



27/7/07

**The Chairman**  
**Essential Services Commission**

Dear Sir.

**Re Rural Water Pricing Review**

When you visited Wodonga last year to explain to GMW customers the reasons for your policies, you confirmed that GMW used the concept of "average" pricing when applying fees for ground water licences. This is not necessarily equitable but is administratively easy. In the discussion you indicated that at some future time it could be appropriate to be more exact and charge on an area or catchment basis.

The "average" system means that we in the high catchment areas cross subsidise other users and ignores the principle of "user pays".

I am the representative of the North East Catchment Management Authority [NECMA] on the GMW Ground Water Service Committee. As an example of inequitable pricing I constantly see the expenditure that has to be made on the ground water areas in the lower areas of the State where water is deeper and scarce, whereas in the high country, typical "ground water" comes from springs or shallow aquifers. Here there is little need for any service and as many customers claim "the only cost to GMW is the stamp on the account." As a typical example of GMW costs I quote from the latest information sheet following the Board Meeting of 19/6/07.

"The Board confirmed

The establishment of the Mid Loddon Ground Water Reference Committee [to assist with developing management rules for the sustainable pumping of ground water etc..

The establishment of the Campaspe Ground water Reference Committee[ to provide stakeholder perspectives on the review, development and management of present and future ground water management plans etc..

The Board formally appointed members to the two committees. "

This is typical of the needs and costs which GMW must meet and continue to meet for these types of areas whereas the high country requires none of this type of service. Where intensive management is required GMW have typically charged a nominal cost for water but the service fee and management fee have been the same for all areas.

Do you believe that the time has come for complete discretionary pricing for both ground and surface water based on a catchment area?

Yours faithfully

Paul McGowan

A handwritten signature in cursive script that reads 'Paul McGowan'.