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Submission: Inquiry into the Tariffs of the Water Corporation, Aqwest and Busselton Water

In-fill sewerage, Little Grove

We are concerned that the costs of living in Little Grove have escalated considerably as a result of the in-fill sewerage program.

As environmentally sensitive citizens we choose to live in a rural community where our environmental impacts are dispersed rather than concentrated in a metropolis. We use relatively small amounts of "scheme" water and have a 750 litre water tank which supplies much of our requirements. We have a septic waste remediation system and 18 metres of leach drain. I question that in-fill sewerage for domestic properties in low density areas such as Little Grove offers significant environmental benefit and is overall, very poor economics.

Our 2007/08 Water Corporation charges were the State-wide fixed rate \$180.50 plus \$140.00 for consumption. Total \$320.50.

As a result of the government's in-fill sewerage program our annual Water Corporation charges will increase \$687.00/year to \$1,007.50; an increase of 314%. Upon enquiry to the Water Corporation, it was found that our sewerage rates are stuck at \$0.08798/\$GRV capped at \$687.00. Metropolitan sewerage rates are struck at \$0.0475/\$GRV with increases capped at 13.4% per year.

It is grossly unfair that rural communities such as Albany are rated at 185% higher marginal rate than metropolitan areas. Water Corporation says it is more costly to service Albany. This could only be a result of

- Metropolitan sewers having been fully amortized while Albany is still being developed
- Un-costed ocean pollution by metropolitan sewerage outfalls

There are many reasons why Albany's sewerage system should be cheaper than metropolitan Perth because of lower land costs and a cost effective, low pollution land disposal system for treated water. This is confirmed in the ERA Issues Paper wherein Figures 3.1 and 3.2 indicate that the cost of operating the Perth water and sewerage scheme is approximately \$390/property versus \$250/property in Albany.

Rural citizens should be treated equitably with metropolitan Perth citizens so that they are rated on the same basis. If rates continue to be coupled to land values this would imply country rates struck at \$0.0475/\$GRV and increases limited to 13.4% per year and that metropolitan Perth pays for all the costs of their water sewerage system.

It would be preferable for water charges to reflect the value of the water rather than the land value. This will result in more efficient allocation of resources to service the water supply and disposal requirements of communities.

Water tariffs and other matters

It has been forever an intrigue that water is such a precious commodity to us but we do not use pricing as a water conservation mechanism. To maximise the incentive to conserve water the fixed charges should be minimized and the unit consumption charges increase as consumption increases. Large users should be paying higher (penalty) rates, not receiving discounts for economies of scale.

Domestic sewerage would be approximately proportional to domestic water intake. Therefore, sewerage rate administration costs could be reduced if the charges were included as a part of the water supply charges. This would equitably reflect that water discharge is an integral part of the cost of water supply.

The Water Corporation has a conflict of interest as it strives to trade profitably (maximising sales) but this minimises any catchment yield surplus for environmental flows.

The value of environmental impacts of water supply and disposal should be reflected in the charges (externality charge). The value of ocean outfall for storm water and sewerage should reflect the cost of an environmentally acceptable alternative such as sustainable land disposal. This may provide greater justification for re-using the water rather than dumping it in the ocean.

The efforts the Water Corporation is making to optimise catchment management in the Wungong catchment trials are admirable and should be extended.

David Wettenhall

16th September 2008