



NATIONAL COMPETITION COUNCIL
MEDIA RELEASE

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“IMPORTANT BENEFITS FROM AUSTRALIAN WATER REFORM”

“Australian governments’ commitment to reform the water industry is one of the most important, far-reaching components of National Competition Policy”, Ed Willett, the Executive Director of the National Competition Council, stated today. “The reforms are putting the Australian water industry on an efficient and sustainable footing. They are sound, balanced, and bringing important benefits”, he added.

Mr Willett was speaking about the Council of Australian Governments’ Water Reform Framework at the 7th Annual New Zealand Water Summit in Auckland, New Zealand.

Citing reforms in areas such as water pricing, water allocations and the trading of water rights, Mr Willett said: “Implementing the reforms will go a long way to:

- ensuring *economic gains* through a sustainable Australian water industry where water is efficiently delivered and put to its most productive use;
- providing *social gains* by ensuring the safe, secure and reliable supply of water to rural and urban communities; and
- recognising the legitimate rights of *the environment* to use water, and consequent improvements to quality of water systems.”

(Some recent water reforms are set out in the box overleaf).

In highlighting the integrated nature of the reforms, Mr Willett said: “Competition reform in water goes hand-in-hand with other reforms and requires attention to social, environmental and educational policies. Reforms need to be properly based, not just in financial terms — they also

need to have regard to the environment and other social issues. The reforms require a strong commitment and rigorous monitoring. Water users need to be consulted in a meaningful way about reforms. This involves explaining the need for reform, the alternatives for reform, and the benefits that follow reform. The reform framework agreed by Australia's governments provides for all of these."

Some recent water reforms

- In NSW, a limit of around 10 percent of annual diversions has been reserved for the environmental integrity of key rivers for 1998-99.
- In Queensland, ten of the seventeen largest local councils have implemented two part tariffs for water resulting in 20 percent average reductions in water usage in the first year.
- Water reforms introduced by Victoria in January 1998 have resulted in an average 18 percent reduction in water prices for consumers across the State.
- In NSW, a two-year price path for bulk water charges has recently been announced. Prices for bulk water will rise by between 13 and 26 percent over the period 1998-2000. The changes will reduce the current under-recovery of costs, providing more money for maintenance of water infrastructure and incentives for water consumers to economise on usage for economic and environmental reasons. The changes will also bring NSW prices closer to those applying in neighboring states.

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