

World Bank examine Australian water industry

The Australian water industry has impressed a contingent of World Bank experts with its 'creativity' and 'innovation'. Indeed, the delegation of 50 from Washington and World Bank offices in Africa, Asia and South America voiced the sentiment that Australia seemed to be the only country where the complete range of World Bank water policies were actually being applied.

The delegation was conducting a two-week fact finding mission to explore the major reforms implemented by the Australian water industry during the last decade. The tour started with a plenary day in Canberra where the background of the National Competition Policy and the various water reforms were introduced by Murray-Darling Basin Commission Chief Executive, Don Blackmore, CRC for Freshwater Ecology Chairman, John Langford, and myself. The visitors split into two groups, one of which examined aspects of the urban industry in Canberra, Melbourne, Adelaide and Sydney. The other visited the Snowy Mountains and toured the southern parts of the Murray-Darling Basin. The two groups concluded their visit in Sydney where a plenary session allowed some of their impressions to be captured.

Most of the group had little prior knowledge of Australia or the Australian water industry. Given the absence of any particular crisis in the water industry, participants asked what were the factors that drove governments to adopt competition policies that led to so many of the changes they had witnessed.

The diversity of emerging models was noted, and the fact they were still evolving. It was thought that a number of models could be made to work, providing people were committed to change. One commentator suggested the diversity of water management models in Australia was a

function of rapidly changing fashions in public administration and that the States embraced reforms at different times, sometimes emphasising service delivery and at other times regulation.

The visitors commented on the professionalism, commitment and energy of the people they met. They were pleased to see how many people saw themselves as part of a comprehensive 'water industry', rather than as belonging to a single element of the industry.

Some questioned the value of breaking Melbourne into competing units; others wondered at the monolithic nature of Sydney Water and the out-sourcing approaches of Adelaide. The Australian experience was providing a major testing ground for emerging ideas and would certainly be watched with interest and evaluated carefully.

The group observed that Australia had moved beyond just selecting engineering fixes to water problems and was actively seeking solutions that delivered effective outcomes on a range of criteria.

The group was amazed at the level of community involvement, awareness and ownership in the Murray-Darling Basin. The largely shared vision for sustainable resource management was noted and many were interested in how this had been achieved. They found the Catchment Management Authority model

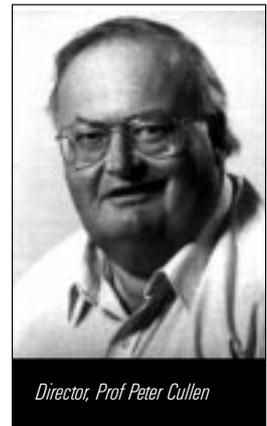
in Victoria most interesting, and noted that NSW seemed some way behind in developing community structures. They also noted that it took time for such processes to grow and strengthen, and that seven to eight years was not unreasonable. They compared this with the very short times—often as little as two years—the World Bank used to try and achieve such ownership.

The group was very interested in the progress that Australia had made in the area of environmental allocations. They noted the effective transfer of science from the research providers to the managers needing the knowledge. The role that research had played in underpinning the water reforms was also noted.

The debate on cost-sharing attracted attention, and a view was expressed that governments should pay for the repair bills that resulted from the mistakes they had made in the past. There were other views about reflecting the full cost of production in prices rather than off-loading costs to downstream communities and to environmental degradation.

The visitors saw some unfinished business. They do not believe that Australia has yet implemented effective economic regulators.

The group was surprised at our failure to come to grips with cost-recovery, especially in the rural industry, given the widespread reforms and the wealth of Australia. There was also surprise that we were



Director, Prof Peter Cullen

separating the hydro-electricity and the irrigation industries rather than attempting to integrate them.

Participants felt there were many aspects of the Australian experience that could be of value internationally, and will cause the Bank to reassess some of its own planning models.

These notes are my impressions of comments made from the plenary session. They do not necessarily represent a group consensus or a World Bank view.

Peter Cullen