

Ms Nicole Wong
Review Secretariat
Economic and Financial Group
Chief Minister, Treasury and Economic Development Directorate
GPO Box 158
CANBERRA CITY 2601

Dear Ms Wong

I have made three recommendations for your team to consider. I would be happy to expand on these suggestions, but I think these outline my thinking.

“The current arrangements for pricing of water and sewerage services are too complex and are not structured in a way that appropriately rewards customers for conserving water. At present there is a sizeable and unreasonable impost of more than \$150 a quarter before one drop of water flows through a tap.

The pricing regime should be more strongly linked to the ACT’s goal of achieving water security as outlined the ACT’s Water Strategy 2014-44. It should be easy to understand; cater for the poorer members of our community; and reward people appropriately for conserving water. I would like to make three recommendations, which I believe would lead to a better pricing regime.

R1. The fixed price supply charges are exorbitant and should be abolished.

When you fill up your car with petrol you don’t pay a connection fee. It’s just a flat price per litre and the company factors in the exploration, refining and supply costs. I see no reason why the maintenance costs, investments, and debt repayments for water and sewerage services can’t be handled like a resource company has to for petroleum. Furthermore for the poorer people in the community the \$150 per quarter is a significant cost, which has to be paid no matter how much water is re-cycled or conserved. This is grossly inequitable.

R2. The first ~300 litres of water/ day be provided free.

This recommendation is to enable the very poorest people to have sufficient water per day for essential services (shower, cooking and toilet) and to prevent a ‘Detroit-like’ situation where residents could not pay their water bills and the city cut off their water supply. The suggested 300 litres per day is a nominal amount and could be changed after an analysis is made of the minimum requirement per dwelling.

R4. There should be a standard one-price per litre for all water used above the free threshold.

I have attached a copy of our water bill for the July-September 2014 period. For some inexplicable reason there are four different rates used during this period. There need be only one rate so that everyone can understand how the charging works. Let’s keep the system simple.”

Regards

Dr David Denham AM