



Economic Regulation Authority
Perth

Dear Sir

RE: Review of Water Pricing in WA

I would like to comment on the above, within the terms of reference, which are... "Methodology in assessing revenue", "Pricing paths" and "Structure of Prices".

My main comments relate to the charging of a basic amount for vacant land where no water supply has yet been connected (but mains water may be available in the adjacent street).

I have secondary comments about the charges levied on businesses and enclose a copy of my original submission from 3 years ago.

The in-principle philosophy of "pay-as-you-use" has been promoted throughout this state and nation in many different forms. eg. telcoms, gas utilities and even Freedom of Information.

I can see no reason why it is not in place with water supply.

In this day and age, many people owning vacant land may in fact be looking towards a time when there will be no need to connect up to mains water supply. Alternative means of domestic supply are numerous and are promoted by our own authorities.

Land owners no longer need to subsidise the building of water carrying infra-structure if they have a viable option to not connect.

If they do connect, then connection charges would apply...as they do in any other modern utility service.

Therefore, I call into question the methodology of assessing revenue and method of structuring water prices, in this example.

The current method of billing vacant land owners an "Annual Service Charge" (when there is actually no service connection) is outdated and conflicts with other governmental policies of "user pays".

There cannot be structure to the water price, if there is no water connected or product obtained.

In regards to the difference in prices between domestic consumers and business consumers, I cannot understand how a business owner who has converted an obviously older style residential house to a commercial outlet should be charged any more, simply because he is listed as "commercial" with the council or the water authority.

The example I used (see copy of previous submission) is real and the main question inherent in the example, is how he could be charged so much more when there has not

been any change to the way the water service is delivered. It really should not make any difference to how much he is charged, even if he is listed as commercial, unless there are substantial gains to be made in the listing as such. My understanding of that example, is that he gets no appreciable gain for all the increase in costs.

Therefore the pricing structure is obviously geared up to extract the most out of business owners even though the product does not differ at all between domestic and commercial. There is clear bias inherent in the pricing structure and there shouldn't be.

I hope these comments are seen as relevant and help the review.

Yours Sincerely

Colin Scott

1/7/04

A handwritten signature in black ink, appearing to read 'Colin Scott', written in a cursive style.

Office of Water Regulation
PERTH

COPY

Dear Sir or Madam

RE: Submissions

I have previously made a submission with 2 distinctly different points in it. This submission is a third and comes after I had discussions with a friend about my previous letter.

1. **Commercial water rates for previously domestic but now business premises**

My friend trades in premises that have a history of originally being domestic residences but at some stage in the past, became rezoned commercial via council authority. The two (old) houses are joined and he operates from the both, as one business in retail selling. The question that arises is, what is the added value or service he is supposed to have gained through the 'on paper' action of the rezoning, in relation to his water rates?

It would appear that his "commercial water rates" exceed that of the domestic rates for the area in the order of 100%. What is the justification for such a price rise, when nothing has effectively changed except an 'on paper' notation? There has been no extra load placed upon the facilities in place and it can be argued that consumption patterns actually decrease because occupation is only for 10 hours a day, 5 days a week.

Apparently he has enquired about such a question, only to be told that the commercial rating effectively "subsidises" other rating throughout the state. Are we operating on a 'user pays' principle or are we still using a subsidy scheme of some description? Whatever the case, maybe there needs to be some form of community education about the issue.

There certainly seems to be grounds for the query as he assures me he gets no extra service...in fact he only uses one meter. His combined "commercial" water rates exceed \$1800.

Yours Sincerely
Colin Scott
4/9/01