Pat Scala/Courtesy of The Age

The changes require not only new laws and institutions, but also new cultures and mindsets about water and the way we use it

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WHAT HAPPENS WHEN WE USE TOO MUCH WATER?

Excessive water usage in urban areas is already imposing very real economic and environmental costs on our communities.

Water tables are rising and bringing salts embedded in the soil to the surface. This poisons vegetation and makes regrowth near impossible. It also damages homes, roads, sewerage and storm water networks through rust and corrosion.

Sewerage, salinity and storm water are polluting our rivers, harming native plants and animals and often making the water unsafe to drink and useless for irrigation.

Over 80 towns in the Murray Darling Basin have visible signs of urban salinity. In Wagga Wagga, 850km of roads, as well as sewerage and storm water networks, have had to be repaired as a result of salinity. Six hundred homes have also been affected with some facing repair bills of up to $30,000.

THE TASK AHEAD...

Whilst progress has been made towards reform of our urban water usage and supply there is still some way to go.

The pace of reform has varied significantly between the States and Territories. The changes require not only new laws and institutions, but also new cultures and mindsets about water and the way we use it – this is a complex, difficult process involving a vast range of community interests, businesses and governments.

Community support and understanding of the need for the reforms is essential. Thus, Governments have agreed that communities must be involved when change and/or new initiatives are contemplated. This includes formal consultation with the opportunity for community input, public education programs explaining the need for reform and a range of educational materials for use in schools. The success and impetus for reform is very often dictated by the quality and emphasis governments place on community education and involvement.

The progress of water reform is monitored and assessed by the National Competition Council. The Council recommends to the Federal Treasurer appropriate payments for reform progress.

When necessary, payments are withheld from States and Territories where water reform progress has been unsatisfactory.

Full implementation of the agreed water package and community support and co-operation are essential to ensure that there is sufficient quality water to meet the needs of our community, industries and the environment now and for future generations.

– RIVET design –

Vicki Vernazzas/Andrew Meares /Courtesy of The Age

In a typical Australian household each person uses around 350 litres of water a day – around half of that goes on watering gardens

URBAN WATER REFORM

National Competition Council
Community Information
2000

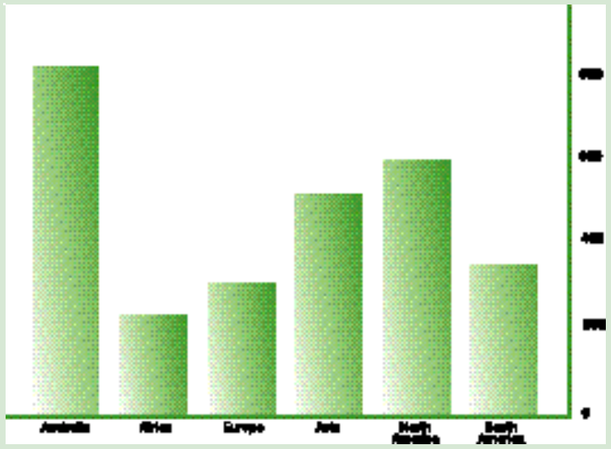
MANAGING A LIMITED RESOURCE

Access to clean, safe water in our towns and cities is essential for both businesses and households. Without effective water and wastewater services, industry would grind to a halt and community health would be placed at risk.

However, Australia is the driest continent on Earth, our water supply is limited and, our environment is extremely fragile. Despite this, most urban Australians have typically used water with little thought to where it comes from and little understanding of the long term consequences of overuse.

In 1994 all State and Territory Governments agreed that the management and regulation of our water needed significant reform. A comprehensive package of reforms was agreed to and it was later decided that these would be implemented under the umbrella of the National Competition Policy (NCP). Changes included reforming the way water prices were set and enforced, improving service quality and recognising the environment's water needs.

Water prices have historically been based on property values rather than the amount of water used



WATER CONSUMPTION (INCLUDING IRRIGATION)

[data from Comprehensive Assessment of the Freshwater Resources of the World, I.A Shiklomanov, WMO 1997]

WHAT IS WATER WORTH?

Past methods used to calculate water bills gave little or no reward for reducing water usage or using water in an environmentally responsible way. Water prices were based on property values rather than the amount of water used and rarely reflected the actual cost of providing water services.

There remains little understanding or recognition amongst the community of the tens of billions of dollars that Governments have spent, and will need to spend, on infrastructure to supply the ever increasing demand for water.

Reform of our water pricing has meant that water charges are based on the amount of water used. As a result, the cost of water has increased for some and decreased for others, depending on actual water usage. Customers now have greater control over the size of their water bill and receive financial rewards for using water wisely. The introduction of this payment method in Queensland led to consumption in some areas falling by as much as 20% during the first year of implementation.

Businesses and industry also now have a financial incentive to minimise their water wastage, and the use of recycled water is slowly increasing, for such things as irrigation of farms and recreational land. Australia-wide 7% of waste water was recycled in 1999.

Reducing the demand for water means that Governments can spend less taxpayer's money on new investments such as dams. This not only postpones some significant environmental impacts but also helps to keep water prices down.

Andrew Meares /Courtesy of The Age

HOW HAS THE WATER INDUSTRY IMPROVED?

An important component of the reforms have been measures to improve the accountability and customer focus of the urban water industry. These particular reforms have meant that, whilst on an individual basis the cost of water may have varied, water bills have, on average, reduced and service quality, including things such as the number and duration of service interruptions, has generally improved. At the same time, spending on improved drinking water standards and better environmental management of wastewater has increased.

Service providers have also been encouraged to develop an increased customer focus, reduced costs and improved service quality, through the development of a more 'commercial' focus for water businesses.

WHAT HAVE THE GOVERNMENTS AGREED TO DO?

- Set water prices so that people only pay for the water they use and are encouraged to use water conservatively.
- Ensure that prices that reflect the actual cost of water and that water providers do not sacrifice service quality or the environment for higher profits.
- Consult with communities in setting prices, service standards and sustainable water use objectives.
- Conduct rigorous appraisal of economic viability and environmental sustainability prior to investing in new or existing water supply schemes and dam construction.
- Minimise conflicts of interest by ensuring that those with responsibility for water resource management, standard setting and regulatory enforcement are substantially separate from those with responsibility for water service provision.
- Improve drinking water quality.

To improve accountability, customer charters have been developed and water users now have a greater influence on prices and service quality through more open, independent policy processes and complaints mechanisms.

A national system to publish information on the financial and non-financial performance of water businesses has been established and enables comparisons between the performance of the water service providers in each State. This monitoring and comparison increases the pressure on businesses to deliver better outcomes.

To achieve this some businesses have 'corporatised', and some have 'contracted out' certain services. Other large integrated businesses, previously responsible for the entire water supply and wastewater removal process, have been broken up into smaller specialised businesses.

Reducing the demand for water means that Governments can spend less taxpayer's money on new investments such as dams.