



Level 2, 172 Flinders St  
Melbourne VIC 3000  
Phone: 03 9639 7600  
Fax: 03 9639 8966  
ACN 100 188 752

Level 7, 459 Little Collins Street  
Melbourne Vic 3000  
Phone: 03 9670 5088  
Fax: 03 9629 6898  
ABN 37 120 056 484 ACN 120 056 484

**By email: [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au)**

Water Price Review  
Essential Services Commission  
2/35 Spring Street  
Melbourne VIC 3000

### **Metropolitan Melbourne Water Price Review 2008-09**

This submission is put forward by the Consumer Utilities Advocacy Centre Ltd (CUAC) and the Consumer Action Law Centre (Consumer Action) in response to the Issues Paper released by the Victorian Essential Services Commission (the Commission) on the Metropolitan Melbourne Water Price Review 2008-09 (the Review).

CUAC is an independent consumer advocacy organisation which ensures the interests of Victorian electricity, gas and water consumers - especially low-income, disadvantaged, rural and regional and Indigenous consumers - are effectively represented in the policy and regulatory debate.

Consumer Action is an independent, not-for-profit, campaign-focused casework and policy organisation. Consumer Action provides free legal advice and representation to vulnerable and disadvantaged consumers across Victoria, and is the largest specialist consumer legal practice in Australia. Consumer Action is also a nationally-recognised and influential policy and research body, pursuing a law reform agenda across a range of important consumer issues at a governmental level, in the media, and in the community directly.

#### **Consumer Action Law Centre**

Level 7, 459 Little Collins Street  
Melbourne Victoria 3000

Telephone 03 9670 5088  
Facsimile 03 9629 6898

[info@consumeraction.org.au](mailto:info@consumeraction.org.au)  
[www.consumeraction.org.au](http://www.consumeraction.org.au)

## **Executive Summary**

Water is an essential service and access to it a basic human right. We recommend that the Commission incorporate the following water pricing and customer protection principles into its assessment of pricing over the regulatory period 2009/10 to 2012/13:

### **1. Water pricing**

- Consideration of the impact of the current economic downturn and predicted growth in unemployment and financial hardship on affordability;
- Address affordability issues by ensuring that the expenditure of water businesses is prudent, efficient and timely and requiring water businesses to better manage customer impacts;
- Determine what capital works the regulated entities will realistically be able to deliver in the regulatory period;
- Where water usage charges lead to over recovery of costs, the costs should be redistributed to customers in the next price determination period;
- A standardised approach to forecasting the building blocks of expenditure, to the extent possible, for water businesses to use as part of this and future price review processes;
- A smoother price path of applying the average over the regulatory period to avoid unnecessary price shocks; The first tier of water usage must remain affordable to customers within the tariff structure;
- Lower fixed costs to minimise the disproportionate impact on low income households; and
- Fixed charge to be set at a higher level for major water users than for residential users.

### **2. Customer protection**

- Common definitions for all service standards;
- Thorough assessment of customer impact by the Commission to ensure adverse impacts of pricing have been adequately addressed by businesses;
- Well resourced hardship programs;
- Increased Guaranteed Service Level payments;
- New GSL measures linked to hardship programs; and
- Information campaigns to be developed by water businesses on price increases and hardship assistance for customers.

We welcome the opportunity to provide comment to the Commission. Our comments on the Review largely reflect our concerns regarding the impact of increasing prices on low income and vulnerable consumers and the obligation of the Commission to ensure that price increases forecasted by metropolitan water businesses have been developed in accordance with the pricing principles contained in the Water Industry Regulatory Order (WIRO). Pricing principles of note include; those which allow cost recovery by regulated entities (iv) and (v); ensuring that customer interests, including low income and vulnerable customers, are taken into account (vii); ensuring that regulated entities are provided with incentives to pursue

efficiency improvements and promote the sustainable use of Victoria's water resources (viii); and enabling customers or potential customers of the regulated entity to readily understand the prices charged by the prescribed services, or the manner in which such prices are to be calculated or otherwise determined (ix).

