



MEDIA RELEASE

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ORDINARY MELBOURNE HOUSEHOLDS AT RISK FROM HUGE WATER PRICE RISES

The Consumer Action Law Centre (Consumer Action) and the Consumer Utilities Advocacy Centre (CUAC) today said the Essential Services Commission's final decision to allow steep price rises for Melbourne water bills, especially in the first two years, would leave many consumers at risk of financial hardship.

Anita Lumbus, Policy Officer at CUAC, said that the Commission had approved larger price rises than first flagged.

"We are very concerned that lower income and vulnerable households will struggle to pay for larger than expected price rises. The additional price increase seems to be largely due to cost blow-outs and delays for major water projects including the desalination plant," said Ms Lumbus.

"There could be even larger price rises if these projects ultimately cost more to complete, because the Commission has left the door open for the water businesses to apply for price adjustments."

Nicole Rich, Director – Policy & Campaigns at Consumer Action, said the Commission had allowed particularly high price rises over the coming two years, which meant households would be faced with a big upfront price shock.

"Many Melbourne households will find it hard enough to cope with yearly water bills rising by \$300-400 over the next four years, but it will be particularly tough to manage given the largest price jumps will hit consumers in the first two years," said Ms Rich.

Ms Rich said the decision to increase water usage charges more than fixed charges would give people more control over their bills, but the downside was a large risk that concessions would not keep pace with the price rises.

"Struggling families rely on concessions to afford their water bills but there will be unusually large price rises in the coming two years, which will leave concession amounts too low unless further increases to concessions are made."

"We are also concerned that families who live in rental properties will face much larger bill increases than others because tenants only pay water usage charges and these charges are going up much more than the fixed charges."

Ms Lumbus said that the proposal to develop a guaranteed service level for providing help to customers in financial hardship was welcome, but it was disappointing the Commission had decided to delay this measure for a year even while price rises continued. This was the only measure proposed to counter-act the impact of the significant price rises.

"The Commission must work with consumer advocates to fast-track the development of an effective measure to protect low income consumers who may be struggling to pay their water bills."

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