

MURCHISON COUNTRY ZONE

Shires of –

Cue
Meekatharra
Mount Magnet
Murchison
Sandstone
Yalgoo



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Our ref: M-06-C

Your ref:

Inquiry on Country Water and Waste Water Pricing
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Sir,

Inquiry on Country Water and Waste Water Pricing

Thank you for the opportunity to comment on the Draft Report.

After referring the Report to member Shires, the Zone wishes to make the following comments.

In particular, the Zone very strongly favours retention of a uniform pricing policy, and considers that this should be a customer service obligation of the Water Corporation embodied in legislation.

The Report recognises that average usage varies from town to town. In the Murchison region, the average consumption to maintain a household is certain to be higher than coastal and southern towns, due to the comparatively high temperatures compared to the south and the very dry climate in contrast to coastal humidity.

As these environmental factors are outside the control of residents, the Zone considers that there is an obligation on the Water Corporation to equitably provide for the increased requirement to maintain a reasonable standard of living.

This should be done by establishing the average use for an area for a typical household, based on independent data (average humidity and evaporation rates etc) supplied by the Bureau of Meteorology. The Valuer General's Office uses a similar concept to establish factors for increases in Gross Rental and Unimproved valuations based on production and sales data.

This assessed "necessary" consumption, should include maintenance of reasonable gardens, but exclude swimming pools or other high requirements for water not consistent with an average use.

Whether determined at 300 or 450 kilolitres (or some other amount) per year, the “necessary” consumption should be charged at a rate consistent up to the predetermined (subsidised) limit. This means that the higher average use areas pay less per kilolitre for this band, but only within this band of “necessary” consumption.

Below average consumption creates an incentive for residents to preserve and use less water.

Consumption above the “necessary band” should be at that same rate State-wide, at an increasing cost per kilolitre to discourage excessive consumption, and in band allocations of equal size.

Every consumer therefore pays an equal cost for total “necessary” consumption, based on external, independently established criteria, and the same costs when exceeding this amount.

The Zone also finds the proposals that will result in penalising towns which initiate development to be very disturbing. We do not consider that there is any justification to require residents of a town to pay for upgrade costs for their water supply.

In Yalgoo, for instance, has had a High Efficiency Reverse Osmosis Plant installed which has recently become operational. Being the first water treatment plant of its type in Australia, there are undoubtedly additional costs associated with it. It is grossly unfair to expect a small town of 100 or so people trying hard to grow, to pay the extra burden of the new plant, even without any extra costs incurred as the result of new and unfamiliar technology. It places unreasonable impediments on the town’s development. The same principle applies in every country town.

Equally, it is ludicrous to penalise the Pilbara towns for their expansion and development due to the resources boom, and as a result of their growth, significantly increasing their contributions to the State’s economy and income.

The dubious “advantage” the noted in the Report comments (on page ii) of towns paying increased costs for water infrastructure improvements, is that it demonstrates their willingness to pay for increased water supplies.

The implied willingness is a circular argument purporting to prove itself – people pay more because it is demanded of them, and since they pay their bills because they have no choice, it proves they are willing to pay more, and accordingly more can be demanded – ergo: proof of willingness.

This willingness is based on the erroneous proposition that the towns have a choice of an alternative. As this is patently false, the willingness is nothing of the sort, but is more in line with duress. If there was a viable alternative, and consumers still chose the higher costs proposed by the Water Corporation, only then is willingness actually demonstrated.

We consider that the State, through the Water Corporation, has a responsibility to promote and encourage regional development, and not put additional obstacles in the way, that can add significantly to a household’s annual maintenance costs. It needs to be borne in mind that if people leave country towns due to unsustainable cost imposts, not only will regional development be significantly retarded, but the drift of people to the city will add to the dilemma that the Water Corporation already faces in providing infrastructure and accessing sufficient water supplies to service the wider Perth Metropolitan area and its growing population. It pays to keep people in the bush.

Accordingly, the Zone believes that there are several fundamental principles which need to be accepted by the Water Corporation –

- that the total cost for the average number of kilolitres of water needed to maintain equal households, should be the same regardless of location in the State,
- that there should be equal availability of equal priced water in equal sized bands, beyond the “necessary” average, across the State.

These principles, we believe, would establish equal right to quality water, for an equal cost, and for equal need and consumption. They should also eliminate the unreasonable expectation that small communities should pay the full cost of water infrastructure.

Yours faithfully,



Niel Mitchell
Executive Officer

23 March 2006

c.c. Minister for Local Government and Regional Development
Minister for the Midwest
Local Members of Parliament
WA Local Government Association
Midwest Development Commission