

Corporatisation of the Water Sector The Australian Experience



Chris Hertle

Water Market Leader – GHD

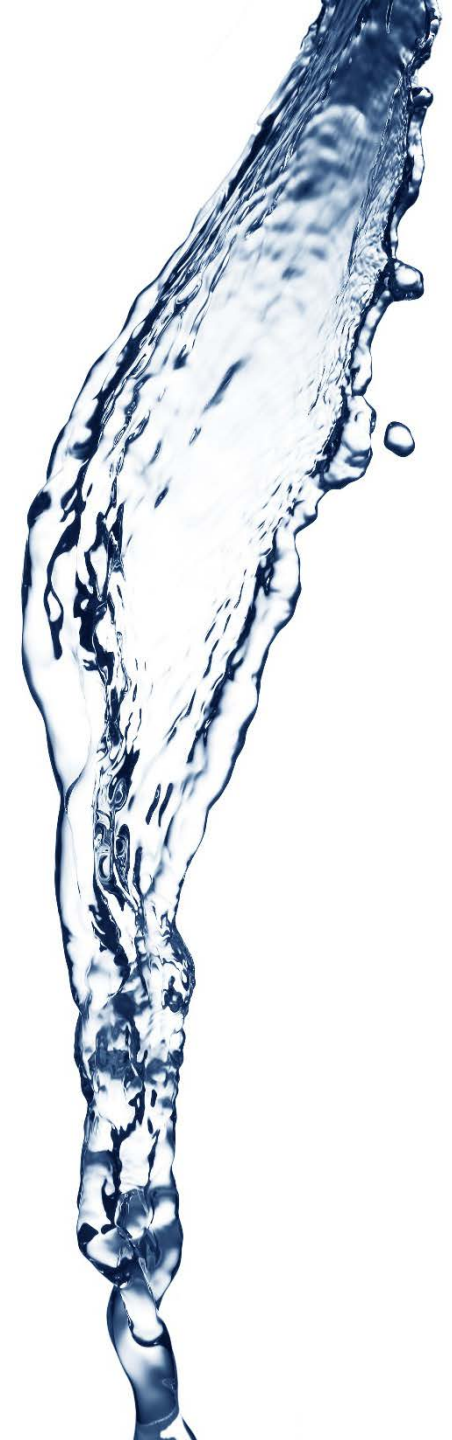
Adjunct Professor- Uni of QLD, AWMC



