



Submission to:

River Murray Water Allocation Plan

Submission prepared by: Uniting Communities

10 Pitt Street, Adelaide, South Australia.

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Background

Uniting Communities works with South Australian citizens across metropolitan, regional and remote South Australia through more than 90 community service programs.

Our vision is: A compassionate, respectful and just community in which all people participate and flourish.

We are made up of a team of more than 1500 staff and volunteers who support and engage with more than 20,000 South Australians each year.

Recognising that people of all ages and backgrounds will come across challenges in their life, we offer professional and non-judgemental support for individuals and families.

Uniting Communities offers programs for:

- Older People
- Younger People
- Families & Children
- Housing & Crisis Support
- Mental Health & Well-being
- People with Disabilities
- Carers
- Financial & Legal Services.

Our perspective for this submission is drawn, in particular, from financial counselling and relationship counselling services as well as residential aged care, disability and carer support services. We also have a developed public policy and advocacy interest in utilities policy and regulation due to the impacts on the costs of living for low income people, including people living in poverty.

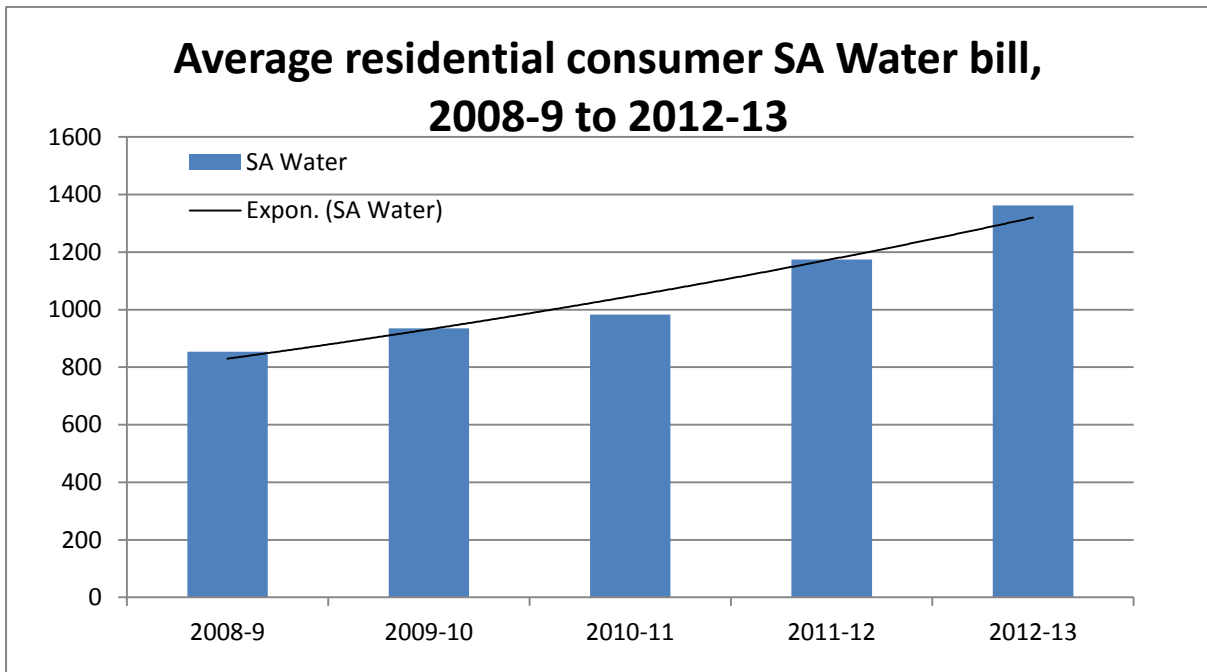
Why is Uniting Communities interested in Water Allocation?

Uniting Communities is interested in the question of water allocation because of the impact on regional communities, including economic activity. We are also particularly concerned about effects on low and modest income households, through impacts on their water bills and consequently their cost of living.

Water Prices for South Australian Households

We wish to highlight the realities of water pricing for South Australian residents over recent years. Figure 1 shows average residential water bills for South Australian consumers 2008/9 and 2012/13 and demonstrates the significant increase in average residential water prices experienced over this five year period. These significantly rising water costs, on top of increases in other utility costs coupled with much more modest changes in income, have meant that growing numbers of households are under serious financial stress. Indeed financial counsellors are now seeing households whose rent plus utilities costs are in excess of two thirds of their disposable income.

