

**Wednesday 9 October 2002**  
***Third Biennial Rosenberg International Forum on***  
***Water Policy***

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**Public and Private**  
**Options in Australian**  
**Water Management**

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**Ltd**

# Progressing an idea..

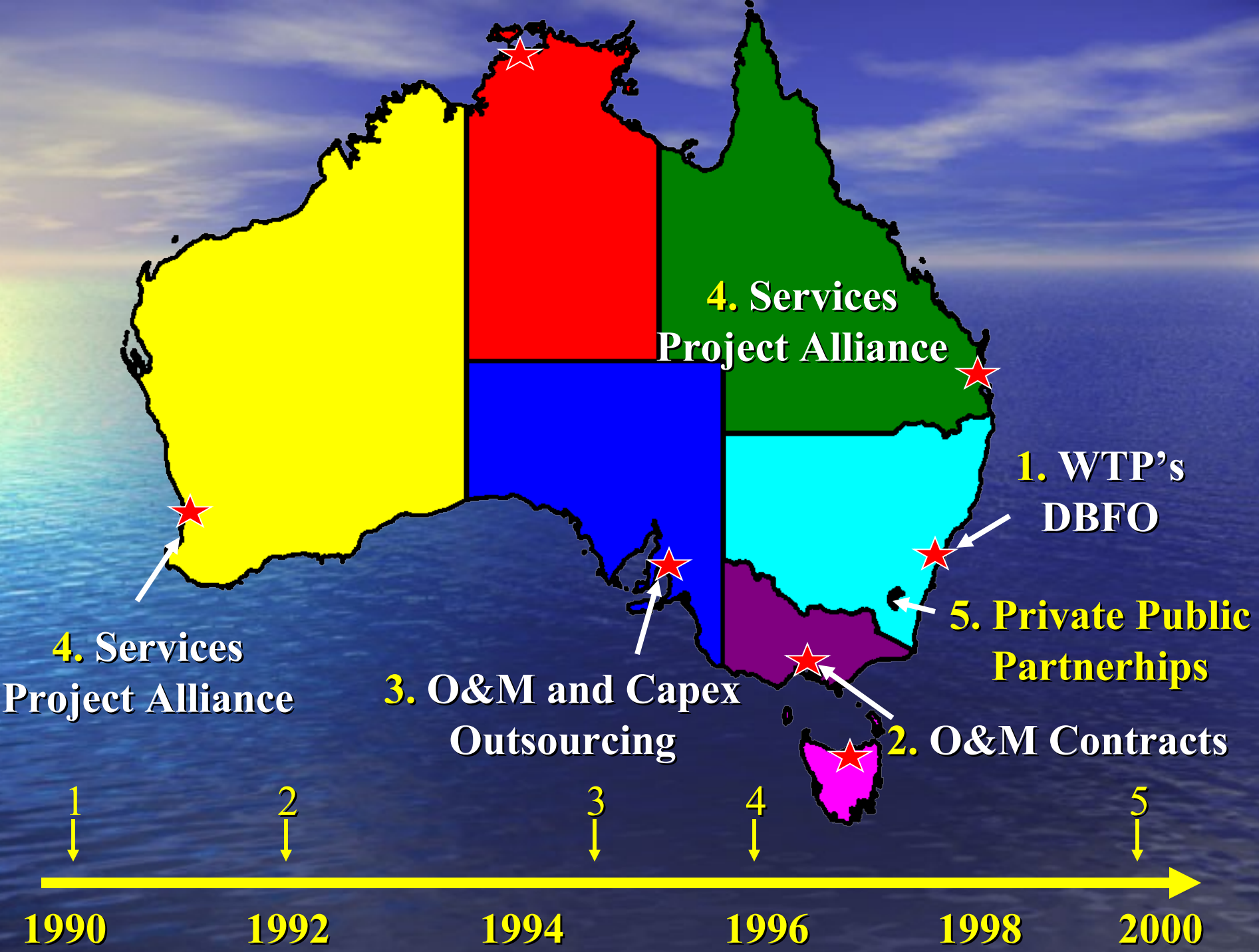
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- **Noordwijk/UNCSD/Jo'burg - Water Focus**
- **Recommendations:**
  - **Government role in regulation not operation**
  - **More private sector involvement**
  - **Integrated catchment management**
  - **Integrated potable water/sanitation programs**
  - **Appropriate pricing systems/externalities**
  - **Institutional strengthening**
  - **Appropriate technology**

# Australian Water Reform

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- **1990 - competition policy approach**
- **1991 - Electricity with separate generation/transmission/retail systems**
- **1994 – Water: initial focus on urban water**
- **State utilities below benchmark**
  - **Technical**
  - **Financial**
  - **Managerial**



# Victorian Experience

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- **Implemented wide reform in water industry**
  - **120 water authorities pared down to 3 urban and 15 rural bodies**
  - **Over a billion dollars invested, use of PPPs, D&C, BOO/BOOT etc**
- **Partnerships Victoria**



# Other States

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- Corporatised main water body
  - Queensland the exception
- Sydney led reform drive (3 X DBFO)
- Melbourne followed (DBFO and outsourcing)
- SA used leveraging/outsourcing
- WA project alliance outsourcing
- PPP model: ACTEW and NQ Water
- ***ONE SIZE DOESN'T FIT ALL***



