

9<sup>th</sup> May 2008

Essential Services Commission  
Level 2, 35 Spring Street  
MELBOURNE VIC 3000  
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## **SUBMISSION TO ESC 2008 WATER PRICES REVIEW – GIPPSLAND WATER.**

In 2003 the Bracks Government embarked on the task of “Securing Our Water Future” after six years of drought in Victoria. The green paper became a white paper and hence the basis for all Victorian’s “Water Future Together”.

The Water Authorities throughout the state have implemented the programs in accordance with the challenges set out in the document. One of the fundamental principles for Water Management in Victoria is that was clearly defined as:-

*“Users of the services our water systems provide should, wherever practical, pay the full cost, including infrastructure, delivery and environmental costs associated with that service”.*

It is imperative that precedence is not created by varying from the above especially as the document was proclaimed by Mr Bracks to represent the view of all Victorian’s Together under the banner of “Our Water Our Future”.

The Essential Services Commission is a part of the State Government and MUST now follow their pricing policies. The ESC does in this case have a direct responsibility to all urban water customers of Gippsland Water to ensure that the costs associated with the Gippsland Water Factory are apportioned correctly amongst all users: Industrial, Agricultural and Urban.

The Government grants require adherence to the fundamental principles of the “Our Water Our Future” program and relate directly to Industrial consumers applicable to the Gippsland Water Factory Project:-

1. The Victorian Water Trust for \$25 million for recycling for industrial use in Gippsland. ( A Victorian Water Trust document)
2. The Regional Infrastructure Development Fund for \$25 million which was for the treatment of water to Class A standard.
3. The Regional Infrastructure Development Fund to Gippsland Water for \$900,000 to assist two companies Energy Brix and Australian Paper to save up to 6,700 ML of water per annum.

Furthermore Australian Paper in a Paperlinx News Release on the 15<sup>th</sup> November 2006 announced savings in water usage of 13% but this will all be at the expense of the urban customers if the ESC approves the Gippsland Water submission. Australian Paper will purchase the recycled water from the Water Factory at a lesser rate than they paid for the fresh water.

There is a strong possibility the State Government will at some stage in the future require Melbourne’s waste water to be pumped to the Gippsland Water Factory for

recycling and return and I sincerely fear that trying to create this precedent with the 2008-2013 Water Plan will enable the Fundamental Principles to be compromised.

Another area of concern relates to the Managing Director of Gippsland Water comment at the last forum, where he referred to the Environmental justification of the Water Plan. An important problem arises here in that Industrial energy customers get an ultimate financial windfall from reducing their carbon footprint. There is no demarcation determined whether or not that is part of any of "Environmental Climate Change trading schemes". Hence the urban water customers will be subsidising part of the company financial windfalls. There will be no recourse for urban water customers to any "credits", hence they will be forced to pay again once these "trading schemes" are initiated.

It has been stated that 8 million litres of Class A recycled water will be produced each day for use by local industry freeing up 3 billion litres of fresh water every year in the Moondarra system. Many urban water customers have committed to Water Tanks and Water Savings devices. A new dam was constructed at Clark's Road in 2005 to provide security of supply which was paid for by the customers. Unaccounted for water was forecast to reach 15% in 2006/2007 which is an extremely high compared to DSE figures of 10% for the national average. These are the relevant aspects of what the urban water customer should be asked to contribute in Water Rates NOT infrastructure projects.

The remainder of the Water Plan is about the intent of the Our Water Our Future.

I call on you to reject the parts of the 2008-2013 Water Plan funding of the Gippsland Water Factory not related to urban water customers usage and ask you to recommend funding should be raised by the Industrial and Agricultural customers who benefit from it.

Yours sincerely,

Ron Seath