

Rick Banyard

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Chairperson
IPART
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Re OP 24 Water Price Structure Investigation Final Report

***Investigation into Price Structures to Reduce the Demand
for Water in the Sydney Basin***

Dear Sir

I was very interested in the report however I am again very concerned that a large proportion of the report is absolutely useless because it fails to recognise those **consumers** who are not customers.

A **consumer** is a person who uses the water. IE they consume it.

A **customer** is a person identified under the water authorities Customer Contract as the person responsible for receiving from and paying for the supply from the authority.

If one deducts the number of customers the water authorities have from the number of people (consumers) in the Sydney region only about **15% of the population are customers.**

On a per household basis **customers only represent 60% of consumers.**

Given that it is the customer who pays for the water can you explain how your report can have any credibility given that it **fails to consider 85% of the population and 40% of the households?**

The final report confines its discussion to "Customers" although I suspect some of the tables, statistics and calculations also include no customer consumers.

I note the document only contains Customer Case studies. I am intrigued that the case studies include units. It is my understanding that most units and stratas do not have water meters.

I have grave difficulties with the case studies. For example case study one The Smith family. This small two-bedroom unit has two bathrooms and three toilets! Water consumption drops from 78kL to 50 kL saving \$28.57 under current pricing or \$33.60 under option a. To achieve that saving they must spend \$40 for shower heads and several hundred dollars for a washing machine plus a plumber to fix the taps. Who in their right mind is going to spend say \$500 to save \$28.

I also note that IPART considers an integral part of using price as a demand regulator is "**this is only practical if consumers pay water bills that are based on their own individually metered consumption**"

Will IPART be producing a report to: -

- Draw attention to the cost of water to the 40% of households that are not customers.
- Identify the opinions available to have tenant etc considered customers.
- Identify ways of having tenants etc pay for water
- Confirm that tenants are generally the low household income families and therefore the most likely to be effected.
- The Role of non-customer consumers in reducing water demand.

I feel that IPART has no choice given the report covering Customers.

Does IPART have statistics that show how many households do not have water meters? If so do the statistics show the numbers for public and private households?

Is IPART aware that the Department of Housing and most public housing authorities do not charge households for water use?

Fundamental to any strategy of conserving water is to make all retail households responsible water users by making them directly responsible for the total cost of their water.

To achieve this steps are simple.

- 1. Amend the water legislation to direct tenants etc to be customers of the Water Authorities.**
- 2. Set a water pricing structure based 100 on quantity used.**

3. Establish a pricing structure that provides a basic water supply at a realistic level scaling up in a series of steps to a top scale with charges appropriate for luxury use.

4. Regulate demand by adjusting the upper price levels.

A strategy as above would

1. Eliminate the need for water restrictions.
2. Allow all consumers to take advantage of concessions (currently most are excluded because they are not customers).
3. Reduce the costs to landlords thereby keeping rental prices low
4. Apply the user pays principle.
5. Provide extra funds to water authorities to build infrastructure capable of meeting the demand.
6. The system would be fair and reasonable. (no one would have any grounds to complain as the volume of water used would be the choice of the consumer)

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