

Water Services Association of Australia

Launch of Economic Regulation paper: Better regulation for customers

Parliament House Canberra

26 August 2014

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Senator the Hon Simon Birmingham, Parliamentary Secretary for the Environment, senators, members, distinguished guests, ladies and gentleman.

I would like to thank the Water Services Association of Australia for its invitation. I think it actually embodies the spirit of the report to include a consumer advocacy body as part of the launch event. The Consumer Utilities Advocacy Centre welcome's the release of WSAA's best practice report on regulation. Whilst as consumer advocates, we may not always agree with industry positions, this report acknowledges the central role of consumers in designing the pricing and service reliability of this most essential of all services. An effective regulatory framework is vital for consumers, who rely on the role of regulators in setting efficient and fair water prices within the context of monopoly businesses.

This is front of mind for advocates in my state, Victoria, where there is a current review on foot, of the economic regulation, governance and efficiency of the water sector. The preliminary advice issued by the Independent Reviewer has focused our minds, as advocates, on the important principles that underpin an effective regulatory framework. We have been concerned that the reviewer's proposed model will, if implemented, be a backward step for consumers and this highlights the importance of WSAA's call for national action on agreed standards for the economic regulation of water to be met by all jurisdictions.

National standards also go to the matter of equity, as all consumers across Australia should be able to reap the benefits of reforms to economic regulation.

There are numerous recent examples of initiatives at the federal level in the energy sector which provide context for WSAA's consideration of water reform. To highlight but a few:

- The National Energy Retail Law includes the long term interests of consumers in its objectives;

- The COAG Energy Council put forward a comprehensive package of national energy market reforms to respond to the challenges of rising electricity prices called 'Putting Consumers First';
- Following its strategic review, the Australian Energy Market Commission issued their 'Consumer Engagement Blueprint';
- The Australian Energy Regulator's Better Regulation Program led to the development of a consumer engagement guideline for network services and the establishment of the Consumer Challenge Panel to strengthen consumer input into network spending; and
- The COAG Energy Council is establishing Energy Consumers Australia, a national energy advocacy body to increase the consumer voice in national energy market matters.

We think the time is right for leadership on water reform and congratulate WSAA in undertaking the research and opening these issues for public debate.

We generally support the best practice approach recommended in the WSAA report with a caveat on the merits review appeal mechanism to say that the Limited Merits Review hasn't worked well in representing energy consumers' interests. Considerable effort needs to go into the design of a fair appeals mechanism.

However, there are considerable opportunities at government level, and particularly through the Council of Australian Governments, to build on the work undertaken through the National Water Initiative.

We would be pleased to participate in the next steps you have identified.