We also acknowledge and support the regulatory objectives of the Commission as outlined in the *Essential Services Commission Act 2001*, including the Commission's primary objective to protect the long-term interests of Victorian consumers with regard to the price, quality and reliability of essential services. This involves ensuring users and consumers (including low income or vulnerable consumers) benefit from competition and efficiency.

In the knowledge that water prices will rise over the next regulatory period, we would like to highlight our concerns regarding the tension that exists between allowing for regulated entities to recover the efficient cost of delivering services over the regulatory period and the reduction in revenue caused by reduced water consumption in a time of water conservation. This tension inherently penalises water users for practising sustainable water use that complies with messages they are receiving from Government and water businesses about desirable water usage practices, because higher prices are then applied to the water they are using as water companies adjust prices to ensure sufficient revenue.

Managing this tension is of pivotal importance to maintaining affordable access to water. We understand that price increases will need to occur, but given the pressure this places on water affordability, we support increases only on the basis of the delivery of services and capital projects in a prudent, efficient and effective manner, monitored for expenditure, completed within the regulatory time period, and with over recovery refunded accordingly. Price increases must also be accompanied by improved measures to manage the customer impacts that will flow from reduced affordability.

Through our discussion below we address some of the Commission's specific questions while also setting out our broader concerns with the Review.

## **1. Water Pricing**

### **Economic context and potential increase in hardship**

We would like to stress the significance of affordability and hardship at a time when consumers, particularly low income customers, are vulnerable to the impacts of worsening economic conditions. The Australian Government has acknowledged that it is inevitable that Australian jobs and growth will be affected by the deteriorating global economy<sup>1</sup>. December 2008 figures from the Australian Bureau of Statistics put unemployment in Australia at 4.5 per cent<sup>2</sup>. The Federal Government has officially stated that unemployment will rise to 5 per cent in June 2009 and 5.75 per cent in June 2010<sup>3</sup>. The Australian Council of Social Services (ACOSS) has commented that this now appears to be a conservative estimate and that unemployment could double within 18 months<sup>4</sup>.

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<sup>1</sup> Swan, W, 2009, IMF January 2009 *World Economic Outlook Update*, Commonwealth of Australia. <http://www.treasurer.gov.au>

<sup>2</sup> ABS 2008, *6202.0 - Labour Force, Australia*, Dec 2008, <http://www.abs.gov.au>

<sup>3</sup> Swan, W, 2008, 'MYEFO; RBA Interest Rate Decision', Transcript, Commonwealth of Australia. <http://www.treasurer.gov.au>

<sup>4</sup> ACOSS, 2009, *Social Inclusion and Economic Security: Recommendations for the Federal Budget*. ACOSS Paper: January 2009. p. 3 <http://www.acoss.org.au>

Research by ACOSS shows that unemployed people and sole parents face a much higher risk of financial hardship than most other groups in the community<sup>5</sup>. ACOSS research found that 57 per cent of Parenting Allowance recipients and 28 per cent of Newstart Allowance recipients could not afford to pay utility bills on time compared with 12 per cent of all Australians<sup>6</sup>. The proposed water price increases in Victoria impose a significant burden on consumers, particularly households on low or fixed incomes, at a time when household budgets are already under increased stress.

### **Affordability of an essential service**

Access to water is a basic human right. Key to our comments regarding the Review is the essential need to ensure water remains affordable, particularly for low income and/or vulnerable customers. Consumers in Victoria have experienced increasing water costs in recent years. As stated in the 2007 Victorian Utility Consumption Household Survey, the average annual amount of a water bill in 2007 was \$516, representing a growth of 17 per cent from the 2001 annual average of \$442<sup>7</sup>. Whilst water consumption had fallen by 22 per cent over this period, the amount paid had grown by 17 per cent<sup>8</sup>. Water bills for non-concession households had increased by 26 per cent<sup>9</sup>. The proportion of households receiving concessions on their water bills increased to 43 per cent in 2007 from 35 per cent in 2001<sup>10</sup>.

