

*Submission of Neil Thomson to the Inquiry into Developer Contributions to the Water Corporation*

My family is currently undertaking a small property development between Mundaring and Mount Helena which will involve subdividing one 5 hectare lot into 2 lots, one of approximately 2 hectares and the other 3 hectares. The property is currently owned under joint ownership between three family members, but the family has decided to build a second dwelling on the property so my wife and I would be in a better position to care for our ageing parents in the coming years. In order to do this, the family has had to create a second building envelope – hence the subdivision application.

The lot is currently serviced with its own water supply from a bore and tanks system.

The Planning Commission has granted conditional approval for subdivision, provided the new lots are connected to the scheme water.

However, a major cost is being imposed to connect to scheme water because the water main is 320 metres down the street.

The Water Corporation unreasonably expects my family to cover the full cost of extending the water main up the street, even though:

- the existing lot is already serviced by a sophisticated bore and tank system and small alterations to that system would provide adequate water for two lots;
- extending the main will provide a future benefit for other developers who may choose to develop adjoining or juxtaposed lots; and
- the cost for extending the main is unknown because there is uncertainty whether the trench will require heavy rock breaking equipment (we have been advised by an engineer that the cost of the pipeline extension could be anything between \$30,000 and \$60,000 depending on digging costs and no one is prepared to quote on this job before it proceeds, because of uncertainty about the rock breaking requirements).

The Water Corporation has, as recently as four years ago, allowed other small developments to proceed on the same street without requiring the developers to extend the water main. These developers have overcome their water supply issues by connecting over distances of 500 - 1000 metres using low cost PVC piping along the surface, past our family's boundary next to the road.

The decision by planners at the Water Corporation to require that our development extend the main at this time, when previous developments further up the street were not required to do so, appears to be purely opportunistic because, one assumes, the Water Corporation considers the extension distance to be reasonable (compared to others who may have had to extend the pipe further). It appears that decision rules about who should pay for capital works and who shouldn't pay are inadequate because they appear to involve high levels of discretion (and lack of objectivity or transparency) by the Water Corporation.

If the water main is extended at my family's cost, future developers (whose boundaries adjoin our property or are across the road) or those currently using temporary PVC piping (those further up the road) will not be required to contribute to the capital works which would be paid by my family. This seems unfair. It also seems strange, at a time when the Water Corporation is struggling to find new cheap water sources, that it compels property owners to connect to their system even though suitable water is available from another existing source and has been adequately servicing our 5 hectare lot for over 20 years.

The compulsory requirement to connect can only be rationalised as the behaviour of a monopoly that has no concern about the cost of delivering water to its customers – coupled with the opportunity presented to the Water Corporation to compel property owners to do what it wants, when a subdivision application goes through the Planning Commission.

More broadly, on the issue of climate changes, the Government should look at encouraging innovative solutions where developers could be encouraged to source other water where it was potable and environmentally sustainable and thereby not place additional demand on the Water Corporation's sources.

I am advised by the consultant that is assisting my family in facilitating the development that there is no point writing to the Water Corporation to complain about its requirements, as in his experience, the Water Corporation will not change its view. This suggests that there is a need for an independent appeals process.

In view of our experience, I believe the Inquiry should find that:

- developers not be compelled to connect to mains supply, where an adequate (safe, secure and environmentally sustainable) alternative source can be demonstrated;
- where a developer chooses to connect to the Water Corporation, the decision rule about the attribution of new capital works costs should be transparent and equitable (eg not reliant on arbitrary up front charges for actual capital works, but built into the water charge over the life of the infrastructure and shared so all existing and potential users eventually pay in a commercially appropriate and equitable way);
- risks associated with engineering works along sections of infrastructure, (eg overcoming rock obstacles along intermittent sections of mains piping), should be shared by all potential users of that pipe - given that future extensions will vary in their cost; and
- developer charges applied to capital works should be subjected to an independent regulatory appeals process;
- competition should be introduced into the water services sector (similar to that of Optus and Telstra in telecommunications), so the Water Corporation would be encouraged to treat its customers more fairly.

In my family's case, the cost of water services, compares very poorly with the cost of reconfiguring the electricity supply from one lot to two. This work has already been completed for a reasonable cost of \$1,500. The requirement for mains water connection and the inherent pipeline costs represents a major (and unfair) impost on my family's plan to build another dwelling on the property.