

Submission

Water and Wastewater Price Review ICRC Draft Report and Price Determination Report 11, December 2007

Dear Mr Baxter

I am a staff member of the Australian National Botanic Gardens (ANBG). The ANBG has seen its water bill increase enormously since the tiered water pricing structure was introduced in the ACT. Although water consumption at the Gardens has been dramatically reduced in response to water restrictions and the price of water, the proportion of its budget being spent on water has increased dramatically. The Gardens does not use water inefficiently. It requires water as a normal part of its work, and there is a lower limit beyond which it cannot go and still perform its functions: to grow, study and promote Australia's flora.

The Gardens runs on a very tight budget, which has over the last few years been increasingly eaten up by water costs. This has meant that Gardens management has been considering very tough measures to keep the Gardens going, including sacrificing some of its plant collections. The Gardens are important for containing rare and endangered native plant species in cultivation, and for their value as a research and teaching site based on the extensive herbarium collections that are linked to the living plant collections. These collections are a reserve in cultivation of genetic material that may well be lost in the wild as global warming progresses, and are also a source of material for studies on global warming.

As well as water conservation measures, the ANBG is pursuing the use of non-potable water from Lake Burley Griffin. However, the latter will take some years to come on line because of legalities and because it requires the duplication of water infrastructure, which will take time to complete.

The price structure proposed by the commission, which is a modification of the current structure, is in part designed to "encourage a continuation of water saving measures across the community" and "reinforce government initiatives to encourage reductions in per capita consumption of water and make greater use of recycled water" (p. x of the draft report). Unlike in the domestic situation, the tiered structure does not reward the Gardens for its water saving measures, as it is not possible for the Gardens to keep its water consumption low enough to avoid paying higher than the lowest tier rate. The situation is the same for other public bodies and commercial water users.

A solution to this problem might be to have a separate flat price for public and commercial users.

However, a flat rate could be viewed as appropriate for all users, as no sector would then be penalized by the tiered approach, as the ANBG and similar institutions have been, as well as elements of the domestic market, for example, large families. Organizations that employ many staff have also been penalized, as even though their staff members may each conserve water to the maximum extent possible at work, their water bill does not reflect this. These market elements that have **no choice** but to pay the higher tier rates can be viewed as subsidizing other consumers. Also, those market elements that could well use less water than they do, such as singles and couples without children, have been favoured by the tiered structure.

I submit that a flat rate water price, even if that price were higher than the present lowest tier rate, would be a fairer price structure and would send the appropriate message to all water users to reduce consumption where possible.



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