The Commission must give due weight to ensuring affordable access to water for all Victorians. We have serious concerns about the evaluation of prudent and efficient expenditure of businesses, and whether all factors, including consideration of affordability to consumers, is central to the outcome. Network augmentation and other projects need to be delivered in a time and cost efficient manner to truly deliver the affordability returns to consumers. There is no doubt that the Commission recognises the potential threat to water affordability caused by the large proposed price increases, and we support the Commission's proposals to scrutinise the water businesses' proposed increases in operating and capital expenditure carefully, as well as its consideration of the most appropriate price path over the total regulatory period. However, where there is a conflict between affordability and a sufficient revenue stream overall (that allows businesses to recover operating and capital expenditure and a reasonable return on assets over the full regulatory period), as there arguably is for this regulatory period (at least for some households), it is unclear whether affordability is factored into the Commission's decision as to appropriate overall price increases.

To the extent this conflict cannot be resolved in determining appropriate price increases, it must at least be mitigated by requiring regulated entities to implement improved measures to manage customer impacts, including those discussed by the Commission in its Issues Paper and others discussed later in this submission.

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<sup>5</sup> ACOSS, p. 17

<sup>6</sup> ACOSS, p. 17

<sup>7</sup> Roy Morgan Research, 2008, *Victorian Utility Consumption Household Survey 2007*, p. xi

<sup>8</sup> Roy Morgan Research, p. xi

<sup>9</sup> Roy Morgan Research, p. xi

<sup>10</sup> Roy Morgan Research, p. xi

### **Recovery of operating and capital expenditure**

We agree with the Commission that there is some concern about whether, in practice, businesses will be able to deliver all proposed large capital projects for the coming regulatory period. The Commission notes that actual expenditure for large capital programs in 2007-08 was 'well under forecast levels'<sup>11</sup>. This suggests that the businesses were unable to deliver their proposed large capital programs during the regulatory period but consumers have been paying and will continue to pay for these incomplete projects. We support the Commission's efforts to determine what capital works the regulated entities will realistically be able to deliver in the regulatory period. Where water usage charges lead to over recovery of costs, the costs should be redistributed to customers in the next price determination period.

For example, we are concerned that City West Water (CWW) has included expenditure for the same project in two separate pricing reviews and we encourage the Commission to examine this. CWW's forecast capital expenditure for the regulatory period includes expenditure on its new Altona Recycled Water Project, which it expects will total \$59.2 million<sup>12</sup>. This project combines two former projects, one being the Altona Treatment Plant Golf Course Project. However, without necessarily disagreeing with CWW's assertion that there is a good reason to combine the two projects, being to deliver economies of scale<sup>13</sup>, the fact remains that CWW committed to delivering the Altona Treatment Plant Golf Course Project in the first regulatory period of 2005-2008<sup>14</sup> and forecast capital expenditure to deliver this project was therefore incorporated into the determination of CWW's revenue requirements, and the prices it charged its customers, over that period. This means the Commission must now scrutinise carefully not only whether CWW has already spent funds on this project but also whether it is appropriate to allow for further forecast expenditure on the same project to be incorporated into CWW's revenue requirements and passed through to its customers over the coming regulatory period.

The proposed new desalination plant is a project of significant scale. Desalination is a new technology to Victoria and there has been considerable local and broader disquiet about its benefits. It is anticipated that at least \$16 million in taxpayers' funds will be spent on legal issues. Considering the legal challenges and the complex nature of the project there is the likelihood that the forecast completion date for the project may not fall within this regulatory period.

