

07 April 2022

By email: To Managing Directors (and cc to Board Chairs) of 14 Melbourne water retail companies

Dear Managing Director,

Water price review 2023: Ensuring water remains affordable for all Victorians

All Victorians have the right to enjoy access to safe, reliable water supplies, so that they can live healthy and dignified lives. Fundamental to this is that water services remain affordable. As Victoria's water businesses prepare their submissions for the 2023 water price review, we call on them to prioritise affordability so that all Victorians can continue to exercise their right to water.

Consumer Action is an independent, not-for-profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians.

Too many of the Victorians we speak to are struggling to pay their utility bills. While water prices have remained steady or come down slightly over recent years, there remain people in the community facing difficulty paying their bills. Any increases in water prices will exacerbate financial hardship for these Victorians, increasing the challenge they face in meeting the cost of their day-to-day expenses.

We commend water businesses on their efforts to engage with their customer base and their community as part of the development of pricing plans. However, we consider that there are some fundamentals that water businesses must adopt. In line with keeping bills affordable, we call on Victorian water business to address the following points in their price submissions.

- Maintain and expand assistance for people experiencing vulnerability and hardship so that people having difficulty paying their bills receive the support they need.
- Engage with First Nations communities, not only as customers, but with respect for their spiritual, economic and cultural connections to water. Water businesses must recognise this by ensuring First Nations voices are central in their customer engagement.
- Remove (or address) any cross-subsidies that disadvantage residential consumers. Big business should be paying the full cost of their water use, not being subsidised by households. Any deviation from this must be made explicit, and justified, in businesses' price submissions.

- Significant investments, such as the roll-out of digital metering, must proceed only where the benefits to consumers have been robustly demonstrated. Victorians should not face price rises because of investments based on theoretical benefits.
- Water businesses should also conduct demand forecasts based on recent experience – the pandemic has meant that population growth has slowed throughout much of Victoria, and planned capital expenditure needs to be reconsidered in light of this.
- Recognising the need to secure our future water supplies, investments to address climate change are needed. Water efficiency measures must feature here, as they will help to deliver the environmental benefit of reducing water consumption, while also lowering bills and easing affordability challenges for customers.
- Where price rises are unavoidable, any cost increase must be accompanied by a strategy to avoid bill shock. Steep price rises, especially over a short time, will have negative impacts on Victorians on low incomes. Price increases should be spread over multiple years to avoid causing financial stress to people.

Effective community engagement underpins all the above points. Consumer Action strongly supports water businesses undertaking genuine, substantive, and transparent engagement to inform their pricing submissions. Hearing firsthand from Victorians, including people in financial hardship, will help businesses prepare submissions that respond directly to what their customers want.

If you would like to talk in more detail about the points raised in this letter, please contact Luke Lovell on 03 9670 5088 or at luke@consumeraction.org.au.

Yours sincerely,

CONSUMER ACTION LAW CENTRE



Gerard Brody
Chief Executive Officer