



## **MEDIA STATEMENT**

***STRICTLY EMBARGOED UNTIL 11.00AM FRIDAY 11 APRIL 2008***

# **WATER PRICE RISES FUND GREATER WATER SECURITY**

Price increases for water and wastewater services announced today by the Independent Competition and Regulatory Commission will help to fund a fourfold increase in investment in new water capture and treatment infrastructure designed to provide greater long-term water security for the ACT.

'An average household consuming between 250 and 300 kilolitres of water a year can expect their total water and wastewater bill to increase by around \$3 per week, or 15% in 2008/09,' Mr Paul Baxter, Senior Commissioner of the ICRC said today.

'For the following four years, the average household bill should increase by around 3% per annum in real terms', Mr Baxter said

The decision on water and wastewater prices comes after an 18 months period of review and analysis undertaken by the Commission during which the Commission released three discussion papers, a Working Conclusions paper, and a Draft Report, in addition to holding a public hearing.

'The price increases announced for the ACT are in line with projected price increases for Melbourne and Sydney. However, the ACT prices reflect the particular operating cost and infrastructure development requirements of the Territory', Mr Baxter said.

In the coming months ACTEW will commence work on the expanded Cotter Dam, and at the same time is expected to finalise arrangements for the construction of a pipeline connecting the Murrumbidgee River at Angle Crossing to the Googong catchment allowing the transfer of water into the Googong Dam storage.

'These projects are designed to give the ACT greater certainty in terms of the availability of water, and, at a time of reduced rainfall and run off, the opportunity to better utilise the water that is available to the ACT from its location adjoining the Murrumbidgee and Cotter catchment areas', Mr Baxter said.

'In reaching its decision on price adjustments, the Commission has been conscious of the need for ACTEW to meet its obligation to provide greater security for future water supplies for the Territory'.

'The Commission will be particularly watchful of ACTEW's performance in terms of meeting its deadlines for the construction of the additional infrastructure foreshadowed.

'Having paid higher prices to fund this investment, the people of Canberra should expect not only that the investment will be undertaken, but also that there will be greater security of supply from the operation of this infrastructure', Mr Baxter said.

During the course of the inquiry there was some public discussion about the possibility of ACTEW building a water purification pilot plant at the Lower Molonglo Water Treatment Works with a view to piping water from this facility to the Cotter catchment.

‘Although the possibility of the building of a water purification plant for the reuse of water from the Molonglo Treatment Works has been foreshadowed, the price determination announced today does not include the construction or operating costs of this pilot plant’, Mr Baxter said.

‘The Commission has made it clear that, as with all other new investment proposals, it would expect that a full and detailed cost/benefit assessment would be undertaken in order to demonstrate whether or not the construction of such a facility would be prudent in the context of other options that are available to the ACT for the meeting of future water needs.’

‘Should this proposal proceed further and require the funding of the construction and operation of the facility from water or wastewater prices, the Commission would need to consider carefully whether the project was prudent and the costs were efficient.’

‘For the moment, this project is not included in the prices determined, although the cost of some preliminary design work that the Government has required ACTEW undertake has been included in wastewater prices’, Mr Baxter said.

At a time of increasing prices in other areas, not the least of which have been increases in interest rates and rental charges, the Commission is conscious that any increase in the price of water and wastewater services is going to be seen as an extra burden for ACT households, particularly those that are facing financial difficulties.

‘To address this issue, the Commission has sought to formulate the tariff structure to allow a greater proportion of the total water and wastewater bill to be eligible for subsidy funding under the Government’s welfare programs’, Mr Baxter said.

‘The Commission had also determined a tariff schedule which sets the price for the first 200 kilolitres of water at half the price per kilolitre charged for all consumption above this point.’

The new prices for water and wastewater services will take effect from 1 July 2008.

Friday 11 April 2008

STATEMENT ENDS

For further information, please contact Paul Baxter on 0418 633 396.