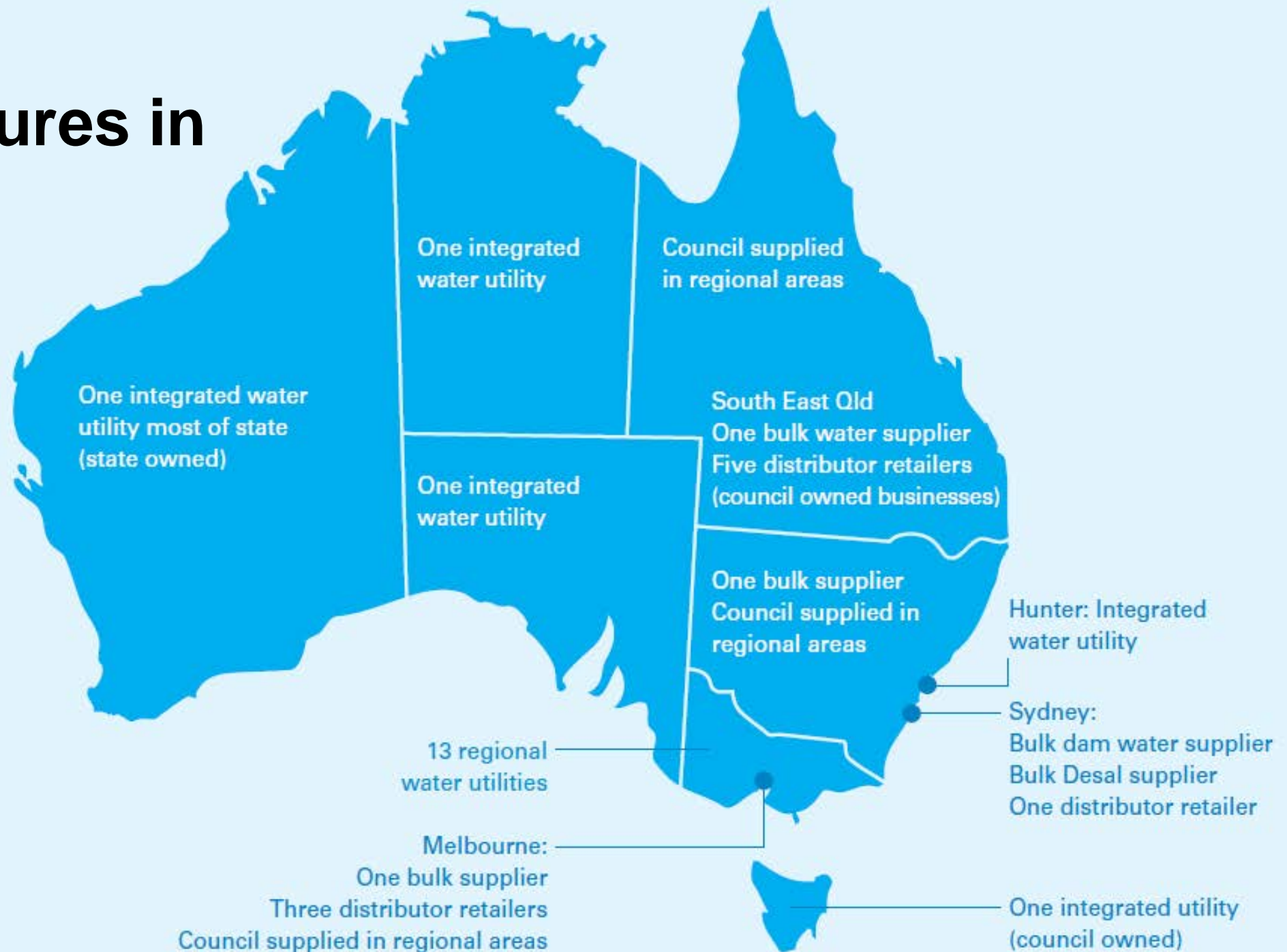
Outline

1. Utility structures in Australia
2. The corporatisation model
3. Case studies
4. Benefits of corporatisation
5. Relevance to NZ water market

