



WATER Despite rumblings of dissent elsewhere in the world, why are Australians such keen supporters of the booming bottled water industry?

...and here's how to bottle water

By **SUSHI DAS**

WANT to hear a joke? What's Evian spelt backwards? Naive. Once the joke was on companies trying to package and sell a product freely available from the tap. Twenty years on, company profits are overflowing and the joke's on Australians and their unquenchable thirst for bottled water.

Here's something that isn't a joke: top restaurants in America and Europe are employing water sommeliers to advise diners on the type of water they should drink as part of their dining experience.

A cheeky little sparkling number with their foie gras. Or perhaps a smooth, full-bodied mineral water with the main. How about a crisp, still palate cleanser followed by a sultry imported drop from an artesian basin to finish the evening? It's only a matter of time before Australia's top restaurants follow the overseas trend, say analysts.

Here are some facts: in the past six years, the Australian bottled water industry's revenue has grown by 74%. Bottled water is arguably one of the greatest marketing triumphs this country has ever seen.

Natural spring water and purified water (that's filtered tap water) have been the fastest growing beverages, increasing by an average of 10% year on year. This year, the industry's revenue is expected to grow by more than 9% to nearly \$461 million — more than any other beverage category. Water bottlers are bubbling over with laughter — all the way to the bank.

In the bottled water business, figures are fluid. Australians drink about 600 million litres a year, or 28 litres per person each

year — that's if you believe the numbers provided by the Australasian Bottled Water Institute. IBISWorld, a reputable business analyst, estimates the per capita figure is closer to 12 litres a year.

The Australian Conservation Foundation will tell you Australians are spending more than half a billion dollars a year guzzling bottled water. One thing is certain: soft drink sales are down and bottled water consumption is expected to continue surging, certainly over the next five years. Petrol might have hit more than \$1.70 a litre, yet Australians are happy to pay significantly more for a litre of bottled water. In Coles, 600 millilitres of Mount Franklin, Australia's most popular bottled water, sells for \$2.79.

"The fact is that the joke is now on the consumer because we're being conned through marketing that we should be paying more for our bottled water than our petrol and yet you can drink it straight out of the tap," says Jon Dee, environmentalist and organiser of the Bottled Water Alliance, which aims to cut bottled water consumption by 20% over the next two years.

Australia's taste for bottled water started in 1998, when a bacteria scare in Sydney's tap water forced the government to recommend bottled water or boiling tap water to avoid getting ill. Bottled water sales in Sydney, and elsewhere, soared until tap water was deemed safe again. By 2003, Australians had developed a thirst for bottled water, spurred on by an increasing awareness of health, water as the latest fashion accessory, and aggressive marketing in the shape of sexy bottle design.

After all, if water is a largely homogenous, colourless, odourless, tasteless product,



what's your point of difference if not a good-looking bottle? In 2004-05, the industry's revenue rose by a staggering 40%. *The Age* has used figures compiled by IBISWorld in a report on the bottled water industry, released three months ago.

Overall, 47% of Australian bottled water is spring water (comes from an underground source) and 12% is filtered tap water. The industry's big players are Coca-Cola Amatil, P&N Beverages and Cadbury Schweppes. Coca-Cola Amatil dominates the market with a 35% share. It's top two brands are Mount Franklin (spring water) and Pump (filtered tap water).

In Europe, water labelled natural spring water must be bottled at the spring. There is no such requirement in Australia. That means water from a spring can be transported for hours in a holding tank before being bottled, and because it can become contaminated, it would need to be chlorinated — just like tap water.

Coca-Cola Amatil, which largely buys its water from landowners at prices it keeps secret, says all its water is bottled about two hours' drive away from its sources. Many bottled water manufacturers buy their water from farmers or landowners with whom they negotiate the price. Once the deal is done, there is no independent monitoring of how much water is actually taken out of aquifers or underground water supplies.

Coca-Cola Amatil's spokeswoman, Sally Loane, says the company reports to the relevant state government every drop it draws from groundwater sources it owns. Peats Ridge in NSW is a case in point. But the company does not own any sources in Victoria and so is not required to report details to the Government. Most Victorian spring water comes from the Daylesford area.

According to the Australasian Bottled Water Institute, bottled water manufacturers draw a total of 0.01% of water from accessible aquifers. This figure was calculated by a consultant commissioned by the institute. The institute's executive director, Tony Gentile, who is also the chief executive of the Australian Beverages Council, points to the mining and agriculture industries, saying they draw a lot more water out of the

ground than bottled water manufacturers.

