



Water bills to rise \$100



HOUSEHOLDERS can expect to pay up to \$100 more in average annual water bills to compensate SA Water for being opened to competition.

Water companies and councils will soon be able to offer alternative service to customers and to ensure the State Government-owned SA Water remains profitable it will be allowed to make an additional \$100 million in revenue each year.

The South Australian Council of Social Service has calculated the increase will add between 5 per cent to 10 per cent to the cost of the average household bill of \$1010, or between \$50.50 and \$101 more from 2013.

SACOSS executive director Ross Womersley said the built-in profitability was the same as the deal offered to the purchasers of the State's electricity assets when they were sold by the Liberal Party in the late 1990s.

Since the privatisation policy was adopted, average household electricity prices have increased from \$770 to \$1941.

"In my mind, it's almost identical to the ETSA deal in all sorts of ways and, as far as we can tell, will deliver a completely unfounded windfall gain to SA Water and presumably the govern-

ment," Mr Womersley said.

He has discussed the problem with Treasurer Jack Snelling, who is now on leave.

Welfare groups have the opportunity to object to the extra revenue, proposed by the independent umpire, the Essential Services Commission of South Australia.

SA Water has not objected to the increase. Council on the Ageing chief executive Ian Yates said the State Government wanted to be generous to SA Water because a large amount of the profits were returned to treasury each year.

"This is at a time when water prices have been going up for a number of other factors such as the desalination plant," he said.

Mr Yates said the \$100 million extra profitability should not be locked in for the 2013 to 2016 period because economic conditions may change.

He said the profit structure of SA Water should be calculated on the basis that it would still be a government owned utility even after competitors were allowed to enter the market. "COTA's main concern regarding water supply is its affordability for older people," he said.