

Dear Sir

I wish to take this opportunity to thank the Commission for providing an opportunity to offer comments on the Water Pricing 2009 draft report as a member of the public which is due by 19th May 2009. I am an engineer by profession but my comments on the recommended submission prepared by the Commission's consultants are primarily on the basis of being a rate payer in the jurisdiction of Yarra Valley Water.

The recommendations report is very thorough and appears to be based on well researched data and technical analysis for which the Commission deserves high praise. I do not have the credentials to question or dispute the analysis and recommendations arrived at by the Commission's consultants. I would however, wish to offer a few points of view on the pricing structure and the basis on which these have been arrived at. This is based entirely on my judgement as a residential water consumer.

The major premise justifying need for future price increases to support rise in the cost of water appears to be based on substantial fall in demand due to introduction of legislated restrictions in water usage and change of community attitudes towards water consumption. However, there does not appear to be any direct correlation on future increases in water consumption linked to projected population growth in and around the Melbourne metropolitan area and a corresponding increase in number of households. The charts depicting volume of water use in future are not explicit on this correlation. Recent news reports indicated a population of 5 million much sooner than the ViF report predicted.

In addition the report has based its recommendation on the pricing structure per the existing inclining block tariff pricing directly based on water use. In its guidelines on Urban Water pricing prepared by National Water Commission in July 2008, it is clearly a recommendation that inclining block tariffs (block tiers which are levied as variable component of water pricing and get higher as

consumption goes up) should be ended as these " are inequitable as they disadvantage households with larger numbers. They are also not very effective in influencing consumption as the cost impact of reaching higher tiers is often not evident until well after the event;" As a household of 5 members I can clearly relate to this. Since Target 155 was introduced we have constantly maintained no more than 140 litres per individual per day in our household, yet we are penalised by having to pay higher cost due to the inclining block tier structure.

The report should recommend removal of inclining block tariff structures and revert to a single variable block charge in addition to a fixed service charge which is already in place. Unless of course the retail water businesses can implement a billing system which takes into consideration the average number of individuals in the household, either to directly base the billing upon or a scheme of reimbursement to compensate the higher charges levied as a result of the higher block tariffs during a period.

Whilst it is inevitable the water charges will continue to rise year by year, the practice of pro-rata application of higher rates part way through a billing period should be discouraged. The retail businesses need to apply the same rate for the entire billing period. It is unfair to split the consumption volume into two artificial periods for the purposes of applying new rates when these become due.

The same principle should be applied by the Essential Services Commission to all forms of utility billing - gas, electricity etc.

Yours sincerely