve: Regulations stipulate that backflow devices must be installed to prevent tank water from entering the mains system. As the name suggests a backflow prevention valve stops water from your tank from entering back into the mains supply. Most households have backflow prevention devices installed at the water meter. Some pumps also act as a backflow prevention so extra valves are not required. Ask your plumber for further advice.



Australia's leading resource on water conservation

How to...

Save over 50 litres of water per day

ACTIVITY	APPROXIMATE COST	ESTIMATED SAVING
Shower for 2 minutes less	\$0	18 litres per day
3 star water efficient showerhead	\$20 - \$85 (save \$100+ pa)	up to 45 litres per day
Bucket in the sink waiting for hot water plus an aerator	\$6	9 litres per minute
Bucket in the shower waiting for the hot water	\$1	9 litres per minute
Fix one dripping tap	\$1 - \$5	5-50 litres per day
Fix one leaking toilet	\$5 - \$20	5-100 litres per day
Use a Fixaflush or Waterwizz cistern weight for manual flush time	\$12	10 litres per day
4 star front loading washing machine	\$500 - \$2,000	57 litres per day
5,000 litres rainwater tank connected to toilet & garden	\$3,000 - \$4,000	50+ litres per day
Buy or convert to a water efficient urinal at work	\$1,500	275 litres per day / urinal

For further information visit...
www.savewater.com.au

savewater!®

Management

The contribution by staff has been highly commendable. A deep commitment by staff to ethical environmental sustainability, combined with strong skill sets in governance, IT, marketing and communications have produced a hard working team, delivering excellent outcomes for the year.

With the change in activities, new staff were employed during the year. As at 30 June 2007, six staff were employed:

- Nigel Finney Chief Executive Officer
- Michael Smit National Programs Manager
- Brenda Hollander Manager, Finance
- Jayne Howley Communications Co-ordinator
- James Link Marketing and Communications Officer
- Luke Gibbons Marketing and Programs Officer

Consultants and contractors used throughout the year included:

- Eclipse ProLink
- Hassell (marketing support)
- Natural Strategies
- FMG (marketing support)
- Red Publicity (public relations)
- Kestrel Films
- Burnley Horticultural College
- Water and Energy Savers (efficiency service)
- Access Environmental (advocacy and awards)
- Trilogy Creative (webmaster and graphic design)
- Blake Dawson Waldron (legal advice)
- Deloitte (financial and project assistance)
- Swinburne University (market research and product library evaluations)

Members of the Alliance have donated considerable expertise and resources to the savewater!® management team on many occasions, resulting in better than expected results and their efforts are gratefully acknowledged.

A number of documents and governance procedures were completed to encompass some of the more complicated areas of activity, including Gaming Commission requirements and prize distribution for the savewater!® competitions, financial reporting systems, HR systems and rules for members.



Left to right: Jayne Howley, Michael Smit, Brenda Hollander, Nigel Finney, Rebecca Mooney, James Link, Michelle van Oosterom and Luke Gibbons.

The Board

Four board meetings were held throughout the year.

The 2006/07 savewater![®] Alliance Board consisted of:

- Dennis Cavagna (Chair) Managing Director, South East Water (3*)
- Murray Goddard General Manager Customer Service as proxy for Dennis Cavagna(1)
- Tony Kelly Managing Director, Yarra Valley Water (3)
- Pat McCafferty proxy for Tony Kelly (1)
- Steve Evans Chief Executive, South Gippsland Water (4)
- Anne Barker Managing Director, City West Water (3)
- Dennis Brockenshire Chief Executive, Barwon Water(3)
- Michael Paine proxy for Dennis Brockenshire (1)
- Grant Green CEO Wannon Water (2)

* Note – numbers in parentheses indicate the number of meetings attended by each board member

Business Outlook

With the continued need for communities in all areas of Australia to change behaviour and purchasing preferences to aid water conservation, and the identification of marketing as a key element in facilitating this transition at least cost, savewater![®] is well placed to deliver highly competitive programs to members, government, and the supply industry. In particular, the savewater![®] Alliance private / public sector hybrid model uniquely captures the strengths of both groups to deliver a synergistic and highly cost effective result for all parties.

Given the success in Victoria, members, suppliers and manufacturers have been requesting that savewater![®] explore sharing the benefits of the business model with water authorities in other areas of Australia. At this early stage, the quick take up of members in regional NSW suggests a robust business offer in that state. Early discussions with other interstate water authorities suggest a similar pattern may develop.

Under a multi-regional model, a number of new marketing and communications programs will be implemented at significantly less cost than if done individually. In addition, a number of potential partners in the finance and accounting, hospitality, etc., industries would be attracted, providing further leverage for member funding, while creating innovative and sustainable programs not previously possible.

The focus for savewater![®] in 2007/08 will be to:

- Utilise sophisticated tracking and web intelligence systems to shape the website, to attract more visitors and increase consumer loyalty
- Introduce multimedia platforms into the website content to increase target audience interest and spread

- Expand the online product library to over 200 items
- Expand and conduct the savewater! awards® with an expanded element in all states
- Continue to support manufacturers and suppliers of water saving products and services
- Sponsor the Melbourne International Flower and Garden Show, provide displays at the other events
- Review and rewrite sections of the website to improve readability
- Review the ecosaver project options to go forward
- Improve quality of market research for members and partners utilising new research software
- Trial retrofit programs for the residential market and accommodation industry
- Build one mobile display and trial usage and value with members
- Include sustainability, particularly energy efficiency, in program deliverables
- Continue to build relationships with other government and industry interest groups
- Implement a number of measurable change initiatives with multi-region application
- Continue to increase membership