

## City of Melbourne

### Comments on the Productivity Commission's Review of National Competition Policy Reforms Draft Discussion Paper

Page	Comment
<b>General</b>	City of Melbourne strongly supports the need for an effective public interest test of any national competition policy reforms. This should consider the social, environmental and economic ("triple bottom line") benefits and costs of any reforms. In addition, any reforms should be accompanied by evaluation procedures to ensure the outcomes are in public interest.
<b>XXXIV</b>	City of Melbourne supports the view that uncertainty regarding future direction for greenhouse policy is a major impediment to businesses making strategic long-term decisions.
<b>XXXVIII</b>	<p>Council supports the view that the following areas are priorities for national reform:</p> <ul style="list-style-type: none"> <li>- developing a more effective national approach to greenhouse gas abatement</li> <li>- more effective management of environmental externalities</li> <li>- exploring new opportunities for cost-effective water recycling</li> </ul> <p>However, water recycling should only be pursued in the context of a holistic water management framework, with first priority given to improved efficiency and efforts made to ensure water recycling does not result in other environmental problems, such as increased greenhouse gas emissions. The purpose of water recycling should be to substitute potable water (for appropriate uses), rather than stimulating demand for more water.</p>
<b>112</b>	Council supports the view that the price of energy fails to include "externalities", such as greenhouse gas emissions. This needs to be rectified.
<b>147</b>	Council supports the view that there is substantial (and growing) domestic and international pressure for Australia to "improve environmental outcomes and encourage more sustainable resource use". There are many opportunities for Australia to take advantage of this trend and create a niche as a "clean and green" economy. While these pressures are a barrier to unfettered economic growth, this trend also provides the opportunity for Australia to build a sustainable economy.
<b>154</b>	Council supports the view that managed markets can make it cheaper to protect the environment. However, any such markets need to be carefully monitored to ensure the desired environmental benefits occur in reality and not just on paper. It is also important to acknowledge that such markets can only exist within a tough regulatory framework. The market should exist as a means for companies to fulfil their regulatory requirements in the most cost effective way.
<b>164</b>	Council supports the view that there is a need to move beyond "ad hoc and poorly targeted greenhouse gas policies". City of Melbourne would like to see a coordinated national effort to reduce greenhouse gas emissions, in partnership with other developed nations. As a first step the Australian Government should ratify the Kyoto Protocol to ensure Australian businesses can take advantage of the flexibility mechanisms this agreements provides.
<b>172</b>	Council agrees that there should be an "economy-wide emissions trading scheme" and is disappointed to see federal government move away from this approach.
<b>178</b>	Council supports the Commission's view that state governments and the federal government need to resurrect the National Water Initiative to ensure Australia's long-term water security.
<b>179</b>	<p>Council agrees that securing Australia's natural resources requires "the application of an integrated suite of policies". While Council supports the use of market mechanisms, a strong regulatory framework is also required, accompanied by a far reaching education and behaviour change program.</p> <p>Council views water recycling as an important opportunity to substitute potable water in</p>

	<p>applications where high quality drinking water is not required. However, the first step is to ensure the water is being used efficiently.</p> <p>Water recycling also needs to take into account other potential environmental costs. This includes increased energy consumption and greenhouse gas emissions resulting from the treatment and transportation of the water. It also includes potential salinity risks if the water is used for agricultural purposes in areas where irrigation is inappropriate.</p>
<b>278</b>	<p>Council supports the Commission's view that CoAG should play a greater role in the management of natural resources. Accepting that CoAG cannot address all environmental issues, Council proposes that national coordination of the following key areas is urgently needed: (i) protecting, managing and enhancing Australia's biodiversity; (ii) integrated water management, including water supply and the nation's river systems; and (iii) reducing greenhouse gas emissions and managing the risk of climate change.</p>