



## **Inquiry into the reform of SA Water's drinking water and sewerage prices**

The District Council of Ceduna (DCC) wish to provide a formal written submission to the Commission on the water pricing reform inquiry.

Please find Council's response to the various questions below.

### **Issues Paper No. 1**

*Q1: What changes should be made to the structure of drinking water tariffs?*

Comment – The DCC supports a tiered system to encourage water conservation whilst still assisting low income users. A state-wide pricing structure must be retained as opposed to a location specific pricing which disadvantages regional communities and discourages investment in rural and regional South Australia.

*Q2: Should the basis upon which sewerage prices are set be changed?*

Comment – Introduction of a fixed property charge instead of charges based on valuation.

*Q3: How should water planning and management costs be factored into SA Water's prices?*

Comment – The DCC believes access to reasonably priced drinking water should be a basic right for all South Australians. The ongoing management of the State's water supply is crucial to ensure continued economic development as well as the provision of basic human rights to quality affordable drinking water.

*Q4: Should changes be made to metering?*

Comment - All new properties should have separate metering.

*Q5: Who should pay water and sewerage charges?*

Comment – Council has moved to a user pays system where ever possible through out the District and we support end user charging for water and sewerage.

*Q6: How can the impacts of price reform be best managed?*

Comment – Staged implementation and by ensuring that low income and disadvantaged people are protected.

## **Issues Paper No. 2**

### **Statewide pricing**

*Q1: Should prices for drinking water services be the same across the state, irrespective of cost of delivery? Or should prices reflect the effects of local conditions, costs or other circumstances?*

Comment – As indicated above Council firmly believe access to reasonably priced drinking water should be a basic right for all South Australians. Rural & regional communities would become disadvantaged through distance should a move be made away from statewide pricing.

### **Fixed and Variable Prices**

*Q2: Should prices be determined on the basis of the long run marginal cost (LRMC) of supply (that is the cost over several decades)?*

Comment - Access to reasonably priced drinking water should be a basic right for all South Australians so 1<sup>st</sup> tier price should be the same across the state. Varying the cost due to climatic conditions or lack of planning for future supplies is simply poor management of the business.

*If so, what factors should be considered in determining the LRMC of water?*

Comment - A long term (20 year +) business plan for SA Water that includes sound investment decisions to ensure water supplies are available to all South Australians.

*Q3: Should prices reflect any short-run effects on costs, (that is, the short-run marginal cost (SRMC) of water?*

Comment – No

*In particular, should prices reflect the scarcity of water during periods of drought or other circumstances and how will this impact water restriction arrangements?*

Comment - Sound investment in infrastructure must be made to ensure that drinking water is available to all South Australians. After social equity pricing for basic supplies, tiered pricing could be used to control over use as long as livestock producers etc, are quarantined and provided with equitable water price.

*Q4: Should the current three-tier inclining block tariffs be retained? Why?*

Comment - Yes some form of tiered system should be retained, possibly introduction of more levels may deter over consumption.

*Q5: Should commercial supply charges change from a property value basis to some other basis? What do you recommend?*

Comment – Yes they could do. Need to be commercial arrangements based on quality and availability of water in that location.

*Q6: Should supply charges be based on the number and size of meters?*

Comment - Yes

### **Vacant Properties (rating on abuttal)**

*Q7: Should customers who do not connect to the network incur a 'supply charge'?*

Comment - Absolutely not, keeping a supply charge for a property that has taken steps to ensure their own water supply security is not ethical and discourages conservation of SA Water supplies.

### **Subsidised customers**

*Q8: Should the price of water be the same for all types of customers or should different classes of customers pay on a different basis regardless of costs?*

Comment – No. The District Council of Ceduna is situated in a marginal agricultural district with substantial local income generated by cropping and livestock production. Primary producers and in particular livestock producers must have access to lower cost water supplies. On sellers of SA Water need to be provided with a wholesale pricing structure so that end users pay a statewide price.

### **Water product quality**

*Q9: Should pricing be differentially based to reflect the variability in product quality or reliability?*

Comment – Yes. Lower quality supplies can mean higher cost to users in maintenance and early replacement of equipment utilising the poor quality supplies eg. water heaters, pipelines etc.

