

IJ:it/ Mr Ian Johnson  
F2008/00862

5 November 2010

Urban Water Inquiry,  
Productivity Commission  
LB 2 Collins Street East  
Melbourne VIC 8003

Dear Sir,

**Issues Paper - Australian Urban Water Sector**

Reference is made to the above Issues paper with the following broad comments made in relation to the Terms of Reference.

While Council supports reviews into the efficiency and service arrangements in the urban water sector recognition should be made of the potential for conflict with state governments who also undertake similar exercises from time to time in reviewing the efficiency of what is essentially a state function.

A recent example of this is where the NSW State Government, through it's Office of Water, undertook a "Local Water Utilities Inquiry" with one of the objectives being "to identify the most effective institutional, regulatory and governance arrangements for the long term provision of water supply and sewerage services in country NSW".

Given that the objectives of the NSW State Government review show similarities to the Productivity Commission review such a situation has the potential to create uncertainty in the urban water sector. In view of this Council requests that the Productivity Commission in undertaking the current review at least recognises this situation.

Another area that the Productivity Commission should recognise in it's review is the potential to generate more regulation and "red tape" in the urban water sector particularly in areas such as reporting. Such increased levels of regulation rarely improve productivity or benefit the sector particularly in terms of costs.

In this regard attention is drawn to the 2006 review by the NSW Independent Pricing and Regulatory Tribunal (IPaRT) into the "Burden of Regulation" across a range of business activities in NSW including the water sector.

The IPaRT review found significant scope to reduce "red tape" in the water sector.

It is hoped that the Productivity Commission in progressing it's review will consider the question of appropriate levels of regulation.

Council would like to thank the Productivity Commission for the opportunity to comment on this review and would appreciate further feedback on this Inquiry.

If you have any questions please contact the undersigned on (02) 43 505 325.

Yours faithfully,

Ian Johnson  
**Technical Service Engineer**  
**WATER and SEWERAGE**