**Water Directorate (*qldwater*)**

***e-*flash**

**Information for Water Industry Managers and Practitioners in the Queensland Water Industry**

**(Issue #354 – 4 June 2018)**

**1.   National and International Water Reform including release of Productivity Commission report**

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Water reform in Queensland has been brought into focus again with the release of the National Productivity Commission’s [Final Inquiry Report on National Water Reform](http://www.pc.gov.au/__data/assets/pdf_file/0007/228175/water-reform.pdf). The Final Report is an update but not a significant change to the Draft Report on which ***qldwater*** provided a [comprehensive submission](https://www.qldwater.com.au/_literature_234066/Draft_qldwater_Response_to_Productivity_Commission_Report) last October (see [eFlash #317](https://www.qldwater.com.au/LiteratureRetrieve.aspx?ID=227652)).

Institutional reform has remained in the news this year with [the State government in Tasmania signing a memorandum of understanding with local governments and TasWater which will see it inject $200 million into the utility and become a shareholder](http://www.abc.net.au/news/2018-05-01/govt-to-take-200m-stake-in-taswater-utility/9713862) and [recommendations from the New Zealand inquiry](https://www.youtube.com/watch?time_continue=1&v=AF5-IMyN8UM) into the Havelock North Incident. The NZ Local Government Minister [recently advocated](https://www.newsroom.co.nz/2018/05/30/112346/government-floats-water-service-mergers) exploring "aggregated, dedicated water providers” across the country while highlighting the need for open discussion with councils who would be concerned about a change to their role in water service delivery.

In this environment, the PC report provides a comprehensive but considered case for water reform including recommendations for the urban water sector. The case for change is advocated strongly with a call for urgent change in many areas including water security, environmental management, economic regulation and competition by comparison. For local government service providers in regional Queensland, Recommendation 6 is particularly relevant:

* “New South Wales and Queensland Governments should replace existing capital grants to regional water utilities with transparent Community Service Obligation payments that are not tied to capital expenditure, and that are targeted at unviable (high-cost) regional and remote services” (6.6), and
* “Local water utilities and State Governments in New South Wales and Queensland should strategically examine opportunities to improve service delivery through collaboration.” (6.7).

In Queensland, regional collaboration and institutional reform are being investigated through the Queensland Water Regional Alliances Program ([QWRAP](https://www.qldwater.com.au/QWRAP)). Since 2012, the program has seen the development of five regional groups, four of which have formed formal water Alliances with ongoing joint programs and collaborative activities. All of the groups have also considered alternative options for regional governance in their areas. This program has been recognised by the Productivity Commission and provided significant input into national discussions about optimal regional models in the Queensland environment. The Queensland Government has recently agreed to re-fund QWRAP until 2020 to provide continuing support to five regions subject to continual progress on regionalisation. For more information contact Rob Fearon (rfearon@qldwater.com.au).