



## **MEDIA STATEMENT**

***STRICTLY EMBARGOED UNTIL 11.00AM FRIDAY 14 DECEMBER 2007***

# **PRICING FOR WATER SECURITY**

In a Draft Report on water pricing released today the Independent Competition and Regulatory Commission announced a new pricing regime designed to support plans to provide greater water security for consumers in the ACT.

'In submissions to the Commission, the public has made clear its desire for certainty – certainty in the supply of water, certainty in the price consumers can expect to pay over the next five years, and certainty that the price being paid is fair and reasonable in terms of the water and wastewater services to be provided by ACTEW,' Mr Paul Baxter, Senior Commissioner, said.

'Accordingly, the Commission is proposing to simplify the tariff structure for water and to set prices from 1 July 2008 that will remain constant in real terms for the following four years,' Mr Baxter said.

'There will be some increases in the consumers' bills for water and wastewater services to take effect 1 July 2008, but these increases need to be seen in the context of a \$500 million investment program to ensure security of water supply that is projected over the next five years.' Mr Baxter said.

To help remove some of the community's concerns about the pricing of water, the Commission is proposing to move to a two-step tariff structure for water pricing where consumers pay a fixed connection charge of \$85 per year and a volumetric rate of \$1.75 per kilolitre for the first 200 kilolitres per year and then \$3.50 per kilolitre for all water consumed above 200 kilolitres.

'The tariffs identified in the Draft Report now incorporate the Government's Water Abstraction Charge and thus provide a more readily understood tariff schedule compared to that used previously when the Water Abstraction Charge was shown as a separate charge on consumers' water bills,' Mr Baxter said.

In addition, the Commission is proposing to move to a system of daily pricing.

'This will have the effect of removing some of the anomalies whereby water bills were seen to rise in the later quarters of the year as consumers moved up to the higher priced tariff bands under the previous tariff structure,' Mr Baxter said.

For the 2008-09 year a household with average annual water consumption of around 250 to 300 kilolitres per year can expect to pay an additional \$113 to \$145 per year for water and wastewater services. However, for the following four years water and wastewater prices are not expected to rise by more than the movement in the Consumer Price Index subject to the Water Abstraction Charge remaining unchanged and decisions regarding a purchase of long-term secure water to be stored in Tantangara Dam.

'The proposed tariff arrangements in the ACT will see water and wastewater bills for an average household increase by between 8.5% and 10% in real terms over a five year period,' Mr Baxter said.

'The approach that the Commission has adopted will give a clear financial signal to consumers who are investing in water reuse systems and rainwater tanks, and will also support government policies designed to encourage reductions in per capita consumption of water,' Mr Baxter said.

Recognising the special impact water and wastewater pricing has on consumers who are suffering financial hardship; the Commission has also made draft recommendations on changes to the Government's subsidy support program.

'The Commission has agreed that this program should at least be altered such that the financial support provided to relevant consumers is the same in nominal terms as was payable under the scheme in operation prior to 2004,' Mr Baxter said.

The Commission's Draft Report is now available for public comment. The deadline for the receipt of comments is 8 February 2008. Public hearings will be held in Canberra 14 February 2008, and the final report will be released on 11 April 2008.

Copies of the Draft Report can be obtained from the Commission's office at Level 2, 12 Moore Street, by phoning Mr Krish Goundar on 62050779, or on the Commission's website, [www.icrc.act.gov.au](http://www.icrc.act.gov.au).

STATEMENT ENDS 14/12/07

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