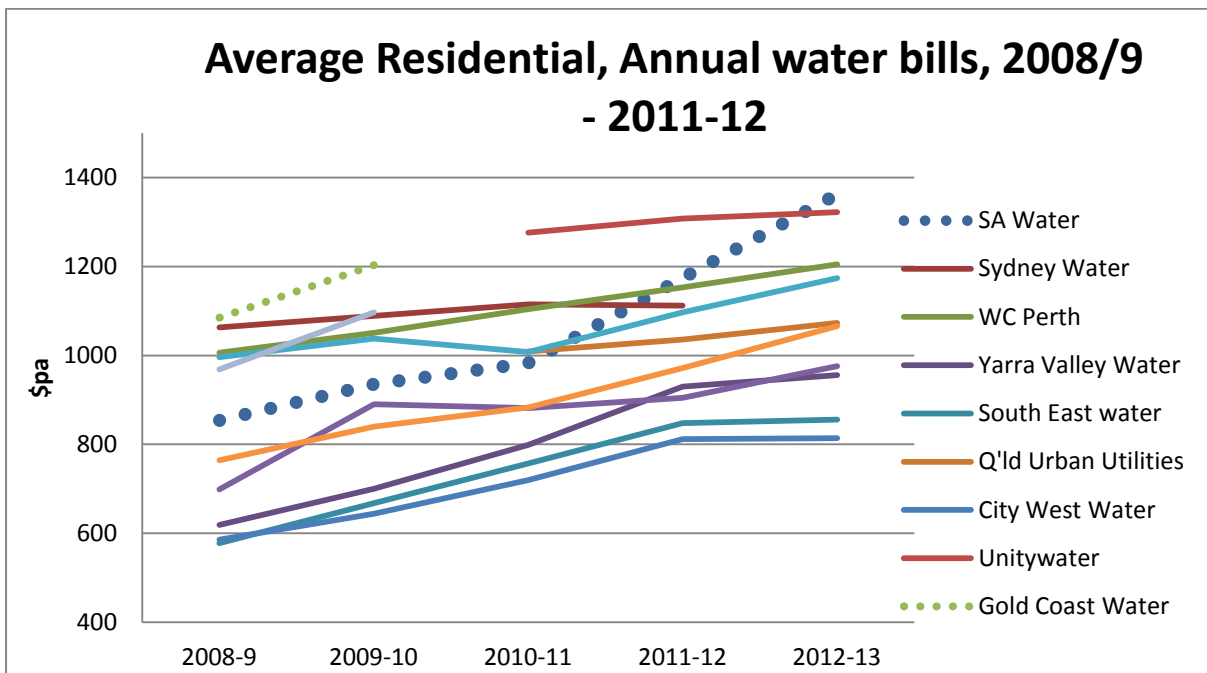
Figure 1. Average water bills, SA households, 2008/9 – 2012/13



Source: National Water Commission, Annual National Performance Reports, 2014

Figure 2 shows that average residential water bills for South Australian water are the highest in the country, having increased more rapidly than any other water provider from 2008/9 to 2011/12. We don't have the most recent data, and have used the 2012/13 data as the most recently available.

Figure 2. Average water bills, Australian households



Source: National Water Commission, Annual National Performance Reports, 2014

In considering water allocation, the cost that consumers end up paying must be a significant consideration. The substantial increase in water bills for South Australian households over the past 5 years, coupled with South Australia's high water bills compared to other regions are factors that must be taken into account when considering allocation of water during dry times.

Water Allocation – During Dry Times

Uniting Communities notes the Draft Water Allocation Plan for the River Murray Prescribed Watercourse and focus our attention to the aspect of the draft plan dealing with "Allocating During Dry Times." In particular we wish to focus on the five points in clause 15 of the draft plan that the Minister should consider in assigning Murray water flow in dry times. We comment in particular on the fourth of these:

*"In determining the volume that should be assigned to CHWN the minister shall:
d/ not reduce consumptive allocations to meet CHWN unless the Adelaide desalination plant is run at full capacity to provide water to the reticulated networks supplied by that source in that year."*

This is a significant consideration because of potential cost implications for financially stretched households connected to supply through SA Water. However we are not currently in a position to support or reject this important proposal because the data on costs is simply unavailable. The efficient volume and associated cost of running the desalination plant is unknown, for example, running at 80% volume may provide the most cost effective production of water and costs.

We therefore propose a two part response. The first is for the Minister to obtain some reasonable cost modelling of impacts on household consumer bills of not allocating Murray Darling water until the Desalination plant is 100% capacity, considering a range of production levels.

Once data is available then we would expect that an optimal trade off could be decided between allocating costs between competing interests of irrigation and domestic water bills for SA Water customers and the economic benefit derived from increased water being available for irrigation. We would then probably propose an allocative principle that provides for the Minister to be to allocate desalination plant water at the optimum 'production vs cost' level.

Our second principle is to suggest that there should be no increase to average SA Water customer bills greater than 5% in a quarter based on allocation of water from the desalination plant. We would strongly recommend that a side constraint of this nature be considered as part of the criteria that the Minister would utilise to allocate Murray water during dry periods to protect the interests of low income households.

We propose seeking advice from the Essential Services Commission as to the design of an optimal side constraint to protect low and modest income consumers against 'bill shock' in sourcing more expensive water from the desalination plant in dry periods.

We are also well aware of the needs of irrigators to be able to maintain trees / vines that are the basis of their livelihood as well as maintaining reasonable production during dry times. We suggest that in allocating Murray water during dry times, priority be given to producers who own properties

in the South Australian part of the River Murray prescribed water course, as these irrigators are part of South Australian communities and contribute economically and invariably in community building for their local communities. Also, allocating water during dry periods should favour those producers who have invested in water efficiency measures.

Summary

1. Data about the impact on household bills from operating the desalination plant at various capacities is needed to determine optimal costs.
2. A 'side constraint' of a maximum of 5% increase in household water costs, for any quarter, for reasonable levels of household water usage should be applied. ESCoSA should be asked for advice to develop this side constraint.
3. Priority allocation for South Australia should be made for irrigators who own properties in South Australian communities and who have invested in water efficiency measures.

We thank you for the opportunity to make the brief presentation and invite you to contact Mark Henley should you want any clarification of the submission or seek further comment.

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