

# Australasian Bottled Water Institute Inc.

**Response to:**

**Rural Water Use  
and the  
Environment:  
The Role of Market  
Mechanisms  
Productivity Commission Issues Paper**

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## **Introduction**

The Australasian Bottled Water Institute (ABWI) is the representative organisation for the bottled water industry - we submit the following comments for the consideration of the Productivity Commission.

Australian bottled water, unlike drinking water is a food product. Upwards of 90% of Australian bottled water is sourced from underground aquifers in rural areas and is marketed as "natural spring water" or "natural mineral water" as allowed within the Food Regulations Code of the Food Standards Australia New Zealand.

We acknowledge that rural water is predominantly used on-farm, 90%, and particularly by irrigators.

However, it is essential that the activities conducted by the major users do not negatively impact on other users. Rural water used for the production of water-based beverages is, in the main, groundwater sourced for packaged water production (including spring and mineral waters). However some rural surface water is drawn for the production of traditional carbonated soft drinks, in centres such as Moree NSW, Cooroy & Bundaberg QLD and Morwell VIC.

Although the volume is small, the ongoing economic viability of such companies are significant to the local centres the companies are based in.

Fair and equitable access to water resources is of major importance to the industry.

## **Productivity Commission Request for Information**

It is noted that the Productivity Commission has advised that a central part of the study is to identify and characterise impediments to the efficient use of rural water. This not only includes information on water-related farm management decisions and any impediments farmers may experience in making these decisions, but also and the nature and extent of any externalities that may impact on this.

### ***Farm Management Decisions***

Whilst ABWI has no input into farm management practices, we would ask that the Commission remain aware of the impacts such practices may have on other water users. For example, polluted run-off may have a major negative, impact on ground water and hence to availability of uncontaminated ground water sources for bottled water companies.

Regional bottlers, drawing water surface water sources are also keen to ensure that their supplies remain unpolluted.

The adoption of economic efficient practices in on-farm water use will assist in minimising contamination of water bodies. This is particularly relevant to irrigation practices.

### ***Water related externalities***

There can be a number of environmental effects that result from harvesting, storing, distributing and using irrigation water. Examples include changes to hydrological conditions, habitat, water quality and ecological conditions. There can also be non-environmental effects on third parties such as on the reliability of water supplies.

These effects can impact on community wellbeing. Their impact will naturally vary depending on locations and overtime.

The major issue arising from irrigation for the bottled water industry is the extent of use of fertilizers, pesticides etc. and their impact on run-off to both ground water from seepage. The major possible impact is the continued ability of bottlers to access groundwater.

As an example - recently SEQ Water proposed an across-the-board 20% reduction on water usage. Where such a reduction cannot be achieved, SEQ are proposing fines commensurate with the proportion of the proposed reduction, not achieved. It was not until the ABWI representative indicated that this would represent a 20% cut in local beverage production and loss of local jobs that SEQ Water realized the full ramifications of such a proposal.

## **Conclusion**

*We believe it self-evident that efficient & competitive water markets based on the economic use of water ensure that water is both conserved and made available for use based on economic efficient criteria.*

*The Institute does not have any comments on existing farm related market mechanisms.*

Yours sincerely,

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Executive Director

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