



MEDIA RELEASE

Tuesday, 25 June 2013

Revised water plan welcomed by consumer advocates

Today's announcement from the Essential Services Commission (ESC), which sets metropolitan water prices for the next five years, has been welcomed by two of Victoria's leading consumer advocate organisations. The Consumer Action Law Centre and Consumer Utilities Advocacy Centre said Victorians would benefit from \$1 billion in savings identified by the ESC, which means that price rises will be limited to between 12 and 25 percent over the regulatory cycle, rather than the businesses' proposals of up to 32 per cent.

But the centres warned that annual bill increases of between \$167 and \$222 for 2013/2014 would hit many families hard and greater investment in hardship programs would be vital.

Gerard Brody, CEO of Consumer Action, said that many Victorian households were already struggling to cope with increased utility prices. 'The community at large should be pleased the ESC has made a genuine effort to limit price rises but, for those households already struggling to pay their bills, this will hit hard.'

'We need water retailers and the ESC to ensure assistance is available to households in need, and that affordable payment plans are offered where necessary. We're dealing with an essential service here, access to affordable water should be a fundamental right.'

The centres welcomed the proposal from ESC for the water retailers to be able to allocate \$5.25 million to support vulnerable customers in hardship.

'We welcome the focus on supporting vulnerable customers. Water retailers should engage with consumer representatives about how best to support those experiencing hardship. Retailers should also be transparent about how funds are to be spent, so that they have the greatest customer benefit,' said Mr Brody. 'Melbourne Water should also look to support those affected by significant price rises - much of the price rise is caused by the desalination plant, so we think all parts of the industry should play a part.'

Consumer Action and CUAC expressed disappointment at the ESC's decision to spread the cost of the desalination plant over 27 years rather than the 50 year period consumer advocates had lobbied for.

Jo Benvenuti of CUAC said recouping the cost of the desalination plant over a 50 year period would have spread the cost over a greater number of customers and helped reduce the upward pressure on water bills.

'An important principle is that all customers should contribute to the costs of a service from which they benefit. We'd hoped to see the cost spread out over those generations so that current account holders wouldn't be left to shoulder an unfair burden.'

'The ESC says it will revisit its decision to spread the cost of the desalination plant after three years which is some comfort. We hope that between now and then, Melbourne Water and the retailers conduct further consultation with the community, particularly low-income households which are disproportionately affected by increases in utilities,' said Ms Benvenuti.

Victorians struggling to pay their bills can speak to a free and independent financial counsellor by calling 1800 007 007.

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