The new Ceduna & Districts Hospital has installed a desalination plant to desalinate the SA Water supply prior to use in dishwashers and sterilisation equipment.

*Q10: Are there any other matters that the Commission should consider as part of this Inquiry?*

Comment - On sellers of SA Water supplies must be provided with wholesale water pricing so that end users pay the same as all other consumers so as not to be disadvantaged financially.

The District Council of Ceduna purchases water from SA Water through one meter at the 2<sup>nd</sup> tier price and provides a system of mains, pump stations and tanks to supply farms, residents and aboriginal communities with water supply. All end users are charged the 2<sup>nd</sup> tier price plus additional charges to cover the cost of supplying the service.

## **Issues Paper No. 3**

### **Residential and commercial**

*Q1: What are the benefits and shortcomings of the way SA Water currently charges for sewerage services for residential and commercial customers?*

No comment – no SA Water sewerage service in this region.

*Q2: What are the benefits and shortcomings of moving to a consumption-based charge, measured according to a customer's water use?*

Comment - Consumption-based charging encourages conservation and investment in water catchment and reuse. Receiving a supply charge account when there has been minimal use of SA Water supply discourages water conservation.

*Q3: What are the benefits and shortcomings of moving to a fixed charge (i.e. a flat rate) where all customers pay the same price for the sewerage service. Should there be different fixed rates between commercial customers and residential customers?*

No comment – no SA Water sewerage service in this region.

*Q4: What are the benefits and shortcomings of moving to a combination of fixed and volumetric charging?*

Comment - Retention of a fixed charge discourages investment in water capture and use and wastewater treatment and reuse.

*Q5: Are there alternative charging approaches the Commission has not considered that may better promote economic efficiency?*

No comment – no SA Water sewerage service in this region.

*Q6: What is an appropriate timeframe to allow for transitioning to a new sewerage service pricing arrangement?*

No comment – no SA Water sewerage service in this region.

### **Trade waste**

*Q7: What are the benefits and shortcomings of the way SA Water currently charges for trade waste services?*

No comment – no SA Water sewerage service in this region.

*Q8: Are there better methods? If so, what are they and what is an appropriate timeframe to allow for transitioning to a new trade waste pricing arrangement?*

No comment – no SA Water sewerage service in this region.

**Charging for non-connected properties (rating on abuttal)**

*Q9: What are the benefits and shortcomings of the way SA Water currently charges non-connected properties for sewerage services? Are there any better methods?*

No comment – no SA Water sewerage service in this region.

*Q10: Are there other matters that the Commission should consider relating to any of the issues raised in this paper regarding Sewerage, Trade Water & Property-based Charging?*

No comment – no SA Water sewerage or trade waste service in this region.

## **Issues Paper No. 4**

*Q1: What are the benefits and shortcomings of the current water planning and management costs framework as it relates to SA Water? Are there any better ways of achieving the same outcome?*

Comment – Supply infrastructure maintenance and renewal, capital works upgrades, and new infrastructure requirements all need to form part of a long term business plan for SA Water that is developed with community consultation to ensure adequate water supplies are provided for all South Australians.

A long term pricing policy need to be in place to encourage investment not only in industry but also in opportunities for private investment in water supply infrastructure.

Third party access to reticulation system needs to be enabled to promote private investment in water supplies.

*Q2: Should SA Water be given the opportunity to control its costs for water planning and management impacts?*

Comment – No.

*For example, should SA Water be able to undertake activities that offset these costs?*

Comment – Only as part of a long term infrastructure plan signed off by regulator.

*Q3: Should water planning and management costs be region specific?*

Comment - No there should be consistent charging across the State to maintain social equity and encourage investment in the regions.

*Q4: How does SA Water water planning and management charges compare with others (e.g. other River Murray extractors)?*

Comment – Unknown.

*Q5: Are there other matters that the Commission should consider as a part of this Inquiry regarding to Water Planning and Management Costs?*

Comment – Poor water quality increases cost to end users. Farmer on the west coast of Eyre Peninsula experience problems with high TDS (total dissolved solids) in the Tod supply from Port Lincoln which blocks pipelines and fouls valves.

