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Submission to Draft National Water Pricing Principles

The Consumer Utilities Advocacy Centre (CUAC) Ltd welcomes the opportunity to comment on the Draft National Water Pricing Principles.

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

Part B – Principles for urban water tariffs

CUAC believes access to water is a human right and recommends that an overarching principle stating that *water for essential usage must be kept at an affordable level* be included in the principles for urban water tariffs.

In regards to Principle 3, CUAC recommends that the principle includes a direct reference to the use of inclining block tariffs for the water usage charge. CUAC regards the inclining block tariff structure as appropriate for water usage as long as the first block

is kept at an affordable level and assistance measures are introduced to target large, and thus high consumption, households.¹

On the issue of the service availability charge in Principle 4, CUAC does not support significant variation between residential customer classes. Large variations would result in an inequitable concessions framework. Water concessions in Victoria comprise a 50% discount on water and sewage service and volume charges capped at a maximum amount (\$154 in 2006/07). Therefore large variations in the service availability charge would reduce the value and the effectiveness of the concession for some households. The issue of the value and effectiveness of the water concession also applies to Principle 7 which promotes price differentiation between geographic locations.

We are generally supportive of Principle 5 which states that tariffs should be set using transparent methodology and subject to public scrutiny. However, we encourage a strengthening of this principle by clearly stating that a public consultation process should be conducted prior to setting urban water tariffs.

CUAC views the involvement of consumers in the tariff setting process as central to ensuring sound outcomes with regards to price and affordability throughout the regulatory period. As such, the principle should state that robust and transparent consultation with consumers is necessary.

Part C and D – Community Service Obligations

CUAC is concerned about the lack of recognition of the role and importance of the concession framework in Principles C.6 and D.7. While we are supportive of the need for transparency, we strongly recommend that the principles recognise the importance of concessions for many low-income households and what these arrangements actually deliver in term of affordability and access to an essential service.

Please do not hesitate to contact me on (03) 9639 7600 should you have any questions about this submission.

Yours sincerely,

May Mauseth Johnston
Senior Policy Officer

¹ We believe assistance to large households should be means tested but we would welcome a broader discussion about appropriate eligibility criteria. We do not necessarily believe that concession card holders only should have access to such assistance, as an inclining block tariff can make water unaffordable for many low to medium income large families.