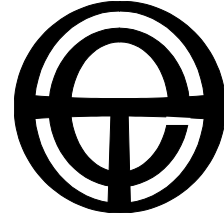


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15 July 2005

Review of Metropolitan Water Agency Prices
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Sir/Madam

Total Environment Centre (TEC) welcomes the opportunity to comment on the draft report and determination of prices for water supply, wastewater and stormwater services for Sydney Water Corporation (SWC), Hunter Water Corporation (HWC) and Sydney Catchment Authority (SCA).

TEC supports many aspects of the draft report and determination, including the recognition of the need to increase prices to reflect true costs and provide a stronger resource conservation signal. We welcome, in particular, recommendations to introduce an inclining block tariff structure for SWC residential customers and reduce fixed charges.

TEC believes that the introduction of a two tier price structure is essential to provide a stronger resource conservation signal to high level water users. Whilst acknowledging the 400 kilolitre (KL) step point as a useful starting point to introduce customers to a step pricing system we believe that this level will need to be reduced over time to provide stronger incentives to adopt more efficient water use practices and appliances. We urge the tribunal to give detailed attention to lowering the step point in the next pricing review.

TEC acknowledges the Tribunal's recommendations for protection of vulnerable customers under new pricing arrangements. As detailed in our original submission, we strongly recommend that these measures be coupled with targeted residential retrofits to assist vulnerable customers with high consumption to improve water efficiency.

We welcome also the removal of HWC's second tier declining block tariff for customers who use in excess of 1,000 KL per year. TEC has long viewed this measure as undermining water conservation and sending a very poor signal to customers.

While welcoming removal of this second tier declining block price we are extremely concerned by the proposed retention of the lower rate for customers using more than 50,000kL per year who are close to water source and treatment facilities. TEC has consistently opposed this discount and sees no merit in retaining it. Reducing prices for large users diminishes the resource conservation signal conveyed by usage charges, thus undermining demand management. Further, this pricing system reduces incentives for large volume users to adopt effluent reuse. It is essential that large volume users be actively encouraged to

adopt reuse to reduce demand on potable supplies and ensure the long term viability of effluent reuse.

Yours sincerely

Leigh Martin
Urban Campaigner