

Ref: 32001.01

8 August, 2006

Mr James Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal (IPART)  
PO Box Q290  
QVB Post Office NSW 1230

Dear Mr Cox,

**Re: Pricing arrangements for recycled water and sewer mining**

The Western Sydney Regional Organisation of Councils (WSROC) makes this submission in response to the Tribunal's Draft Determinations and Draft Report on pricing arrangements for recycled water and sewer mining.

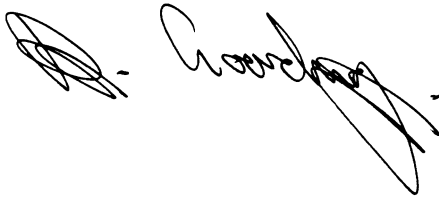
WSROC generally supports the cost components of the Draft Report but would like to draw the following matters to the Tribunal's attention:

- WSROC supports the decision of IPART to set Developer Recycled Water Charges in a similar manner to charges for potable water and sewerage services. However, charges should not be limited to costs recovery. Water agencies should be allowed to levy additional charges if profits are invested in initiatives that aim to further reduce potable water consumption. The tribunal might consider allowing water agencies to charge a percentage above the threshold of cost recovery for this purpose.
- WSROC strongly supports the use of recycled water in the Rouse Hill area and new housing releases. While recycled water prices should recover costs and allow investment in potable water saving initiatives, WSROC does not support price increases at Rouse Hill which will result in recycled water costing consumers 80% of potable water prices. A clear price differential must be maintained between recycled and potable water. A price differential of 35% may not be enough to ensure that recycled water is used in place of potable water. While cost remains a useful tool in reducing demand, it should be noted that potable water usage is currently not sustainable. On the other hand water recycling is only projected to reach 13% of total water demand by 2015. Costs should clearly direct individuals towards recycled water and away from potable water as the capacity for recycled water to meet a greater proportion of water demand is far from being reached.
- WSROC maintains that developers should not be given price reductions while consumers are forced to pay more. Developers can use access to economical recycled water as a selling point. Western Sydney contains many pockets of people suffering severe socio-economic disadvantage coupled with limited services and inadequate infrastructure. It is intended to accommodate a disproportionately large component of Sydney's projected growth and a large number of residents that simply cannot afford to live elsewhere in the city. Access to relatively inexpensive recycled water should remain one of the relatively few 'perks' of settling in a newly released and developed area.
- WSROC would like to see IPART encourage discounts for councils using recycled water for public good services such as the maintenance of parks, gardens, pools and playing fields. WSROC would like to point out that councils' storm water infrastructure

contributes to the total amount of water available for recycling and providing discounts on water used for the public good will help offset the costs of providing this infrastructure. While sewer mining and other options might be available to councils to offset their total potable water demand, a more suitable and sustainable option is for projects to be consolidated in large State government and private initiatives.

- WSROC accepts that the Tribunal can only make a price determination for mandated schemes where there is sufficient information for it to set prices but encourages the Tribunal to monitor pricing in areas which are not mandated to ensure that prices are being managed appropriately.

Yours sincerely



Alex Gooding  
**Executive Director**

Ryan Pascoe Doc: \E:\!!!Program\32000\_Environment and Resources\32000\_WSROC\_ENVIRO\32035\_08\_WATER\_reuse\_waste\_conservation\Letter to IPART Recycled Water Pricing 040806.doc Project: File: Date: 8/08/2006