

MEDIA RELEASE

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Rough waters ahead for consumers

In a report released today, the Productivity Commission has proposed profound changes to the way water services are provided in cities and regional towns across Australia.

In what would be a major departure from current arrangements, the PC recommended that urban water price regulation be abolished, with the regulator's role downgraded to monitoring – rather than approving – water prices. After five years, even price monitoring could be replaced with business self-reporting.

But price regulation is an essential safeguard against the abuse of monopoly power in utility sectors. Jo Benvenuti, Executive Officer of the Consumer Utilities Advocacy Centre, said: "If governments adopt this recommendation, the protection consumers have enjoyed through the independent umpire setting fair prices will no longer apply."

In another major change, the PC report recommends the introduction of various tariff options for water consumers to choose from. "Choice can have benefits, but it could also bring with it the kind of complexity consumers already face in energy and telecommunications. Has anyone asked consumers whether this is a change they want to see?" said Ms Benvenuti.

With such radical reforms on the table, consumer voices need to be heard. The PC's own report acknowledges that current arrangements for consumer participation are unsatisfactory, and suggests that the government consider options for the formation of a representative consumer body.

CUAC is calling on the Federal Government to ensure that consumers are able to participate in any fundamental reforms to the delivery of water, the most essential of all services.

"With the establishment of a national energy market, part of the quid pro quo was that consumer consultation and funding saw a substantial boost, ensuring consumer input into the design of reforms. We need to see the same kinds of mechanisms developed in the urban water sector" said Ms Benvenuti.

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