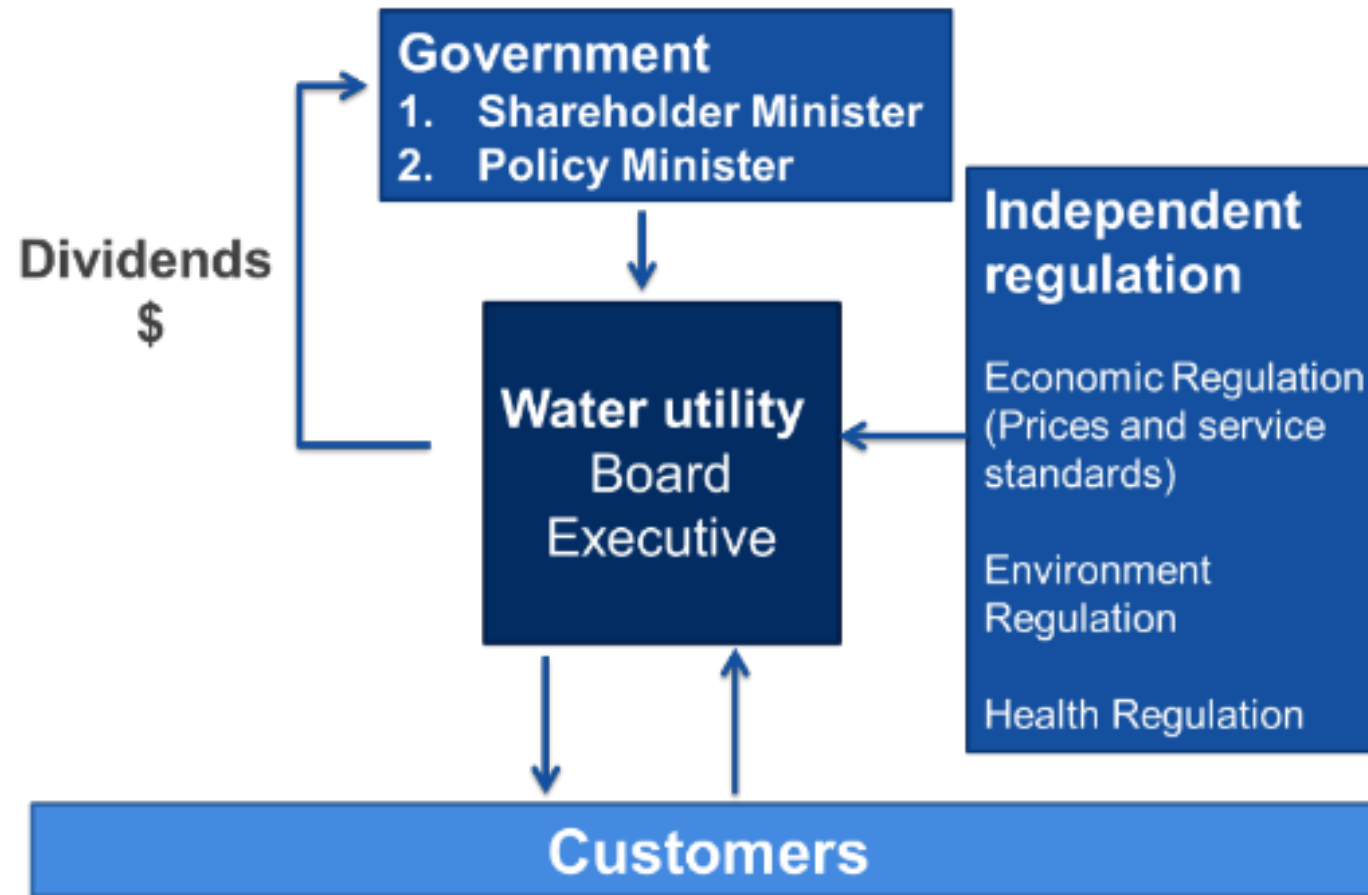
*Acknowledge - Jonathon McKeown (CEO - AWA) &
Stuart Wilson (Deputy Exec Director - WSAA)*



