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From: B Gruno

Sent: Friday, 4 April 2008 10:25 PM

To: Essential Services Commission of South Australia

Subject: Water pricing Issues Paper - Essential Services Commission of SA

To Nathan Petrus (Contact Officer) Essential Services Commission of SA
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In response to the call for 'Request for Submissions' with reference to the 'INQUIRY INTO THE 2008/09, METROPOLITAN AND REGIONAL WATER AND WASTEWATER PRICING PROCESS - ISSUES PAPER'

The 3rd tier of the new system for water pricing does not take into account the watering area (the latter sometimes being used in irrigation regions). There are several issues created by the 3 tier pricing method. It has isolated the so-called high-end water consumption users in urbanised areas for this super-tax, while farmers have been left in the 2nd tier. It would seem this 3rd tier is directed to metropolitan gardeners. Yet the needs of the two (metropolitan gardeners and farmers) are similar, both commercial, but the end requirements are different.

Metropolitan gardeners have a two fold commercial need. Firstly, this need is required to protect the owners house-infrastructure (reduce or eliminate soil movement to maintain structural integrity), but also promotes the growth of vegetation that creates a temperature stabilising (cooling) effect around the house minimising the use of energy, and therefore having a carbon-trading benefit to the environment, among other uses. However, property areas are of variable size, and in most applications the actual water usage is more efficiently used on larger properties than on smaller properties.

For example, at the 1st tier level a large town house size of 125square metres using a supposed water volume limit of 120kl per annum is using 0.96kl/sqm. But at the 2nd tier level a 125sqm town house is allowed up to 520klpa before moving into the 3rd tier level, equating to 4.16kl/sqm. An average block owner on 800sqm using 520klpa is using water at a rate of 0.65 kl/sqm, a rate six times less than what a 125sqm town house owner would use, based on the same 520kl water use. So-called large block owners on 2000sqm double-blocks using 520klpa would be using water at the extremely efficient rate of 0.26kl/sqm. To match the above water usage rate of the town house they would have to use 8320klpa. Some hills face owners on 50000sqm would be using water effectively at an even more efficient rate, but are penalized for a water usage over 520 kl. No discount has been factored into the 3rd tier level by governance for so called 'high end' metropolitan water users living in houses on large blocks who are efficiently using water.

Yet farmers are permitted water usage at 2nd tier rates, while high-end metropolitan water users have to pay 3rd tier rates. 'High end' usage by metropolitan users is in fact probably no different to that of farmers. Which essentially means that there should only be a 2 tier system (if governance wants to maintain the apartment-owners discount tier of 120kl).

If governance want to make examples of so called 'metropolitan high end water users' then it should be on the basis of water usage rates kl/sqm and not actual consumption water usage.

2nd tier and now 3rd tier metropolitan water users are going to be used to subsidise the high cost water and waste facilities and new urban developments of SA (particularly in the far flung marina developments) with governance guaranteeing the developers high volumes of River Murray water that is extremely expensive to transport to such places, for sale to domestic users at Adelaide metropolitan prices !!! all ultimately at the expense of metropolitan so called 'high end water users' (to where the

shipping rates are much cheaper). It is now time for country users of cheap water including irrigators help subsidise the new Adelaide metropolitan desalination plant, as Adelaide metropolitan users have done for them in the past.

Better still, so-called high-end metropolitan water users or groups should be permitted to buy permanent bulk water allocations such as are permitted irrigators in the riverland and elsewhere. There is already in place a 'water trading' system. It is a small jump for the SA Water monopoly to allow 'high end' metropolitan users or groups to actually physically utilise this water to offset the high costs about to be charged for metropolitan water.

Or perhaps a single tier consumption based pricing should be used and GST be placed on the use of water or on the sale of the commercial crop product that utilises the large volumes of irrigation water so that the cost of water usage is more evenly distributed across the public, with the entire GST proceeds to be returned to water infrastructure.

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