

12 April 2018

Dr John Hamill
Chief Executive Officer
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Dear Dr Hamill,

Re: 2018 water price review – with a focus on Western Water

With reference to the 2018 water price review process, I would like to make a submission in regards to the tiered or “rising block” tariff structure that Western Water apply to urban residential water consumption.

Background:

My wife and I live on a 1 acre property at [REDACTED]. We brought the land in [REDACTED] and have been developing/investing-in and maintaining the garden on this property since then.

From mine and my neighbors somewhat vague recollection:

- The tiered water usage tariff structure was introduced by Western Water in the mid 2000’s as a water saving response to the drought at the time.
- Whilst we all viewed the measure as morally unfair (i.e. taxing large-lot owners with immediate effect and no recourse), the scale and impacts of the drought made it difficult for any challenge to this to be heard.
- Whilst less confident about this next point, we also thought that this was promoted as a temporary measure that would be reviewed when/if the drought situation eased.

My response, given the amount of time, energy and money (estimated in excess of [REDACTED]) we had invested in our garden, was to spend around [REDACTED] on a 75,000 litre rainwater tank. Despite this additional capacity, a large-lot garden still requires significant water to just get the garden through a typical summer – noting we hand-water and do not water the grass. Whilst we are somewhat philosophically opposed to bores, we are currently considering installing one to further reduce our mains water bill as the option of letting the garden die off is simply not an option we would consider.

Whilst I do not have any empirical evidence, I suspect that this measure and the related financial impacts must have had some negative impact, over the last 10-15 years, on the current and long-term character of this region and its once beautiful gardens. When we first moved to [REDACTED] in [REDACTED], it was known as the “green garden in the valley”.

The key questions from my perspective:

Whilst I am fully accepting that if I have a one acre garden then I should pay for the water that I use to maintain it, what I find rather difficult to comprehend is the argument that says I should pay double or treble the usage rate compared to someone who has a smaller garden.

The next and arguably more important question is the social implications of such a policy?

Some high level analysis:

In looking at the 2017-18 pricing submissions from the 16 Victorian water authorities¹ who provide services to urban/residential properties, I note the following:

- Only six of the 16 have the three-tiered tariff in place (Central Highlands have a two-tiered structure)
- Using my actual water volumes (over 122 days) and calculating what I would have paid if I used this volume in these other regions, my charge of \$726 is around:
 - 31% higher than the average of \$534 for the 16 regions;
 - a staggering 52% higher than the average for the 10 single (including the single two-tiered region); and
 - 7% higher than the average for the 6 three-tiered regions
- The average charges for the 6 three-tiered regions is a very significant 42% higher than the average for the remaining 10 regions

So what would we like to see happen?

We would like to see a single usage rate structure with rates that conform more to the average across Victoria. And if supply (e.g. drought) or demand gets out of control then the normal demand restricting measures, excluding what I consider to be unfair tiered tariff structures, can be put in place.

So in closing, regardless of what we think of the tariff structure, the really important issue here is the long term social implications of such a policy and the question of how well this policy has been thought through. Surely given the acknowledged individual and broader social benefits of gardens we should be encouraging both the development and maintenance of quality green areas, whether they are private or public gardens?

Yours sincerely,



Ray Thompson

1. Barwon Water, Central Highlands Water, City West Water, Coliban Water (Central), East Gippsland Water, Gippsland Water, Goulburn Valley Water, GWM Water, Lower Murray (Urban), North East Water, South East Water, South Gippsland Water, Wannon Water, Western Water, Westernport Water, Yarra Valley Water