At this stage it is not even clear in what way any future expenditure by Melbourne Water on the desalination plant should be characterised and treated in determining business revenue requirements. Melbourne Water is including costs relating to the construction of the desalination plant as operating expenditure because it assumes the plant will be delivered under Public Private Partnership arrangements and thus it will make service payments.<sup>15</sup> However, the tender process for delivering the project is still at a relatively early stage and even with no delays due to, for example, legal challenges, is not expected to be finalised

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<sup>11</sup> Essential Services Commission, *Metropolitan Water Price Review 2008-09, Water Plans – Issues Paper*, December 2008 p. 22

<sup>12</sup> City West Water, 2008, *Water Plan 2009/10 to 2012/13*, pp. 33-34.

<sup>13</sup> City West Water, p. 34

<sup>14</sup> City West Water, p. 11

<sup>15</sup> Melbourne Water, 2008, *2009 Water Plan*, p. 7

before late 2009. Further, Melbourne Water states that it does not yet know what its final forecast expenditure in relation to the project will be (let alone actual expenditure), and does not expect to know until the tender process has been completed and the contracts for the project have been executed<sup>16</sup>. Therefore, if this project is significantly delayed this may trigger an appropriate signal to the Commission to review proposed price increases based on expenditure related to the project.

### **Standardised treatment of building blocks**

There are discrepancies in cost pass-throughs as reported by the different regulated entities. Reasons for forecast cost increases vary, from drought, to lack of revenue capture due to water restrictions and thus reduced usage, to water and sewerage augmentation projects (capital expenditure), to operating expenditure costs such as different estimated increases in energy costs and different targets for greenhouse gas emission reductions. The Commission has identified several of these issues in its Review and we support its efforts to ensure that business expenditure is, in fact, reasonable. We also suggest that there is a case for the Commission to develop a standardised approach to forecasting the building blocks of expenditure, to the extent possible, for water businesses to use as part of this and future price review processes.

### **Proposed price paths**

We believe that the proposed price paths<sup>17</sup> of the retailers of a larger initial price increase followed by a reduction in the level of price increases over the following years will result in an unnecessary price shock for consumers in the first year, when drought and water restrictions are still in place. The increases in the 2009/10 period will have little conservation effect given restrictions will remain in place and there is limited-to-no price elasticity for residential consumption,<sup>18</sup> thus this cannot be used as a justification for higher initial price increases.

Instead, a smoother price path of applying the average price increase per year over the entire regulatory period would better facilitate ongoing adjustment for affordability and ongoing water conservation in line with the WIRO principles related to sustainable use and the interests of customers. Given the likelihood of adverse impacts on affordability due to the overall size of price increases over the regulatory period, we agree with the Commission that, at the very least, these can be better managed through a smoother price path.

Larger initial price increases may seem attractive because they reduce the need to carry-over revenue shortfalls, but they also shift the risk of undertaking larger capital works from the water businesses to customers, even though it is the businesses who are the only parties in a position to manage this risk by ensuring the efficient and timely completion of projects.

### **Proposed tariff structures**

We continue to support a two-part tariff structure for residential water users with an inclining block tariff for usage charges.

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<sup>16</sup> Melbourne Water, p. 81

<sup>17</sup> ESC, p. 42

<sup>18</sup> ESC, p. 34

Throughout the period of enforced water restrictions, overall water consumption has been lower, reducing the opportunity for water businesses to recover revenue through usage charges. This has resulted in a significant push for increased water tariffs. Further, the government's plans to lift restrictions have resulted in discrepant business views regarding future usage patterns, and therefore the cost recovery potential of usage charges. South East Water (SEW) and Yarra Valley Water (YVW) both forecast an increase in sales, while CWW forecasts ongoing consistency (with the potential to use recycled water as a substitution). The Commission points out that the demand forecasts provided by the businesses are quite conservative<sup>19</sup>, which could indicate a push for cost recovery through fixed charges. We agree that the conservatism of these demand forecasts may unfairly shift risk from the businesses to the consumers by allowing the retailers to argue for higher fixed charges to guarantee higher revenue.<sup>20</sup> Indeed, the Commission notes that the retailers are proposing to maintain the same ratio of fixed to variable charges even though customers indicate a preference for higher usage charges relative to fixed costs<sup>21</sup>.

