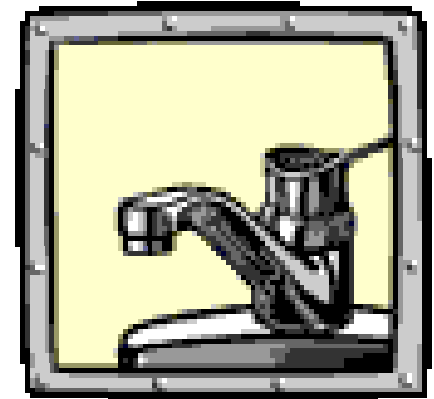


PRICE REVIEW 2009 CONSUMERS' EXPECTATIONS

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Topics

- **Key lessons from the 2004 price review**
- **CCWater's expectations**
- **Desirable outcomes**



Key Lessons from PR04

WaterVoice's five key themes:

1. **Transparency**
2. **Focus on outcomes**
3. **Realism**
4. **Value for money**
5. **Affordability**

Key Lessons from PR04

1. Transparency

- **Much improved on PR99**
- **How did the key players interact with WaterVoice?**
 - Ofwat
 - EA
 - DWI
 - Defra
 - WAG
 - Companies

Key Lessons from PR04

2. Outcomes

- Aim – to ensure investment delivered real measurable benefits
- Realised?

3. Realism

- “it is people who matter ... and our policies must strike the right balance in their interests” – *Margaret Beckett, Initial Guidance 2003*
- Delivered?

Key Lessons from PR04

4. Value for money

■ Consumer research identified priorities as:

- safe, reliable and continuous supply of water 95%
- maintaining the assets 92%
- avoiding sewer flooding 91%
- improving pressure/supply interruptions 90%
- managing impacts on the environment 87%
- customer service improvements 83%

■ Were these priorities met?

Key Lessons from PR04

5. Affordability

- 18% real term increase in bills by 2009-10
- Over half that increase in 2005-06



CCWater's Expectations

Government to set out its strategic overview

- Long and medium term view

- To pull together various strands
 - Climate Change
 - Water Framework Directive
 - PR09
 - etc, etc

CCWater's Expectations

Placing consumers at the heart of the price review

- Identifying consumers' priorities
- Acting upon identified priorities
- Thinking about benefits
- Communicating
- Being realistic



CCWater's Expectations

Working in partnership

- A shared clear objective
- Openness and transparency
- Collaborative research
- Consumer involvement



CCWater's Expectations

Timetabling

Important that timetable allows proper scrutiny of:

- Ofwat's framework and approach
- Environmental priorities
- Draft business plans
- Final business plans

CCWater's Expectations

Information

Three separate information objectives:

- Full disclosure
- Informed reader
- Customers at large



Desirable Outcomes

To gain consumer acceptance the price review must deliver:

- A good outcome
- At a fair price

What these terms mean will be determined nearer 2010 than 2006

Summary

To achieve a *good outcome* at a *fair price* requires:

- Consumers to be placed at the heart of the price review
- Government and Regulators to be realistic about what can be delivered, when and at what price
- Companies to actively engage with their customers

THANK YOU

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