

Inquiry on Country Water and Wastewater Pricing in Western Australia.

The Chamber of Commerce and Industry of Western Australia (CCI) supports removal of impediments to competition in all market sectors including in the water sector. CCI supports the development of competitive markets that give consumers a choice in price, quality and service. This view has been consistently stated in CCI's previous submissions on matters to do with the pricing of water services in Western Australia, and are summarised below.

CCI believes the "beneficiary pays" principle as an equitable and efficient means of recovering the costs of providing goods and services.

Government businesses are often required to provide services to some customer groups (e.g. regional communities) at prices below cost. CCI recognises that these social objectives are legitimate goals of government, even though they mean that the beneficiary pays principle must sometimes be violated.

Nevertheless, it is preferable that such social objectives be delivered in ways that minimise as far as possible the distorting of price signals, and the economic inefficiencies and inequities that result. For example, it is better to pay the cost of community service obligation guaranteeing access to affordable water in the regions by a direct subsidy from general government, rather than through cross-subsidies from other consumers.

Where uniform tariffs are implemented, they need to be independently valued and the Government must provide an efficient and equitable method of compensating for the non-commercial delivery by competing government and private retailers.

In addition to the comments above, we ask that the ERA draw on CCI's submission to the ERA's Inquiry on Urban Water and Wastewater Pricing dated September 2004.

CCI's submission highlighted impediments to innovation and competition in the water sector in Western Australia, regardless of whether this is in the country or the city. The absence of transparent pricing for the various elements of the water supply chain in Western Australia limits the ability of potential market entrants to establish business viability.

CCI's submission emphasised that the availability of transparent pricing for the various elements of the water supply chain is a critical factor that will limit the ability of potential market entrants to establish business viability.

CCI's view is that new opportunities in the water sector for industry development and industry diversification will provide for competition or effective co-operation and result in innovation, reliability and security of supply, and better outcomes for all customers.

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CCI's Industry Policy team provides a range of policy and lobbying services to help promote industry

development in Western Australia. For more information, click on the link: * Industry & Resource Development < <http://www.cciwa.com/default.aspx?MenuID=40>>

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