Apologies if my response does not comply with your terms of reference as I am unable to find these terms anywhere, so I shall just state what I think is relevant.

I believe the draft tariff review does not in any way address concerns of equity and fairness to households, and impact on low income households.

On one hand it is stated in the review that the proposed new pricing structure is not inequitable for low income households because 40 percent of households utilising the utilities concession use above 200 kL per year. On the other hand it is stated that households using less than 300 kL per year will pay more. The reference to low income households using 200 kL or more per year is therefore completely irrelevant and misleading as a much smaller percentage of low income households will be using more than 300 kL per year.

The review makes reference to the negative impact of a tiered pricing structure on larger households as a justification for the decreased usage charge vs higher supply charge. It is correct that the number of people living in a household will increase water consumption and possibly drive that household into a higher rate per kL. However 300 kL per year, being the point at which a large family would break even, is about 850 litres per day. Using the statistics quoted on a unitywater water bill for want of finding a better source, a household of 5 uses an average of 820 litres a day. The household on said bill are a family of five and use around 600 litres a day in a house with a yard and watering system. I have been unable to find the statistics on how many households consist of 6 or more persons, however I would suggest that percentage would be very small and even then savings for a 6 or 7 person household using water conservatively would be very small or nil compared to the current system. Single person households will be the hardest hit by these changes and will end up paying vastly more on a per person basis for water than large families currently do. Single person households are the fastest growing household type due mainly to an increase in the aging population and therefore these households are statistically more likely to be low income and by definition, will only have a single income coming in compared to larger households who may have multiple incomes.

The fact that the cost savings to the federal golf course as well as those people wealthy enough to enjoy it are at the expense of almost all households being worse off for an essential service is clearly inequitable.

The new pricing structure also removes all control over water expenses from households. Currently, low income households can choose to have shorter showers, not wash the car, etc in order to conserve their scarce financial resources for other things. Whether the majority choose to do so or not is irrelevant, the choice should not be removed from them. This new structure is more akin to rates than the supply of a utility. I am not charged an electricity supply charge if the electricity is disconnected, nor a gas supply charge if I don't have gas connected, however I still pay a water supply charge whether water is connected and I have a water meter there or not. Rates are the domain of government and a monopoly utility company should not be able to charge defacto rates to every household in the territory.

The draft tariff review also does not address the issue of fairness to those households who have invested in water saving devices and appliances, rainwater tanks, drip irrigation, drought hardy plants and the like after having been given the price signals to save water and encouraged to invest in these things. These investments will be destroyed under this arrangement, and will cause a loss of confidence in investing in environmentally friendly initiatives, much like the retrospective reduction in solar feed in tariffs in NSW. In fact a rainwater tank may now be seen to devalue a property as unsightly particurly if plumbed to a toilet with a pump that uses electricity and requires significant repairs and maintenance as I have experienced. The review mentions that lowering the cost per kL of water is a good thing economically because otherwise businesses may invest in water saving devices that cost more per kL than Icon's "marginal cost". Equity to households who have invested in water saving and water efficient devices already (sometimes almost forcibly so due to government regulation) at great cost to them, who will now be saving or supplying water to themselves at a much higher “marginal cost” is not considered.

The review does not consider current legislated requirements for new homes for water efficiency and mandatory standards for water efficiency in appliances and plumbing etc. The new pricing structure will mean that mandated water efficiency standards for buildings and for new appliances may provide a negative return to the purchaser in the ACT. That is not economically efficient and will increase costs for first home buyers and households in general. The new pricing structure should not be put in place without a review by government of these standards.

I consider the review biased towards high water use businesses, dismissive of the increased costs on average households, and biased towards Icon water in their desire to have a predictable income stream vs the interests of the community and environment. There are a number of relevant issues that the report fails to address entirely, as I have mentioned above. The inaccurate implication that households using 200 kL of water a year would not be worse off, and that large families would generally be better off, must urgently be corrected (or more information be provided to prove this).

Regards,
Sarah Hulbert