Utility Structures in Australia



The corporatisation model



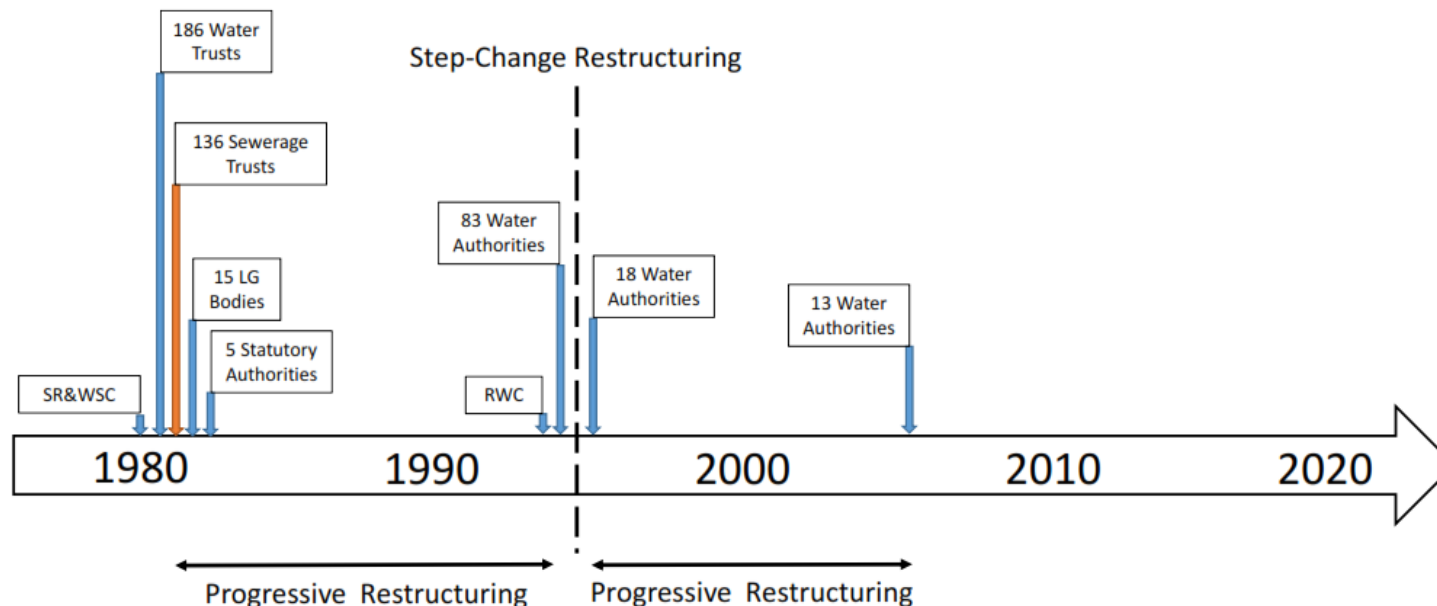
Elements **of the corporatisation model**

- Clear and non-conflicting objectives
- Managerial responsibility, authority and autonomy
- Effective performance monitoring by owner governments
- Effective rewards and sanctions related to performance
- Competitive neutrality with private sector



Case study - Victoria

- Over 180 water authorities in the 1980s
- 2017 – 15 regional utilities and 4 metropolitan utilities
- All operate as State-Owned corporations
- High levels of financial sustainability
- Regionals do not pay dividends
- Successful water quality improvements (BGA outbreaks)



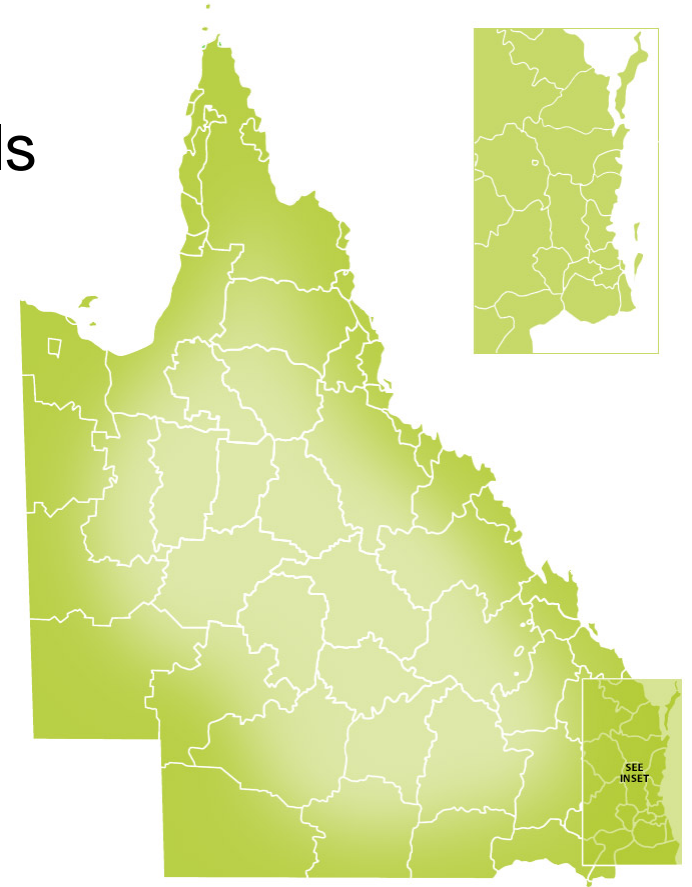
Case study - Victoria



Case study – South East Queensland

A council ownership model

- Queensland Urban Utilities – owned by five councils
- Unity Water – Owned by three councils
- Skills based boards – strong innovation
- Commercial dividends paid to owners
- Remaining councils, but with scale