We understand that a fixed charge can provide some guaranteed revenue certainty, which is attractive to water businesses, but the fixed charge should be set with regard to its own independent considerations, not simply to recover the revenue shortfall following collection of usage charges (for example, as a result of water restrictions). We continue to advocate for lower fixed costs to minimise the disproportionate impact on low income households. While many, particularly low income, consumers have very little elasticity in terms of water use, there is at least more capability to control aspects of their bill based upon consumption, as opposed to being able to influence fixed costs.<sup>22</sup>

We also encourage the fixed charge to be set at a higher level for major water users than for residential users. This would appropriately reflect the different ability of each of these customer classes to manage water prices and the risk of price increases.

In terms of usage charges, with the majority of residential consumption for each business forecast to occur within tier 1<sup>23</sup>, we are concerned that a tariff restructure, now or mid regulatory period, will enable the water businesses to increase the prices for tier 1 usage or limit tier 1 thresholds. It is essential that the first tier of usage continues to remain affordable to residential consumers to guarantee the basic human right and need for water, and as restrictions ease and lift, that any cost increases apply particularly to the second and third tiers of discretionary use, where those who can afford or who choose to use more water, pay more, while those with very minimal control or elasticity over their water consumption patterns are protected. We would strongly oppose the introduction of declining block tariffs for similar reasons.

The Commission states that usage charges should be set by reference to long run marginal cost. However, we have some concerns about the calculation of long run marginal cost. Long run marginal cost could, in some circumstances, suggest a lesser cost for water at higher consumption thresholds encouraging tariff design based upon declining block tariffs,

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<sup>19</sup> ESC, p. 31

<sup>20</sup> ESC, p. 31

<sup>21</sup> ESC, p.43

<sup>22</sup> ESC, p. 43

<sup>23</sup> ESC, p. 32

thereby encouraging consumption. By contrast, we support tariff structures that encourage a reduction in consumption, such as through the existing inclining block tariff structure. We are also unclear as to how long run marginal cost calculations incorporate externalities.

With regard to encouraging water conservation, to ensure ongoing affordability we strongly support policy tools other than a reliance on water pricing to reduce discretionary water use. Water restrictions are less costly and more equitable than simply increasing pricing and are an effective policy option to reduce demand and defer augmentation projects and cost pass-throughs to consumers.

### **Recycled water prices**

In relation to recycled water prices, we believe an incentive should be provided for consumers to use recycled water above potable water.

## **2. Customer Protection**

### **Service standards**

We agree that the Commission should devise common definitions for all service standards. This would enable the Commission to have set indicators to facilitate better comparison between businesses. We also support the notion that the additional measures put forward by businesses be included in the core set of standards. If they are considered to be worthwhile service standards, they should be targets for all the retailers.

We also support the Commission in setting service standard targets based on the average range. While we understand that customers may pay for increased service levels, we agree with the Commission that SEW's proposed service levels are inappropriate in proposing decreased service levels than in the past. If SEW's customer research indicates that customers consider existing standards to be sufficient,<sup>24</sup> we do not understand how this would justify worse than existing standards.

We also support the Commission's approach to assessing relevant targets by highlighting the service measures of most concern to stakeholders and targeting the worst served customers in these areas.

### **Water businesses' assessments of customer impact and hardship**

Water is an essential service which all consumers must be able to afford. Importantly, the Commission has noted in its Issues Paper that the proposed price increases raises affordability issues<sup>25</sup>. The Commission states in the Issues Paper that it developed a Guidance Paper for water businesses, whereby it was suggested that businesses outline the customer impacts of their proposed prices, particularly how low income and vulnerable customers will be affected, and how the impacts were to be addressed<sup>26</sup>. The Commission also notes in its Review that it will ensure that any adverse price impacts are managed<sup>27</sup>.

