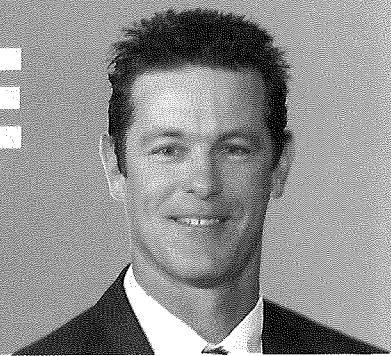


# RUSSELL NORTHE

Member for Morwell

"For your fair share"

THE NATIONALS



4 February 2008

Mr Greg Wilson  
Chairperson  
Essential Services Commission  
Level 2, 35 Spring St  
Melbourne VIC 3000

Dear Mr Wilson

## **Re: ESC Review of Victorian Water Prices 2008-2013 – Gippsland Water**

I wish to submit the following on behalf of Member for Eastern Region, Peter Hall and myself, Russell Northe, Member for Morwell in recognition of the concerns of our constituents relative to the price and tariff structure proposed by Gippsland Water:

The Water Plan submitted by Gippsland Water has been identified in a Consumer Utilities Advocacy Centre (CUAC) Report (2007) as having by far "*the largest overall price increase in dollar value and annual percentage.*" The proposed increases will see Gippsland Water customers' water rates double over the next five years. Whilst Premier Brumby has stepped in to cap price rises in metropolitan areas at 14.8% (Herald Sun, 14/08/07), the "moderated" approach proposed by Gippsland Water will impose significantly greater annual increases than that deemed by our Premier to be acceptable. It would be disappointing if regional authorities were not also directed to limit increases, to spare Gippsland Water customers from a 22% increase in the next financial year.

The unemployment rate and percentage of aged persons in our region is higher than average and many of our constituents are reliant on Government support. We acknowledge Gippsland Water's hardship policy but bring to the attention of the ESC our concern for such families and individuals should the State Government fail to increase concessions in the next budget, in line with soaring water, electricity and gas prices.

It is noted that Gippsland Water has been given the responsibility of managing the \$45 million Loch Sport Sewerage Project. We do not dispute the benefit of this project to the Loch Sport community however they do not fall within Gippsland Water's boundaries. We echo local sentiments that funds spent on the Loch Sport project should not come from the pockets of Gippsland Water customers.

The Nationals Member for Morwell and spokesman for:

- Industry and State Development
- Sport and Recreation
- Youth Affairs

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The Gippsland Water Factory (GWF) is the largest capital project being undertaken by our local water authority. The Nationals have been quite vocal in their support of localised measures to address water availability issues and we believe the GWF will go some way to securing future water supplies for our local industries. Some of the water recycled at the GWF will be used by APM Maryvale, whilst the remaining portion will be sent down the last open sewer in Australia to address odour issues. Potable water freed up through this project would then potentially be available to our power generators, enabling them to continue to produce 85% of Victoria's electricity.

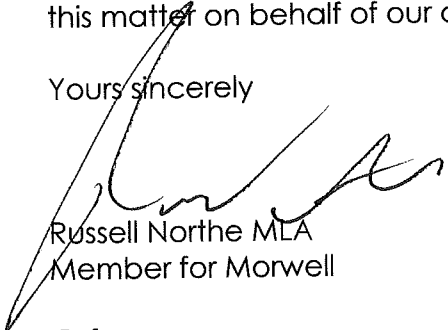
Following news that project costs had blown out by one third since the GWF was announced, I sought additional funding from the State Government in the best interests of my constituents. Regrettably I was informed by the Water Minister that *"the Government believes the appropriate level of funding has been provided which is reflective of the shared benefits of the project."* We believe the Government is failing to get their own point. Our industries are the main beneficiaries of this project and ALL Victorians will benefit indirectly given increased water security will facilitate the continued supply of power to meet state demand.

If price allocation policy indicates that project costs should be recovered from the residential customer base then it should not be burdened solely on Gippsland residents, but shared among all Victorians. It would therefore be appropriate for the Brumby Government to invest significantly more than the \$50 million originally allocated to the \$174 million GWF project on behalf of residents across the state.

If the ESC finds the costs of the GWF should be recovered from the major water users but contractual arrangements made between the State Government and these industries rule out such price allocation policies, the onus should fall back onto the Government. We seek assurances that Gippsland residents will not be unfairly disadvantaged by any such contractual conditions.

Should you wish to discuss this submission with me, I would welcome your contact on (03) 5133 9088. We thank you for the opportunity to comment on this matter on behalf of our constituencies.

Yours sincerely



Russell Northe MLA  
Member for Morwell

**References:**

1. Consumer Utilities Advocacy Centre (11 Dec 2007) *Analysis of Regional Water Companies' Water Plans: 2008/09 to 2012/13 Final Report*, Camberwell VIC.
2. Herald Sun (14/08/07) *Brumby announces 14.8pc price rise*, 1<sup>st</sup> ed, Karen Collier, <http://www.news.com.au/heraldsun/story/0,21985,22243007-661,00.html>