Case study - Tasmania

- 29 Local councils water businesses
- (poorly performing)



- 3 Council owned businesses

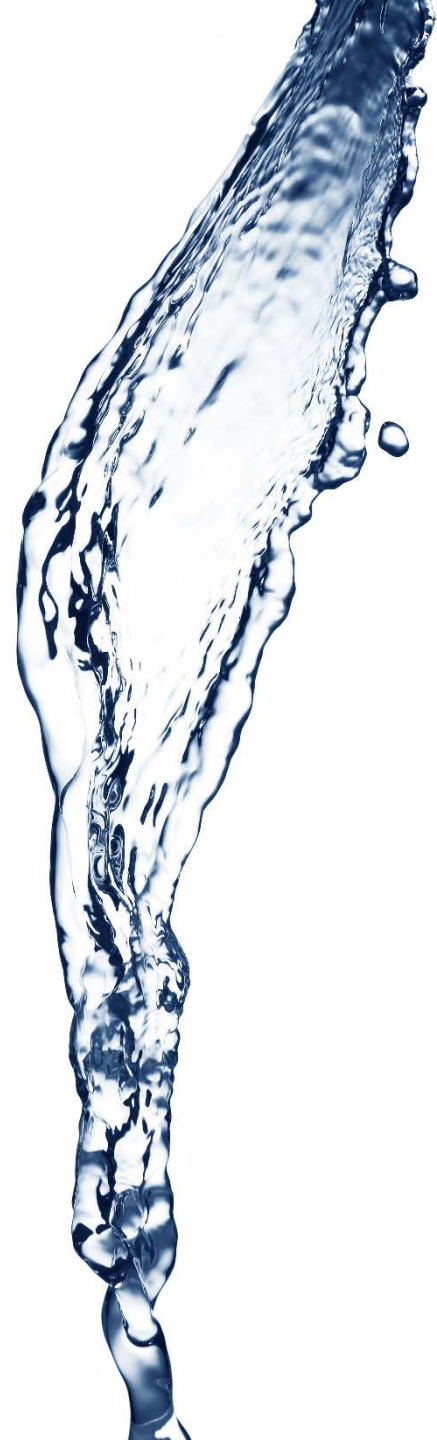


- 2012 One council-owned utility for Tasmania



Benefits of corporatisation

1. Commercially focused service providers
2. Effective regulation and planning
3. Improved WQ, security, productivity
4. Economies of scale
5. Ability to Separate policy, regulation and service delivery



Relevance to New Zealand

1. Consolidation will allow provision of a better service
 - Victorian experience with water quality
2. Allows economies of scale to upgrade infrastructure
 - Tasmanian experience
3. Alliances of smaller councils to gain critical mass
4. Cross subsidisation where required
5. New water authorities that are whole of catchment



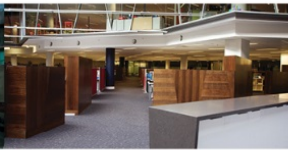
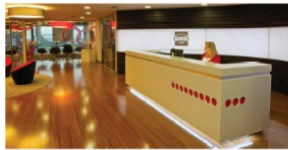
GHD at-a-glance (AUD)



providing engineering, architecture,
environmental and construction services



services to **135+** countries



200+ offices worldwide



90+ years in operation



9000+ people



2017 revenue:
AUD **1.7** billion



serving **5** global markets



75+ service lines

