

INQUIRY ON URBAN WATER AND WASTEWATER PRICING: DRAFT REPORT

Summary of points made by the Chairman, Environmental Protection Authority
March 2005

(Reference to sections relate to ERA's Draft Report)

Environmental values

1. Protection of environmental values from consumptive water use and wastewater discharge is a cost of providing these services and a legitimate component of pricing (s.4.5.4.1).
2. Pricing should quantify environmental costs in as fair, open and transparent manner as is practicable.
3. Revenue from applying this pricing policy should return to the resource manager.
4. Difficulties in estimating costs of environmental externalities should not be used to justify avoidance of reasonable cost recovery.

Gnangara and Jandakot Groundwater Mounds

5. Climate change and increased demand have led to demand pressures on public water supply abstraction in these areas such that there is consistent non-compliance with environmental conditions on groundwater use. Current restrictions on domestic garden watering to 2 days/week have assisted demand management. Any increase in demand pressure through easing restrictions (s.4.3.6.1) or pricing policy would exacerbate environmental impacts.

Draft Findings

6. The Economic Regulation Authority's draft findings regarding 'Adjusting for Externalities' says that "care should be taken to ensure environmental standards and targets set by government reflect an 'efficient' level of environmental quality". The Environmental Protection Authority points out that these are some circumstances where an efficiency argument in economic terms cannot be applied to ecosystem health; for example loss of habitat leading to the extinction of a biological species.