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<sup>24</sup> South East Water, 2008, *2009/10 to 2012/13 Water Plan*, p. 29

<sup>25</sup> ESC, p. 41

<sup>26</sup> ESC, p. 41

<sup>27</sup> ESC, p. 7



We have outlined the information contained in each Water Plan in relation to potential customer impact and hardship (see Schedule One). We are disappointed that the retail water businesses failed to detail the potential impacts of pricing on customers, particularly low income and vulnerable customers, and how these could be addressed. It has been the experience of CUAC and Consumer Action that hardship policies of water businesses are difficult to readily identify in their Water Plans and do not adequately take account of the impact of price increases on consumers. As Australia faces difficult economic circumstances during this pricing period, hardship will become a greater issue. It is an inherent obligation of water businesses to ensure that during the economic downturn all customers can afford this essential service.

The failure of a water business to highlight its hardship policy does not provide a good signal regarding its commitment to reducing the effects of financial hardship. In addition to price smoothing, we would recommend that water businesses must take active steps to ensure comprehensive hardship programs which minimise the impact of price increases. This includes allocating resources for effective promotion of hardship programs to the community. The Energy and Water Ombudsman of Victoria (EWOV) has previously outlined the need for sufficiently resourced hardship programs. In its submission to the Commission in relation to the Draft Decision of Regional and Rural Businesses Water Plans 2008-12, EWOV commented that a significant number and percentage of water complaints it receives relate to affordability<sup>28</sup>. EWOV wrote that as water prices increase, it expects more complaints about water affordability, arguing that adequate resourcing for hardship programs and complaint handling teams is necessary<sup>29</sup>.

### **GSL payments**

We believe that the Guaranteed Service Level (GSL) schemes provide some redress to customers receiving poor service and, as a corollary, incentives for businesses to improve their services. GSLs should, therefore, not be set at levels that are too easily attainable. In addition to adequately resourced and publicised hardship programs, we support an increase in GSL payments. If payments are not increased they will lose relativity over time.

The water businesses have not proposed additional GSL measures. We agree that it is not necessary to introduce a raft of new GSL measures in the context that there will already be large water price increases over the regulatory period. However, given that it is clear these price increases will raise affordability issues, and these will particularly impact on low income customers, we argue for the linkage of some new GSL measures to hardship programs to ensure businesses are at least given practical incentives to better manage the customer impacts of price increases. Customers could be entitled to a GSL payment if water businesses did not meet the standards of hardship policies and programs. We would welcome further discussion on the details of such GSL measures.

### **Customer consultation**

Consultation with customers is an important part of the water review process. The Issues Paper outlines that businesses are free to determine expenditure priorities in consultation with customers<sup>30</sup>.

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<sup>28</sup> Energy and Water Ombudsman of Victoria (EWOV), 2008, *Personal Communication*, 9 May 2008

<sup>29</sup> EWOV, Pers. Comm.

<sup>30</sup> ESC, p. 4

A Consumer Action report released in 2007 which analysed water reform in Victoria found that water business consultation techniques during the first and second pricing reviews in Victoria were not adequate, hindering the review process from resulting in customer benefits<sup>31</sup>. There is also minimal detail of consultation processes undertaken in the plans of the water businesses for this regulatory period (see Schedule One).

Informed and representative consultation should be used in order to optimise the role of such consultation in the regulatory debate. We consider strengthening the nature of customer engagement as important, particularly in the light of perceived low levels of understanding by consumers of the Commission's regulatory decision-making process and all that it entails. Various forms of consultation have value in terms of consideration of potential price impacts of proposed capital expenditure of the water businesses.

Engagement of consumers should be ongoing throughout the course of the regulatory period. Water businesses must implement information campaigns which provide customers with timely and due notice of pricing impacts and options if they are experiencing financial difficulties.

### **Concessions**

The Victorian Government also has a role to ensure the affordability of water for low income households. The 2008-09 State Budget increase of 14.8 per cent in the capped water concession recognised an increase in water prices but does not address the large price increases that will occur in the coming regulatory period. We welcome the proposed review of concession rates for water and sewerage services in the next State Budget. While we understand that water businesses need to recover prudent and efficient costs through price increases, ultimately we want to ensure that all Victorians can have access to essential amounts of water. Therefore the Government needs to address concessions consistently throughout this regulatory period.

