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New Water Pricing Removes Equity From the Market

While it is obvious to Western Australians across the state that we are in for higher water pricing in the next decade, the price increases outlined in the report released by the Economic Regulation Authority (ERA) today are moving away from an equitable water pricing structure and will penalise low-income water consumers and households which are low water users.

The recommendations of the report essentially move WA from five inclining block tariffs, (where the more you use, the more you pay), to a two block tariff, where those using less than 550kL will pay 82c/L while those using more than 550kL including large industrial users will pay a flat \$1.66/kL.

“While we acknowledge that water pricing needs to move towards reflecting the costs of demand and capital service provision, this structure is removing equity from the market. We know that to achieve substantive equity, different household groups need to be treated differently, which includes providing a rational, tiered pricing structure,” said Executive Director Lisa Baker.

“Not only are families going to be hit with significant increases to service, drainage and waste charges, but the consumption charges are going to be increased for those who use less, while they decrease for those who use more.”

“Flattening the tariff structure in this way may have an unintended consequences,” warned Ms Baker, “It may remove the incentive for households to use less water, in order to remain in the low tariff blocks. This would put more pressure on supply and in turn on water prices.”

“In an era of reduced rainfall and climate change, large industrial users, rather than pay a flat tariff should also face an inclining tariff, as an incentive for them to improve their water efficiency and to use many of the innovative water capture and saving technologies available.”

“Water is an essential service that households depend on. We need to see a rationale and equitable pricing structure to ensure the sustainability of this vital natural resource,” concluded Ms Baker.

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