



ABN: 81 818 839 988

The Independent Competition
and Regulatory Commission
PO Box 975
CIVIC SQUARE ACT 2608

Dear Commissioner Baxter,

Re: ICRC Issues paper on the Water Abstraction Charge.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, as well as disadvantaged and low-income citizens of the Australian Capital Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the State Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS has the twin roles of representation and advocacy. The Council's objectives are the representation of people living with disadvantage, the promotion of equitable social policy and the development of a professional, cohesive and effective community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

As part of its responsibilities, ACTCOSS has been involved in Environment ACT's work on development of a water resources strategy for the ACT. The area of particular concern for ACTCOSS has been to ensure that the interests of people on low or fixed incomes or living with various forms of disadvantage are protected in water reforms.

ACTCOSS has made a formal submission to the ICRC's parallel inquiry into water and wastewater services. In this letter, I wish to amplify some of the ICRC's own statements on the effect of the Water Abstraction Charge (WAC) on people living with disadvantage and poverty.

As demonstrated by the ACTEW research on water elasticities, using price to control water use will achieve little, but punish those least able to control their water use. Many people find that they are unable to afford water saving devices, either because they live in rental accommodation or their personal finances do not allow for the higher investment level required to purchase such products.

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The WAC was introduced in 1999, but there does not appear to be any publicly available explanation of the correlation between the raising of the charge and the amount spent on managing environmental issues surrounding water harvesting. ACTCOSS believes that the WAC would be more acceptable as a charge if it was seen to be meeting at least part of the water management costs that are used to justify its collection. Perhaps an annual account of its collection and distribution? While the Government has always resisted hypothecating taxes, in this instance it seems hypocritical to use the environment as a justification for the charge, but not account for its collection and disbursement.

Without such information, ACTCOSS finds it very difficult to form an opinion of the appropriate quantum for this charge. It is difficult to tell whether the raising of this charge has actually led to better management of the catchment, or whether it has just been used to augment revenue for existing practices.

ACTCOSS recommends that the ICRC promote mechanisms to ensure increased expenditure on water conservation in line with increased Government charges. The Council also urges the ICRC to promote to Government the need to focus these activities on the needs of disadvantaged and low income Canberrans.

ACTCOSS congratulates the ICRC on its comparisons of different water use and the direct effect of the WAC. The Council has made submissions in the past to the Government on revenue issues pointing out these anomalies in fixed charges. In effect such charges reward people for excess use while penalising people who are more frugal water users. ACTCOSS would prefer to see a stepped WAC that rewards people for lower water use and water reuse.

ACTCOSS is concerned that the inelasticity of the water market has made it attractive as a revenue raising source without enough regard being given to the needs of people on low and fixed incomes, or who may require additional water use because of medical or other problems. The Council repeats its call for a comprehensive and transparent concession and rebates scheme to be developed and publicised so that all Canberrans are guaranteed access to affordable water supplies to meet their basic needs. This needs to be supported by community education programs, assistance for households to acquire water saving appliances and renewed efforts to minimise garden water use. The Council recognises that the ICRC has limited jurisdiction in some of these policy areas, nevertheless we call on the ICRC to bring as much pressure to bear on them as possible.

Thank you for the opportunity to comment on this important area of public policy. ACTCOSS looks forward to reading the Commission's draft direction when it becomes available.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Daniel Stubbs', written over a horizontal line.

Daniel Stubbs

Director

28 August 2003