

ICRC Submission page 1 of 3 David Parkin 30 Nov 16 Submission to the ICRC on the proposed pricing scheme for ACTEW Water Report 5 Sept 2016

This submission is written by David Parkin (An ACTEW water customer)

The report at

http://www.icrc.act.gov.au/wpcontent/uploads/2016/06/TariffRev_DraftReport_v10.pdf

Why wait 10 years to implement the change as noted on page xvi? If this new funding model is agreed in principal with high supply charges and lower usage gets passed then bring the change in over one year. Over tens years no one will remember the conditions of this report and ACTEW will increase the water usage charge, justifying on various grounds and the higher standard fee will be in and we will have usage charges back to where we are now. The only way this could be controlled if this plan can not be touched for ten years. It is already note around Table ES.1 that the numbers are only indicative and could change. Trust in Government and Utilities needs to be considered as zero.

On page xvi the report suggests a price variation in times of drought. Why is this needed if we have water security for the next 40 years by ACTEW modelling? If there is a need to increase prices in a drought to reduce water usage then ACTEW have failed in their modelling. If this is the case another dam needs to be started in the next 10 years and allow water flow through during normal rainfall years only closing the valves and capturing water when above average inflows happen.

The current two tier system is a disaster for large unit complexes were I believe there is no accountability of the number of units in the complex and the water passes through one metering point. The complexes would be charged the highest rate for nearly all water used. Each unit owner is charged via their Owner Corp fees. Unfortunately I have not been able to confirm aspects of the unit complex information due to my late start on this submission. I can not comment on if each unit in the complex is charged the supply charge or only one supply charge for the complex. It is not practical, although certainly possible, to have each unit in a large complex have its own meter.

There needs to be a two tiered system in water usage but the Tier 2 has to be only slightly higher than the Tier 1 pricing not double as it is now.

Sewerage Services. Page xx and page 45

IF ACTEW are serious about having a fundamental change in cost recovery then the sewerage charge need to be reviewed as well. It is a poor reflection on “absence of a reliable measure of actual discharge” is non sense. This needs to be a proportion of the water usage. The higher the water into a property means higher the water to be treated out of a property. A house with 5 people uses more water and has more effluent water. Why should a single person household subsidise these people. With the use of water tanks feeding the toilet and washing machine there could be an issue in monitoring the actual water used in a household. A three tiered system could be used to make the charging more equitable. The ABS has figures on the number of people in a household and if tank installation is monitored it would relative easy to fit a ICRC Submission page 2 of 3 David Parkin 30 Nov 16 household into a three tier costing system. Large users need to pay their fair share of processing effluent/waste

water. If the Federal Golf course does not want to pay for the sewerage change increased then it should pay for the water it is supplied.

I can understand why ACTEW states they are exposed to higher risk with a low supply charge and high usage charge but that did not stop them increasing the usage price during the last drought when their revenues fell due to lower water usage.

A review is required to review why so many people are on “welfare” water subsidies. If the report is true a majority of these people fall into high water usage band and are paying Tier 2 rates then it is either the water is wasted due to subsidised water or a lot of people are sharing the particular accommodation. If many people are sharing the accommodation and are working then the subsidy needs to be removed. If a water waste situation the person needs to be warned and if the waste continues remove payments.

Start taxing water held in tanks.

I could not see anywhere in the report about the dividend back to the ACT Government has been factored into the cost of water. The introduction on page ix misses the best outcome for a dividend to the ACT Government. From a Canberra Times article of 21 Sept 2016 is stated “Icon Water made about \$76 million in dividends for the ACT Government in the last financial year” This figure was set to rise in the coming years.

The problem with excessive differential of a two tiered usage system is that no account of the number of people drawing water from a particular meter. User pay principal is good but why should a household with 5 or 6 people be driven into the Tier 2 pricing due to high meter reading even if the property has efficient use of water per person. (Why am I suggesting this since I live in a single person dwelling). This is the same as having a lower Tier 1 usage as suggested on page 27 of the Report. This does not take into account the number of people drawing water through a particular meter. I hope Grafton and Wood (2010) (page 29) did not get a commendation on the notion that more people in a household use more water! (I am sure there was more context around their words).

One can not assume there will not be water shortage in the ACT and surrounds over the next 40 years. If ACTEW plan that they have sufficient water storage for the foreseeable future then they “are dreaming”. The ACT Government would like to see the population grow thus placing more demand on the water supply. Even on the graph Figure 3.9 Medium demand growth places a 5% number of years with water restrictions. ACTEW should be planning for ZERO water restrictions in any year out until 2050. With the ACT residence conditioned to a low water usage regime ACTEW are failing in their duties not to supply water as required. As new people enter the ACT and years progress the memories of massive water restrictions fade. ACTEW needs to be building dams to ensure there is no water restriction placed on its citizens. It is too late building dams when there is a drought for a decade. Any new dam has to be in deep valleys rather than shallow plains where there is high water evaporation.

ICRC Submission page 3 of 3 David Parkin 30 Nov 16 I do not agree (no study done) on the Grafton and Wood (2010) study on page 37 that the pricing needs to reflect the level of water in the dams. Does this mean that the residents Southern Suburbs of Sydney being fed by the white elephant desalination plant (when dam levels fall) have reduced water pricing since there is no water shortage in these suburbs? Or does it mean they need to be paying more

since the plants cost a fortune to run??? Build the infrastructure so these questions do not need to be asked.

ACTEW needs to become more active in promoting small scale local effluent processing plants in larger green field sites where treated water can be pumped back and used for gardens and outdoor use. This would save treated potable water being used in areas where it is not required. This would reduce the water into the environmental side but less water would be taken from the system in the first place.

Recommendation

Move the supply charge higher to around \$300 per annum. A two Tier for usage system but the Tier 2 pricing only just above the Tier 1 price. There needs to be some disincentive to waste water. Once a Supply charge is agreed to, better modelling needs to be carried out around the price of Tier 1 and Tier 2 water usage pricing.

Any new price scheme is to be implemented immediately over one year. It is deceitful bringing in a new pricing structure over 10 years. If the water usage charge has to increase then it is more transparent.

ACTEW to start building local low impact treatment plants to feed local Greenfield sites with treated water.

ACTEW to detail how much is returned to the Government as a dividend, even if this is noted on each water bill.

Thank you for opportunity to comment on the report.

David Parkin

30 Nov 2016

Additional Information provided 7 December 2016

Update on Submission to ICRC
David Parkin

On page 1 of my submission I made some comments on unit complexes. It appears that a large complex I now know about has water charged at 2.60 per kl, or Tier 1 pricing for all water used. Each unit owner pays the Supply Charge and Sewerage charge. If the move is to shift the Supply charge to the \$600 per annum all unit holders and low water use house will be unfairly targeted.

From ICON Water Annual report they have \$1.5bn in borrowings. I am not in a position to comment on this at this stage. Although I believe there is an \$80m interest charge against this money.

My recommendation was to increase the Supply charge to \$300 but now this figure needs to be reduced to \$200. The Tiered usage structure to stay. Tier 1 prices to be reduced slightly to compensate the unit owners and low water household so their bill only increases slightly but the tier 2 to be reduced.

Thank you for allowing me to add to my submission

David Parkin