

Office of the Tasmanian Economic Regulator  
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## **Submission to the 2012 Water and Sewerage Price Determination Investigation – Draft Report**

With reference to section 5.4.10.1 *Assumption of average household water usage of 200KL per annum*

I would like to urge the economic regulator to seek Local Government input to establish the average residential water consumption for the 3 regions. Local Government Authorities with metered water can provide many years of water consumption data, so are in a superior position to provide a more accurate estimate of water usage than the 3 Water Authorities. Southern Water for example, has based their average water consumption approximation on the 2008/09 and 2009/10 year based on water consumption in Brighton and Sorell municipalities. Southern water was not responsible for water during the 2008/09 year. Brighton Council actual usage for the last 5 years that they were responsible for water including the 2008/09 financial year identified an average water usage of 295kl per annum for the average residential consumption. Sorell Council identified their average residential consumption at 396kl for the 2 years that they were responsible for water. Huon Valley has estimated 300kl. The combined average represents approximately 330kl according to the data provided by local government.

Similar variances may also be found across other Tasmanian regions. I have only been able to secure data from West Tamar and their average over the final 2 years was 245kl per annum. Launceston City Council no longer holds data but they do advise ratepayers that the average consumption is 396kl.

Historical water consumption across mainland water authorities prior to drought also reflect a higher consumption rate than the assumed 200kl proposed for Tasmania. Mainland water authorities also have considerably higher variable charges due to greater supply constraints.

The Southern Water Price and Service Plan Section 6.3.1 highlights residential customers represent 87% of total customers. The Southern Water Price and Service Plan Section 6.2.1 identifies water consumption for 2009/10 at 43,589,000 kl with an expected leakage of 20% = 34,871,200 KL of chargeable water. The residential proportion based on 87% of this consumption would equal 30,337,944 kl. The report also identifies a population of 234,455 with an average 2.4 people per household = 97,689 households. 30,337,944 kl divided by 97,689 households equates to 310kl per household which is very close to the local government average and far higher than the approximation provided by Southern Water. Table 6.4 Projected Water Consumption, Total Regional Demand, further supports a consumption estimate per residential property closer to 300kl than the proposed 200kl. This consumption average would be even higher if consideration was given to all properties in Southern Tasmania that do not have water provided.

I support the economic regulator's comment that "if actual usage exceeds the estimated 200kL, customers will be subject to price increases above the proposed \$50/10 per cent price constraint; for example, usage of an additional 50kL i.e. 250kL per year will result in an additional \$45 in variable charges at \$0.90/kL. The regulated entities will also receive increased revenue where actual usage exceeds the estimated 200kL."

I would hope the economic regulator would now support a more rigorous investigation into the water consumption estimates in light of the considerable variance between the bulk water consumption data provided by Southern Water which supports the Local Government Authorities consumption figures compared to the Southern Water Authorities approximations. The difference represents an increase of around \$100 higher water pricing per household in Southern Tasmania than the water price increase identified by Southern Water.

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