Water industry, customers and private sector call for better regulation

WSAA is pleased to release its flagship report for 2014 “Improving economic regulation of urban water”. The Report is a comprehensive assessment of best practice economic regulation in the urban water sector and draws on experience from water and other industries, both here and overseas.

“We need more independent, consistent and transparent regulation to minimise future price increases and provide greater incentives for productivity and efficiency”, said Adam Lovell, Executive Director of the Water Services Association of Australia.

“Current regulation is not sufficiently focused on meeting the long term interest of customers. We need stability for water businesses to be financially resilient to future climate, growth and renewal challenges and to provide the certainty needed for greater private sector investment.”

The Report identifies significant gaps in the regulatory frameworks across Australia compared to best practice and recommends actions which are in the long term interest of customers.

Coming from their own perspectives, consumer and private infrastructure representatives also support the Report.

Jo Benvenuti, Executive Officer at the Consumer Utilities Advocacy Centre (CUAC) welcomes the release of the Report. “This Report acknowledges the central role of consumers in designing the pricing and service reliability of this most essential of all services. We agree that an effective regulatory framework is important to consumers, who rely on fair water prices within the context of monopoly businesses,” said Ms Benvenuti.

Brendan Lyon, Chief Executive, Infrastructure Partnerships Australia (IPA) also endorsed the Report. “This Report brings an unabashed focus to getting the right regulation in place to drive efficient water prices, and to get water ready for meaningful microeconomic reform. Asset recycling is a unifying focus for Australia’s governments, because it’s the single opportunity to fund major expansions of Australia’s transport and social infrastructure.”

“It is mature and welcome that Australia’s public water utilities are leading on the microeconomic reform of this sector, a precondition for eventual reform to pricing and ownership,” said Mr Lyon.

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WSAA considers that States acting alone is not enough and is calling for a national urban water agreement through the Council of Australian Governments.

“Clear minimum and agreed standards backed by rewards and sanctions to be met by all jurisdictions are required regardless of the future reform path for the urban water industry”, said Mr Lovell.

The Report identifies the priorities for reform of economic regulation including:
- clear and transparent regulation which is independent from Governments
- Incentives for productivity and innovation
- Increased customer engagement, and
- Merits review and appeal rights.

The urban water industry is critical to Australia’s economy, society and environment, providing water and wastewater services to over 20 million Australians with annual revenue of over $15 billion while managing assets worth over $120 billion.

WSAA is the peak industry body for the Australian urban water sector.

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