



Level 2, 172 Flinders St
Melbourne VIC 3000
Phone: 03 9639 7600
Fax: 03 9639 8966
ACN 100 188 752

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Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Dear Committee Secretary

National Water Commission (Abolition) Bill 2014

The Consumer Utilities Advocacy Centre Ltd (CUAC) is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences and needs of energy and water consumers. We appreciate the opportunity to comment on the National Water Commission (Abolition) Bill 2014.

The importance of a national focus on urban water policy and innovation

Water is the most essential of the essential services and access to safe, reliable and affordable water is critical for effective social participation in Australia's modern economy.

There has been substantial technical innovation and reform by industry and state governments in meeting urban water needs across Australia in recent years, in large part driven by the challenges of changing climate conditions and drought. We believe that these initiatives were greatly assisted by the national focus that resulted from the establishment of the National Water Commission (NWC) in 2004 and the development of the National Water Initiative (NWI). This focus included the establishment of a body of knowledge that can be accessed by all stakeholders and continues to build national and international expertise.

All Australian consumers deserve best practice service provision

The innovation and reform of water services has been inconsistent in the various jurisdictions across the country, particularly as it relates to water regulation frameworks, the inclusion of consumers in determining the planning and price considerations of the services they pay for and government assistance. The result is that consumers in different parts of Australia can expect a very different standard and price mix for their water services, including access and assistance programs to address affordability. CUAC believes that the bar needs to be raised to ensure that services are provided in the long term interests of consumers, at best practice standards, at efficient prices and where universal access needs are taken into account.

Independent catalyst for reform – expanded mandate

We consider that much more needs to be done at the national level to drive further reform and to ensure that consumers reap these benefits. More national focus on water policy, public debate and leadership is necessary, not less. A national focus can continue to drive reform through independent and transparent monitoring and reporting, providing a comparative analysis which highlights the progress of individual jurisdictions and provides a catalyst for action. In addition to its role in providing independent verification of the progress of the NWI, CUAC believes that the NWC, or an enhanced body, could further facilitate reform through an expanded mandate for stakeholder engagement and leadership. In addition to the important voice of industry, consumer engagement should be encouraged.

The benefits that derive from the structures associated with the National Energy Market should be examined as part of the Standing Committees deliberations, including the recent establishment of the national body, Energy Consumers Australia and the Australian Energy Regulator's establishment of its Consumer Challenge Panel.

Indeed the Productivity Commission (PC), in its Australia's Urban Water Sector Inquiry Report (31 August 2011) examined in some depth the importance of the consumer preference voice in determining the efficient cost structure of utilities and supply security. Since then a number of energy consumer structures have been put in place. In addressing institutional arrangements for funding consumer policy advocacy and research in the urban water sector, the PC cited its 2008 report (recommendation 11.3) in which it recommended public funding be provided to support consumer policy advocacy and research:

"... It is the Commission's view that these reforms remain an important outstanding opportunity to improve outcomes in regulatory and policy decision making.

Support for consumer advocacy and research in the urban water sector would be most appropriately assisted through general consumer arrangements consistent with those the Commission recommended in 2008. A contestable grants pool for generic consumer advocacy would enable the need for consumer advocacy in the urban water sector to be assessed in the context of other pressing issues for consumers."

In addition, the PC's Urban Water Inquiry Report Recommendation 8.3 stated:
"COAG should progress implementation of measures to support consumer advocacy and research consistent with recommendation 11.3 of the Commission's 2008 Review of Australia's Consumer Policy Framework.

In addition to increased support for generic consumer advocacy and research, the Commission considers there might be a formal role for a consumer representative body in supply augmentation, pricing and setting service standards (chapter 10)."

Proposed expansion of the role of the Productivity Commission

CUAC believes that the Productivity Commission while fulfilling its independent research and advisory role on economic, social and environmental issues with excellence is not the appropriate body to provide leadership for the ongoing reform process of the sector.

Recommended functions of independent body: national water reform

An independent NWC or like body should be charged with the following functions:

- Research, reporting (monitoring, comparison and analysis)
- Advice to government (COAG and jurisdictions)
- Leadership in encouraging reform (NWI subject to ongoing and timely review)
- Forum for stakeholder engagement and participation (including industry and consumers)
- Promotion of excellence in innovation
- Source of information/education (all stakeholders, consumers)

CUAC is also supportive of the approach put by the by the Water Services Association of Australia in its submission to the Committee.

Please do not hesitate to contact me on (03) 9639 7600 if you have any queries relating to the submission.

Yours sincerely

Jo Benvenuti
Executive Officer