He bristles when asked to respond to claims by environment groups that it is immoral to take water out of aquifers, a resource that belongs to all Australians, and sell it with huge mark-ups when Australia is suffering one of its worst droughts and staring into a future where water will be a scarce commodity. "Water underground has as much right to be consumed by drinking as it has to be consumed by any other manner," he says. "If Australian citizens want to buy their water in that manner, so long as the source is sustainable, there is absolutely no morality issue involved."

Coca-Cola Amatil says it "strives to ensure (its sources) are sustainable".

There's no doubt the industry has gained from an increasingly frantic pace of life. People pack more into one day, travel further and are more fashion conscious. Bottled water is convenient and healthier than high-sugar soft drinks. It is readily available, comes in a trendy bottle and it's all yours. Like your iPod and mobile phone. So popular is bottled water, there is no need to advertise it, says Gentile. "Bottled water sells itself. It's a product people want."

One survey after another shows few people can tell the difference between spring and tap water and there are no health benefits to bottled above tap water. Tap water is perfectly acceptable if hydration is what you're after.

But the message from environment groups, such as the Australian Conservation Foundation, that the production and delivery of a litre of bottled water emits 100 times more greenhouse gases than a litre of tap water; that nearly half a million barrels of oil are involved in the production of plastic water bottles; or that 65% of water bottles, because they are largely bought on the go, end up in landfills rather than being recycled, is simply not getting any traction.

Jon Dee from the Bottled Water Alliance argues that the campaign to educate Australians about the safety of tap water and the highly damaging environmental effects of bottled water production and distribution is still in its embryonic stages and consumers need to "wake up".



For the record, Melbourne's tap water comes from surface water rather than aquifers. It is chlorinated to make it safe from bacteria and it has fluoride added to protect teeth. Most of it comes from uninhabited mountain ash forests high in the Yarra Ranges. These water catchments have been closed to the public for more than 100 years. Melbourne is one of only about five cities in the world that has such protected catchments, says Melbourne Water.

Purity standards imposed on tap water are higher than those for bottled water, which is regulated under the national Food Standards Code. However, like all food sold in Australia, bottled water must be free of harmful bacteria. The suppliers of municipal water are accountable to the public. Bottled water companies answer to shareholders.

In the US, where sales of bottled water have surpassed those of beer and milk, a backlash against bottled water is under way. In a new book, *Bottlemania*, which investigates the commercialisation of drinking water in the US, author Elizabeth Royte says even religious groups are angry, arguing it is immoral to sell a vital resource, a "free gift from God".

Around the world, moves are afoot. In San Francisco and Los Angeles, all city departments and agencies have banned bottled water. The mayors of Toronto and Paris serve jugs of tap water at council meetings. In Britain, the Treasury no longer offers bottled water at official functions. And schools in Florence only use jugs of tap water. The US-based lobby group Earth Policy Institute has many other examples.

In Australia, environmentalists are gearing up for war with companies, in the hope that bottled water might go the way of the plastic carrier bag. Six months ago, TV chef Kylie Kwong banned bottled water from her Sydney restaurant. Several local councils are considering going back to the tap.

But the market in Australia is not yet, well, saturated. There is still plenty of room for growth, particularly in the export market, says IBISWorld analyst Edward Butler.

Precious Australian groundwater, bottled for sale overseas while Australians endure drought conditions? The European and American markets would be hard to crack, says Butler, but in Asia, where disposable incomes are booming, luxury items such as bottled water would be highly attractive.

Coca-Cola Amatil's Sally Loane says her company has no plans to export Australian water. Jon Dee warns that the very idea of exports is "highly irresponsible".

In the meantime, companies are investing in niche water — spring water in fancy little bottles for up-market restaurants where customers would rather pay for Australian water than imported brands. Sales are sparkling and the water sommelier is coming. "In America, the water sommelier is the new thing and that's what we expect to see in Australia," says Butler. "In top-quality restaurants people are willing to spend a lot of money on just feeling luxuriated."

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Bottlemania, by Elizabeth Royte, is published by Scribe. RRP \$32.95

SPLASHING OUT

- Globally, bottled water is a \$60 billion-a-year industry.
- Among Australians, young singles and couples drink the most bottled water, particularly females aged 14 to 35.
- South Australians rely most heavily on bottled water, with 13% of households using it as their main source of drinking water.
- This year the industry's revenue is expected to grow by more than 9%, to \$461 million.
- About 65% of water bottles are not recycled.

SOURCES: ABS, IBISWORLD, BOTTLEMANIA BY ELIZABETH ROYTE, THE AUSTRALASIAN BOTTLED WATER INSTITUTE, AUSTRALIAN CONSERVATION FOUNDATION