Residents in this area have increased costs with failures in water heaters etc and yet they are paying River Murray and Adelaide Desalination Plant levies.

## **Issues Paper No. 5**

### **Individual Metering**

*Q1: Are the current shared water metering and shared billing arrangements satisfactory? If not, why?*

Comment - No, users need to be informed on their water consumption to encourage a change in water consumption behaviour.

*Q2: Should individual metering be mandatory for new build properties even if it is shown to be more expensive than the status quo?*

Comment - Yes

*Q3: Should individual metering be retrofitted to existing properties? If yes, should it be mandated or optional?*

Comment – Needs to be assessed on a site by site basis, only if economic to do so. The cost to retrofit meters to existing properties could be prohibitive and in many cases extremely difficult to achieve.

*Q4: Would customers be willing to pay a fee for the provision of an individual meter to an existing property?*

Comment – Expect this would be highly dependant on the fee, and any subsidise available to encourage users down this path.

### **Smart Meters**

*Q5: Is there a case for mandating smart meters for all properties in SA? If so, what is the best option for rollout? (e.g. phased, immediate or end-of-life basis)*

Comment - Yes, phased or end of life.

*Q6: Are there any reasons not to install smart water meters in South Australia?*

Comment - Cost?

*Q7: Victorian residential customers reportedly pay around an extra \$80 annually for a smart electricity meter. Would South Australian customers be willing to pay a similar amount for a smart water meter?*

Comment – No. SA Water should be able to recover costs from less time consuming water meter reading.

*Q8: What functionality should a smart water meter have, and how would customers and water suppliers make use of the functionality that a smart meter could provide?*

Comment - Ability to interrogate meter reading to determine high use activities.

*Q9: Are there other tools or management options – or any alternatives – that should be considered and implemented in lieu of smart metering, or in conjunction with smart meters?*

No comment.

*Q10: Are there other matters that the Commission should consider as a part of this Inquiry regarding Metering?*

No comment.



## **Issues Paper No. 6**

*Q1: Are the current arrangements where landowners, rather than tenants are liable for water and sewerage charges satisfactory? If not why?*

Comment – No. User pays systems have shown that when the user is ultimately responsible financially they will be more likely to modify/reduce their consumption.

*Q2: Should landlords be required to install water efficient appliances before passing on water and sewerage charges?*

Comment - Where practical. This may not be able to be mandated as the differences between properties may be such that is it either physically or financially cost prohibitive to install such devices.

*Q3: Should tenants be responsible for water and sewerage charges? If so, should they be responsible for all charges, including supply charges, or only water consumption and sewage disposal charges?*

Comment – Yes, although the District Council of Ceduna supports the removal of the current supply charge and retention of water usage only charges.

*Q4: Are there any further costs or benefits that the Commission should consider in assessing the options for change?*

No comment.

*Q5: Are there other alternative arrangements the Commission should consider?*

No comment.

## **Issues Paper No. 7**

*Q1: How should a scheme for issuing exemptions or concessions on water or sewerage charges operate?*

Comment - On application with appropriate confirming documentation. The DCC strongly supports exemptions/concessions being extended to primary producers, particularly livestock producers.

*Q2: Who should fund the issuing of water or sewerage exemptions or concessions?*

Comment - State or Commonwealth Governments.

*Q3: Should water and sewerage exemptions and concessions operate under a single scheme?*

Comment – Yes.

*Q4: Should exemptions or concessions be given automatically, or should they be applied for?*

Comment - Applied for with documented proof of eligibility.

*Q5: How can charges or tariffs to exempt customers best be determined?*

Comment – Benchmarking.

*Q6: What is an appropriate timeframe for transitioning to any new concession or exemption scheme?*

Comment - 12 months.

*Q7: Are there any other relevant issues, considerations or opportunities for change that should be considered as part of this inquiry?*

Comment – The cost of water is a major input cost to livestock producers and needs to be controlled or it has the potential to make livestock farming across a lot of the state unviable.