However, the important role of concessions does not in any way lessen the need for the Commission to take affordability issues into account in determining appropriate water price increases, as is required by the relevant regulatory frameworks. Further, we again point out that the water businesses have an important role to play in better managing the customer impacts resulting from price increases, which sits apart from the role played by concessions.

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<sup>31</sup> Consumer Action Law Centre 2007. *Water Reform in Victoria: Independent pricing regulation and its outcomes for consumers*. p.2. <http://www.consumeraction.org.au/downloads/Waterreport-final.pdf>

If you wish to discuss any matters raised in this submission, please contact either Jo Benvenuti, Consumer Utilities Advocacy Centre on (03) 9639 7600 or Nicole Rich, Consumer Action Law Centre on telephone (03) 9670 5088.

Yours sincerely



Jo Benvenuti  
Executive Officer  
Consumer Utilities Advocacy Centre



Nicole Rich  
Director – Policy & Campaigns  
Consumer Action Law Centre

## SCHEDULE ONE

### **Customer consultation and hardship assessments by water businesses**

#### **Yarra Valley Water**

YVW outlines its consultation process in brief in its Water Plan, including research to gauge customer responses to proposed pricing increases<sup>32</sup>.

YVW included a small section in their Water Plan on low income and vulnerable customers. YVW acknowledged that bill increases can impact on customers experiencing financial difficulty<sup>33</sup>. They propose no changes to their hardship policy but state that they will review their policy and programs annually and in response to customer needs<sup>34</sup>.

#### **City West Water**

CWW comments that in its first draft Water Plan (August 2007) it undertook customer consultation with customer committees and through market research, but this was not repeated for their current Water Plan. CWW states that the Customer Committee was not reconvened for the second plan as the business was not proposing any tariff (structure) changes, in order to be able to demonstrate that prices no more than double<sup>35</sup>. CWW writes that the first Water Plan was placed on the CWW web site for public comment and that no public comments were received, and “the lack of comment may have been influenced by the associated text on the website saying that this draft Water Plan had been superseded by the Government’s announcement on prices.”<sup>36</sup>

CWW did not discuss a potential increase in customer hardship in its Water Plan. CWW indicated that it would adjust prices or tariff structures during annual price reviews, and these adjustments would address issues outlined in WIRO pricing principles, including the needs of low income and vulnerable customers<sup>37</sup>. CWW states that adjustments will follow customer consultation and attention to customer impacts<sup>38</sup>.

#### **South East Water**

SEW outlines market research undertaken as well as liaised with its Customer Advisory Committee, in order to establish the preferences of customers prior to the suspension of the Water Plan process in 2007<sup>39</sup>. SEW received feedback from its Customer Advisory Committee throughout a period of restrictions and rising prices in 2008. The Customer Advisory Committee agreed that while the reasons for the price rise were understood, the

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<sup>32</sup> Yarra Valley Water, p. 23

<sup>33</sup> Yarra Valley Water, 2008, *Water Plan 2009/10-2012/13*, p.79

<sup>34</sup> Yarra Valley Water, p. 79

<sup>35</sup> City West Water, p. 14

<sup>36</sup> City West Water, p. 14

<sup>37</sup> City West Water, p. 62

<sup>38</sup> City West Water, p. 62

<sup>39</sup> South East Water, p. 29

business should focus on what can be done to provide customers with solutions/advice on how to manage their consumption to minimise impacts<sup>40</sup>.

SEW did not discuss a potential increase in customer hardship as a result of price increases. A section on customer impact analysis included a table on price increases for different consumer groups. All groups, including a pensioner couple, a tenant family, a family of four and a family of six would experience a price increase of 95 per cent over the regulatory period<sup>41</sup>.

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<sup>40</sup> South East Water, p. 31

<sup>41</sup> South East Water, p.101