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Central Highlands Water 008

21/4/08

From: George Lines, Member Customer Liaison Group CHW

To: Kerrie Scott, CHW (for forwarding to relevant pricing review/establishment body) **COPY**

CENTRAL HIGHLANDS WATER
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13 APR 2008

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SUBMISSION ON PRINCIPLES OF PRICING POLICY

There should be four price steps.

1. Charity

The principles of this have been well canvassed in the current draft policy document being circulated by CHW. Long term charity is most reasonably funded by the state – if not where is CHW supposed to get the resources? Short term could within limits be funded by a balancing charge on other CHW water users. The establishment of these limits is a question for CHW – how far can the full payers be squeezed? Beyond whatever limit is established such consumers should be regarded as a long term charity case.

2. Normal

Basically total cost of running CHW divided by total volume of water put through system. As this is reduced with water restrictions cost per unit must inevitably rise. Current proposal to divide into two levels, standard, and standard plus 50%, is reasonable.

3. Luxury

As, when, and if, water restrictions are relaxed, consumption above some predetermined level to be proclaimed from time to time by CHW as it sees fit, to be charged at a 'what the traffic will bear' rate such that total volume of water so supplied x \$/unit is maximised. The predetermined level for households could for example be that volume which is on average consumed by households when on level 2 or 3 restrictions currently. I *guess* the 'what the traffic will bear rate' should be about five times normal. We have heard at CHW Customer Liaison Group meetings that plant nurseries are prepared to buy tanker water at \$1500/ ML which gives some sort of market price for what the traffic will bear. No apology needs to be made for this approach. The monies so raised will assist in funding short term charity.

END

