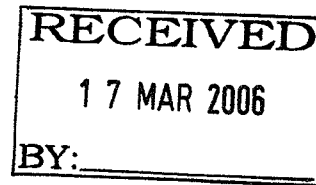




# URBAN SERVICES

ACT GOVERNMENT



Mr Ian Primrose  
Chief Executive Officer  
Independent Competition and Regulatory Commission  
PO Box 975  
CIVIC SQUARE ACT 2601

Dear Mr Primrose

Thank you for the opportunity to review and provide comment on **Report 6 of 2006, Information Paper: Water and Wastewater Annual Price Reset 2006-07.**

The Department of Urban Services recognises the need to consider water price increases as a result of major augmentation work being undertaken by ACTEW Corporation.

It is noted in the section of the paper on Customer Usage however, that the focus is largely on household water usage. The report indicates that in a normal year, 50% of households use less than 300 kiloliters of water per year and that a greater percentage consumed less than this amount during Stage 3 water restrictions. A similar analysis of commercial water usage is not provided in the paper, even though this sector contributes a substantial amount to the total water consumption in Canberra/Queanbeyan, and as is indicated in the paper over 35% of commercial customers use more than 1000 kiloliters of water per year.

The tariff structure proposed by ACTEW Corporation will therefore have a significant impact on large water users, with rates increasing dramatically for those using over 300 kiloliters annually. Urban Services manages approximately 320 hectares of irrigated grass and sportsgrounds and a further 120 hectares of irrigated parkland. Together these areas use approximately 2.1 gigalitres of water in an average year, costing around \$2.6 m. The proposed increase of 3c per kilolitre in 2006-2007 and 18c per kilolitre in 2007-2008 will cost approximately \$63,000 and \$378,000 respectively.

Of particular concern is that Urban Services, as possibly the largest single user of water will be disadvantaged despite major investments in efficient water use. These include:

- \$3m to install Comtrol (approximately 10 years ago) to improve irrigation management of ACT Government sportsgrounds;
- \$190,000 to upgrade Comtrol software in 2006, plus contributions of \$20,000 each from the National Capital Authority and the Australian Sports Commission;
- \$50,000 for the first phase of an audit of irrigation systems currently underway to identify design and operational deficiencies that will lead to a future works program to progressively update these systems.

To ensure that the increase in tariffs being proposed do not adversely impact upon large water users, and in recognition of the efforts of large water users in adopting water efficiency measures, it is recommended that ACTEW consider providing discounted rates for these water users.

Should you have any queries or require further information, please contact Nicole Hoffman, Government Coordination on 6207 5733.

Regards

A handwritten signature in black ink, consisting of a stylized 'M' and 'Z' intertwined, enclosed within a hand-drawn oval.

Mike Zisler  
Chief Executive

15 March 2006