# Broader Water Reform Status

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- **Most effort and finance in urban systems**
- **Rural catchment reform slower**
- **MDBC led in trans-boundary issues**
- **Current extreme drought new impetus**
- **People want government to pay**



# PPPs: A Hybrid Model

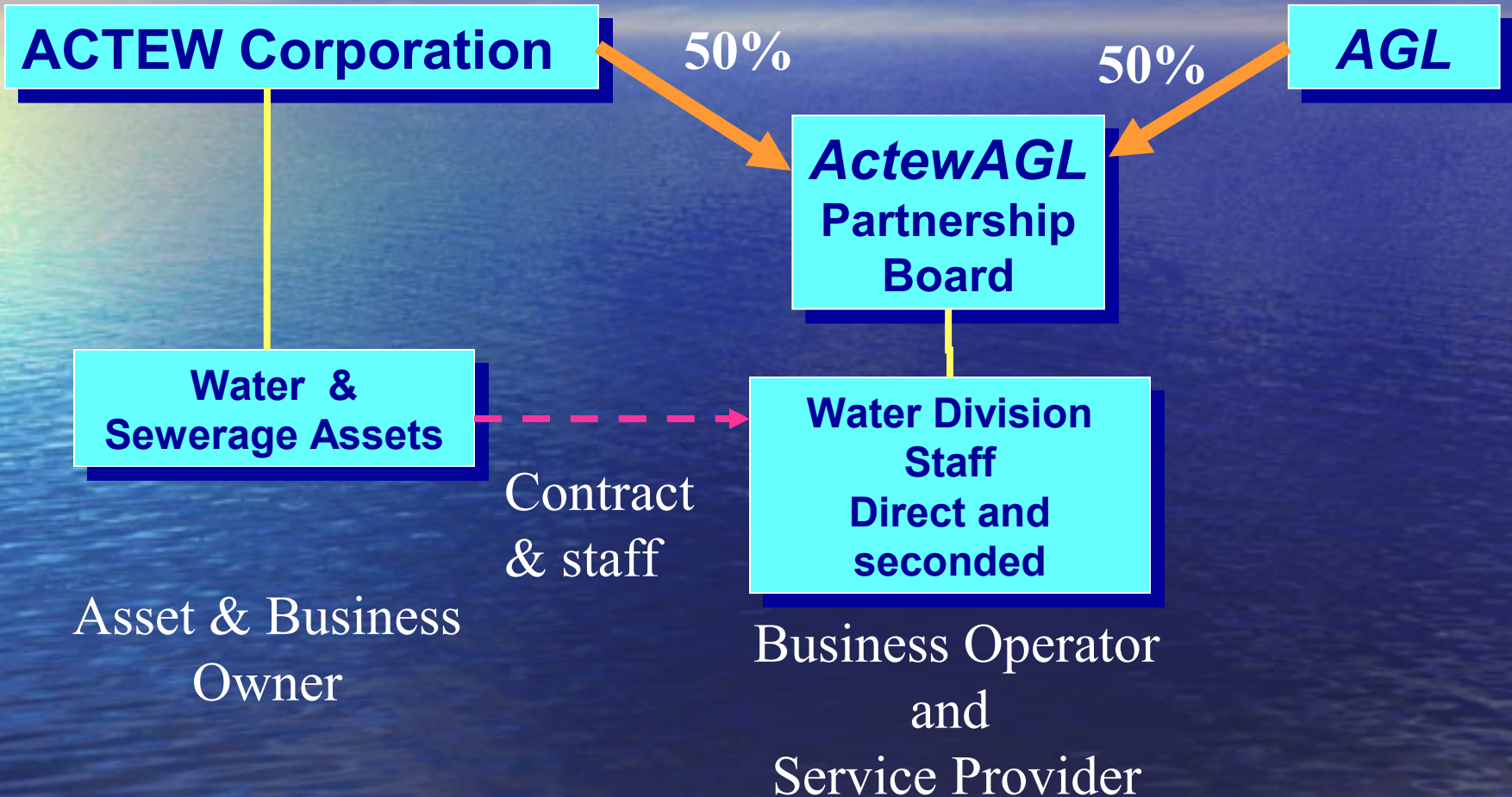
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- **ACT challenges:**
  - Multi-utility
  - Risks in the energy market
  - Operational efficiency
  - Demand for capital
  - Privatisation failed
- **ACTEW/AGL JV 2000**
  - ACTEW remains holding company, ActewAGL operating company





# ACTEW – AGL Model



# PPPs in ACT

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- **ACTEW involved in 4 types of PPP**
  - **Equity partnership electricity/gas (AGL)**
  - **Alliance contracting water/sewerage**
  - **Strategic investor TransACT**
  - **Vehicle for investment technology**



# Progress

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- **Trend to project alliances, DBO and DBFO**
- **Need for TBL and community engagement**
- **Government owned status: barrier**
- **Management focus on outcomes not ownership**
- **PPPs offer advantages**
- **Have achieved first generation reforms**



# Second Generation?

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- **Nationally: re-energise COAG reforms**
- **MDBC**
- **Water trading**
- **Urban regulatory reform**
- **Measurement/ Accountability**
- **PPPs**

# Water Futures

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***FOCUS ON RISK  
AND PARTNERSHIPS***