



RM (C/17/20363) 2018 Water Price Review  
Jeremy Lawrence to: water

05/11/2017 09:37 AM

History:

This message has been replied to.

Dear ESC,

I am writing to ask for water pricing to be reformed - to change to "full volumetric" pricing to encourage Victorians to reduce their water consumption. Our existing method of pricing water does not send a strong pricing signal. The incremental cost of using more water is very low - there is effectively no incentive to save.

Importantly, all necessary revenue (for infrastructure, parks, gardens, etc) can be raised using volumetric pricing - the ESC just has to update the relevant c/litre price each year.

My suggestions are described in the attached PDF, which I had originally written to the Minister for Water.

Regards,

Jeremy Lawrence



- Reform water pricing.pdf

Dr Jeremy Lawrence, B.Eng. (Mech.), Ph.D. (Mech. Eng.)  
Resident and property owner,  
18 September 2017

Hon Lisa Neville  
Minister for Water  
Parliament of Victoria  
lisa.neville@parliament.vic.gov.au

## Reform water pricing

Dear Minister,

Please reform water pricing to encourage water conservation, save money for taxpayers and increase the chance of everyone reaching “Target 155”. The way we price water can be improved so that it pays for essential services (water, sewage, waterways, parks) whilst also encouraging water efficiency. I suggest that water pricing be reformed so that all the extra charges appear as part of the total “cents per litre” rate for fresh water. Thus, the more water you use, the more you pay.

	Old way	New way
<b>Water service charge</b>	\$57.80 per quarter	W cents per litre
<b>Sewage service charge</b>	\$64.14 per quarter	X cents per litre
<b>Melbourne Water waterways and drainage charge</b>	\$98.88 per year	Y cents per litre
<b>Parks Victoria charge</b>	\$75.85 per year	Z cents per litre

We can raise the money that essential services need by:







1. Defining the fair and reasonable amount of money that needs to be raised in the upcoming year, to support each essential service
2. Estimating the quantity of water that will be used in the upcoming year (this should be quite stable from year to year)
3. Defining a cents/litre rate for that essential service

Each year, the cents/litre rate for each essential service can be adjusted slightly, to ensure the required amount of money is raised. I understand that “service charges” are not necessarily purely a function of how much water is consumed. The point is that “purely economic rationalist pricing policy” is not as important as encouraging water efficiency. We the people should be able to design the pricing system so that it acts in our overall best interest, including encouraging water efficiency.

For example, I live in inner city Melbourne, in the City West Water region. I live with my wife and child, so a family of three. Our most recent water bill is for \$167.67. The only part of the bill that we can influence is the “variable” part, for \$45.16. Most of the bill is fixed and unavoidable.

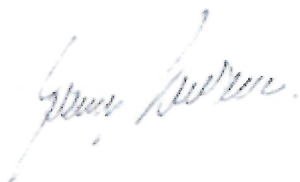


### Account summary

 PREVIOUS BILL RECEIVED	\$189.85
BALANCE	\$0.00
 YOUR USAGE	\$45.16
 SERVICE CHARGES	\$121.94
 OTHER CHARGES	\$100.57
 ADJUSTMENTS	-\$100.00
 TO BE DEBITED	\$167.67

This is not a strong pricing signal. If we reduce our water consumption by 10%, our water bill would only reduce by 2.6%. This method of pricing water does not encourage us to reduce our water consumption. Many other families would face a similarly weak pricing signal. This way of pricing water does not help Victoria to achieve “Target 155”. If Victoria’s water consumption is not reduced, we may have to start the desalination plant, which will increase costs for everyone. In addition, reforming water pricing would help those who use little water, including the poor. It is a socially justified reform.

Your sincerely,



Dr Jeremy Lawrence