



## **MEDIA STATEMENT**

**WEDNESDAY 31 MARCH 2004 STRICTLY EMBARGOED UNTIL 11:00AM**

# **ACT WATER PRICES TO RISE WITH NEW CONSERVATION MEASURES**

Prices for water and wastewater services in the ACT will rise from 1 July this year, together with a new tariff structure aimed at further strengthening water conservation measures and rewarding Canberrans who significantly reduce their water use.

This follows the final report of a year-long investigation into water and wastewater services by the Independent Competition and Regulatory Commission, released by Senior Commissioner Paul Baxter today.

Mr Baxter said that under the decision, ACTEW Corporation's average revenue per customer would grow annually over the next four years by 2.5% plus CPI for water and 1% plus CPI for wastewater services.

This meant that for the coming financial year, the average ACT household would pay about 5.3% more for water and 3.8% more for wastewater services. (These charges are separate from the ACT Government's water abstraction charge, which increased significantly to 20 cents a kilolitre this year and will rise to 25 cents a kilolitre from 1 July 2005.)

Mr Baxter said that concurrent with the water and wastewater prices rises, a new tariff structure would be introduced to give ACT consumers greater incentive to manage — and hopefully reduce — water use.

Under the new structure, the fixed annual supply charge will now be \$75 (down from \$125), followed by 50 cents a kilolitre for the first 100 kilolitres used per annum, then \$1 per kilolitre for the next 200 kilolitres and \$1.35 per kilolitre for annual consumption above 300 kilolitres.

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“This new structure is aimed directly at providing Canberrans with a greater incentive to reduce their use of this increasingly scarce resource at the same time as giving them greater control over their water bills,” Mr Baxter said.

“It will mean that different groups of ACT consumers will see varying changes in their water bills in the coming financial year compared with this year.

“In practice, all consumers using less than about 320 kilolitres a year — which represents approximately 60% of ACTEW’s total customers — should see either a decrease in prices or no real change in prices for the 2004-05 financial year.

“Further, it means that the greatest reductions in water charges, up to 40%, will be enjoyed by lowest users but the largest users will be paying up to 28% more.

“Taking both water and wastewater charges together, an ordinary Canberra household consuming about 300 kilolitres a year can expect to face a slight increase of about 0.3 per cent in their combined bills.”

### Changes in water bills

Current consumption kL	2003-04 water bill \$	2004-05 water bill \$	Percentage increase in water bill (excl WAC)	2003-04 water bill with WAC \$	2004-05 water bill with WAC \$	Percentage increase in total water bill with WAC
0	125.00	75.00	-40.0%	125.00	75.00	-40.0%
50	146.50	100.00	-32.0%	154.00	110.00	-28.6%
100	168.00	125.00	-25.6%	183.00	145.00	-20.8%
150	189.50	175.00	-7.7%	212.00	205.00	-3.3%
200	226.50	225.00	-0.7%	256.50	265.00	3.3%
250	279.00	275.00	-1.4%	316.50	325.00	2.7%
300	331.50	325.00	-2.0%	376.50	385.00	2.3%
350	384.00	392.50	2.2%	436.50	462.50	6.0%
400	436.50	460.00	5.4%	496.50	540.00	8.8%
500	541.50	595.00	9.9%	616.50	695.00	12.7%
750	804.00	932.50	16.0%	916.50	1082.50	18.1%
1000	1066.50	1270.00	19.1%	1216.50	1470.00	20.8%
2000	2116.50	2620.00	23.8%	2416.50	3020.00	25.0%
5000	5266.50	6670.00	26.6%	6016.50	7670.00	27.5%
10 000	10516.50	13420.00	27.6%	12016.50	15420.00	28.3%

Mr Baxter said the price increases were less than those sought by ACTEW but still reflected an appropriate return on the utility’s asset base, a recovery of its asset costs, and a return on its capital expenditure program.

“This major price-setting review has come at a crucial time in terms of the management of the ACT’s future water resources,” he said.

“The 2002-03 drought, together with a growing realisation of the finite availability of our precious water resources, has led to a significant reappraisal of the way in which we use our water, with the needs of future generations firmly in mind.

“The commission’s decision today should be seen in the context of the ACT Government’s draft strategy for sustainable water resource management and, of course, the wider national policy debate about water use.

“The commission is particularly conscious of its responsibility to take into account the social impacts of its decision, balancing the non-discretionary water needs of households against a concurrent imperative to ensure effective conservation measures reflecting community wishes.”

STATEMENT ENDS 31/03/04

The report is available on the commission’s website at [www.icrc.act.gov.au](http://www.icrc.act.gov.au).

For further information, please contact Paul Baxter 0418 633 396