



MEDIA STATEMENT

***STRICTLY EMBARGOED UNTIL 11.00AM TUESDAY 25 SEPTEMBER
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WATER PRICING OPTIONS UNDER REVIEW

The Independent Competition and Regulatory Commission has today released a Working Conclusions report which addresses a number of the technical issues relating to the setting of water prices for the next five years from 1 July 2008.

This report is released as part of the current review of water and wastewater prices in the ACT being undertaken by the Commission.

'The Commission is charged with responsibility of setting prices for the supply of water and wastewater services in the ACT which allow the recovery of the efficient costs of the service provider, ACTEW, meet environmental and social welfare objectives including the Government's water security and water saving policies, and ensure that consumers do not pay prices which incorporate any element of monopoly profits by the incumbent supplier', Mr Paul Baxter, Senior Commissioner said.

'In this report the Commission has sought to arrive at a number of working conclusions on issues that are relevant to the determination of the final prices that consumers will pay', Mr Baxter said.

'In that process, the Commission has had to address a variety of issues raised by consumer groups, major water users, the Government, and the service provider, ACTEW'.

'Of particular interest to consumers will be the structuring of tariffs, and in particular the likely impact on the tariff structure and prices of the continuation of the drought and water restrictions', Mr Baxter said

'The Commission is seeking to ensure that the tariff structure to be applied in the future will reflect consumers' desire for a clear understanding of the nature of prices and how they impact on households' consumption while providing an appropriate incentives to use water wisely'.

The Commission has been asked to address issues such as the value of the asset base used to determine the return on investment made by ACTEW together with the rate of return on this investment that ACTEW should generate.

'ACTEW has sought some significant increases in the valuation of its asset base which the Commission has considered as is required under its terms of reference. However, the Commission is not convinced that increasing the value of the asset base will necessarily have the positive impact on future investment as claimed by ACTEW', Mr Baxter said.

'At the same time, the Commission is more favourably disposed towards some form of daily pricing of water, although there are some practical issues that need to be addressed, and the Commission is hopeful of having resolved these prior to the release of its Draft Report on the actual proposed prices for 2008/09', Mr Baxter said.

'The Commission has also supported ACTEW's call for changes in the way that some wastewater tariffs will be set, with greater emphasis being given to some form of trade waste pricing. It remains to be seen just what further detail can be provided on this issue in time for the release of the Draft Report' Mr Baxter said.

The Draft Report on Water and Wastewater Pricing will be released by the Commission on 12 November. That report will contain details of the actual prices proposed from 1 July 2008. Public hearings on the Draft Report are planned for 7 December.

The Commission is currently seeking submissions on its Working Conclusions paper. All submissions received to date on this inquiry can be found on the Commission's website www.icrc.act.gov.au.

Submissions on the Working Conclusions paper should be forwarded to the Commission on or before 19 October 2007.

For a copy of the paper contact the Commission on (02) 6205 0799. The paper is also available on the Commission's website at www.icrc.act.gov.au.

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