

Linda Nadge, 21 October 2021

Addendum

I was unable to read information that prompted the price hike in 2019 for untreated water until today. Therefore I also lodge these notes to accompany my submission lodged yesterday. I am very concerned about the high prices that are being proposed.

This information should help IPART to understand my earlier 20/10/21 submission and also to take stock of why such price hikes are unfair, unreasonable and unjustified for the small customers concerned.

I have been trying to understand the basis for this hefty kL price increase:

- **From \$0.75 in 2016 when we bought this property on this untreated pipeline tariff**
- **To \$1.09/kL now (+45%)**
- **To the proposed rate of \$1.63/kL in 2026-27 (+49.5%)**

My review of the 2019 determination documents indicates that Essential Water is trying to make all “untreated” water supplied equal in price without supplying the water equal in “condition” or affordable by customers who have different volumes and uses.

I contend that for untreated pipeline customers, water pricing is not a simple matter of applying one price. Stakeholders tried to explain this to IPART in 2018-19 but the message did not get through.

Raising the prices as proposed is not the answer to achieving a return on investment for the water infrastructure.

Excessive costs of Essential Water’s corporate overheads are driving up prices; they are spiralling out of control and they make no attempt to reign them in despite repeatedly being asked to do so.

Gutting this community (ruining properties and driving down the population) will only make a white elephant of the huge infrastructure (pipeline, treatment plants).

I reviewed the 2019 determination document and found that IPART/Essential Water justify the untreated pipeline increases due to the replacement of the Menindee pipeline segment.

I am a customer receiving untreated pipeline water but not located in the Menindee segment where the new pipeline replaces the old.

On face value, the customers in the Broken Hill to Stephens Creek pipeline segment are receiving nothing new, no improvements but are being slugged nearly 100% increases if the 2026-27 pricing eventuates.

Facts:

- My property is not supplied by a Stephens Creek-Menindee pipeline offtake.
- My property does not receive treated water from the Mica St plant.
- No new pipeline infrastructure has been installed for water supply to my property.
- My water supply is untreated from the Broken Hill-Stephens Creek pipeline offtake.
- This pipeline has been there since the 1950s.
- The new pipeline from the Murray River to raw water holding tanks in Broken Hill makes it way to either the Mica Street plant or to Stephens Creek and onwards to the customers along the new pipeline to Menindee that was needed to replace the old pipeline.

- The water supply from the Murray River is more corrosive than water from the Darling River – I’m glad I reviewed the IPART 2019 determination document as otherwise I’d never have known.
- My property’s reticulation infrastructure is now at risk of corrosion from the Murray River water, meaning, my costs increase to treat this water. Every customer along the Menindee pipeline will have the same problem.
- I need to use more chemicals, labour and plant to manage corrosiveness caused by this high alkalinity. A greater part of our infrastructure will continue to be at risk and deteriorate faster.
- Essential Water was able to receive an additional \$2.2 million for an upgrade to the Mica St to address the corrosion, and gain a legal settlement of \$500,000, in the 2021 pricing proposal.
- I have been offered no compensation for the ongoing, long term damage to infrastructure on my property or the higher cost of treatment directly due to higher alkalinity.
- IPART/Essential Water have given no recognition to any of my high water treatment costs that far outweigh the cost per kL difference between untreated and treated water.
- Despite all the above, I can expect to be delivered water price increases of nearly 100% over eight years if the most recent proposals are approved.

A customer-focused water utility should have communicated with its untreated pipeline customers about any new risks associated with the water supplied.

A customer-focused water utility should have understood that promoting consistency of prices to all forms of “untreated” water was entirely inappropriate. That is, a small business pays the same as bulk users like the mines and the council.

A customer-focused water utility would have invested more time in modelling impacts and communicating with customers about their needs prior to imposing hefty price increases.

This end game, to transition all untreated water customers to one high price that gets to within 10%-20% of the price of treated water, is an oversimplification of pricing and will have catastrophic outcomes, ensuring the population decline, loss of incentive for existing businesses to continue, lack of affordability of a green-minded community, reduced liveability.

I repeat what I said in my submission yesterday:

- **The 2021 pricing proposal from Essential Water contains make-believe costs for corporate overhead expenses and it should be thrown out. Its effect drives up water prices to unaffordable levels. Those excessive annual costs incurred from the east coast represent about 27 times the cost of the \$148,000 annual revenue shortfall from untreated water customers (p. 107, 2019 IPART determination).**
- **Broken Hill customers deserve a refund for all over-charging of Essential Water’s corporate overheads to date. Broken Hill water customers should not be subsidising Essential Energy electricity operations.**
- **It is time to demerge water from Essential Energy/Water. Return management of water supply to the local community where it is cheaper, more transparent and accountable.**