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From: Justin Lang

Please accept the following as part of the Inquiry into Reform Options for SA Water's Drinking Water and Sewerage prices (ESCOSA Draft Enquiry report).

The commission is to be commended for a comprehensive report, highlighting the wide range of factors involved in such a complex matter.

Maintaining efficient (and cost-reflective) pricing has no doubt been a factor behind recent price increases, and together with the issue of covering fixed (supply) costs, is a conundrum for SA Water when endeavouring to maintain a reasonable return to the South Australian Government.

I read with interest the draft recommendation to charge based upon water meter size (or capacity to use). This has merit, and is somewhat fairer than "capacity to pay" based upon property value.

This submission is based upon residential usage, and the need for a more appropriate pricing structure to encourage appropriate use of drinking water. The method of charging for water supply and usage CAN be an effective instrument to achieving better water conservation outcomes. I have maintained since my involvement in the Water Conservation Partnership (in 2003) that reducing the supply charge and making commensurate price increases in the water consumed should have no net difference to the average consumer, yet bring demonstrated changes to consumption behaviour – as there is a direct (and noticeable) benefit from reducing consumption. High consumers (with an ability to pay) can continue, whereas smaller householders with lower consumption should see the benefit from a revised cost-recovery model. Put simply, if the supply charge was decreased by 50% over a two year period, and the consumption charge was increased (which it already has!), the average consumer (and smaller households) would stand to realise a slight benefit; Those consuming more may notice an increase of cost, or perhaps, the "ability to realise savings". This should be simple enough for SA Water to implement over a couple of years; it would bring about the required consumption behaviour, and be of no significant change to SA Water's financial return. There is no reason why a greater portion of the cost of water consumed can't be re-allocated to the cost of maintaining infrastructure (and fixed costs).

I acknowledge that 85% of SA Water's drinking water costs are fixed, yet find there is no reason for supply charges to increase. Doing so would act as a strong disincentive to encouraging sustainable and appropriate consumption behaviours.

Ironically, in 2008 it only took four council resolutions and 2.5 years lead-time to introduce 6 star energy efficient housing (nationally), yet in 2014 the cost model that the government and SA Water have maintained for the last 20 years is still fundamentally flawed and inequitable.

Good luck with the Inquiry. Sometimes life is simpler with a broad naivety to the nitty gritty, but the current charging has seemed grossly incorrect for so long!

Regards :D

Justin Lang