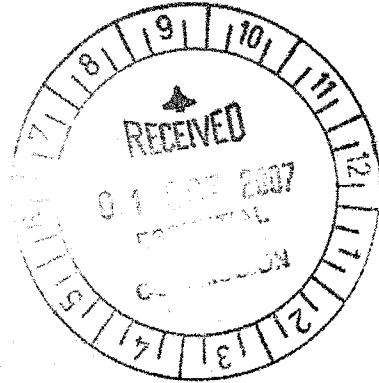


13 September 2007

Essential Services Commission
Level 2
1 Spring Street
Melbourne 3002



GWMWater Plan 2008 -2013

Please find enclosed a copy of our submission to the GWMWater Plan 2008 -2013,

As farmers in the grip of a ten year drought we cannot be responsible for the massive \$268 million increase in costs for the Wimmera Mallee Pipeline.

Why has the Water Authority kept this massive cost overrun in house, when part of their charter includes transparency and community consultation?

THE COMMUNITY CANNOT BE LEFT TO FUND \$354 MILLION PLUS FARMERS ON FARM COSTS

WE REQUEST BOTH STATE AND FEDERAL GOVERNMENTS FUND THE SHORTFALL

Yours Sincerely

J L Chivell

J L Chivell

September 9 2007

GWM Water
PO Box 481
HORSHAM 3402

COMMENTS ON GWMWATER PLAN 2008-2013

As third generation farmers in the Birchip area we have followed with interest the planning, development and implementation of the Wimmera Mallee Pipeline.

We have attended consultation meetings, read media articles and 3 Business Cases, and made submissions to both Federal and State Governments to try and ensure the WMPL is equitable and affordable to farmers and other users.

As a member of the Pipeline Community Reference Group my sole purpose is to achieve an outcome that will sustain the viability of the region and at the same time be affordable especially to farmers.

COST INCREASES OF THE WIMMERA MALLEE PIPELINE

The Interim Business Case stated that increases for the price of materials had been built into the cost of \$501 million.

Why do we now have revised cost overruns of \$268 million?

Both State and Federal Governments capped their contributions at \$167 million with users through GWMwater responsible for the remaining \$167 million

How are we as farmers in the grip of a 10 year drought expected to make up the shortfall?

Previous costings of the WMPL have always been inclusive of on farm costs. In the Business Case these were calculated to be \$82 million.

Why is the cost of the project now quoted to be \$688 million exclusive of on farm costs? Could this be to confuse the general public as to the real cost or is it quoted in this fashion to make it look a more realistic project to both State and Federal Governments?

The Project Control Group and Project Council saw the need to initiate a Program Review which identified the shortfall of \$268 million.

Has GWMWater initiated any review into the increased costs farmers will have to implement the system on their properties? If farmer's costs have risen at the same rate as WMPL costs the total inclusive cost may be in the vicinity of \$811 million.

The GWMWater Plan (p 107) states the WMPL Program Review is to reach agreement on the way the \$248million funding gap is to be managed. "GWMWater is expected to meet all cost overruns associated with the WMPL to the extent that these can be reasonably passed through to customers without compromising the viability of GWMWater"

This statement is alarming as there appears to be no safeguard that customers will not be responsible for the \$268million increased costs.

How do you propose customers will be able to pay increased charges when over 10,000 urban users and 244 rural users are in receipt of some form of pensioner concession or have average rural debt levels of \$450,000?

The Water Plan (p78) states "More than 90%of the area serviced by GWMWater has been drought affected. As a result, rural customers in drought affected areas qualify for Interim Exceptional Circumstances (EC) funding"

While this may be the case for some rural customers, others do not qualify for EC funding and are running down their own resources in order to survive.

The Water Plan 2008-2013 seeks a price increase of 17.1% nominal in the first year of the 5 year plan, based on the assumption of a \$440 million construction cost of the WMPL operating and capital costs for GWMWater and any shortfalls from the first regulatory period.

(p28) Water Plan "GWMWater will be seeking to recover the full \$1.2million in revenue lost from the first regulatory period in this 2008-2013 Water Plan."

What guarantee do users have that prices will not escalate after the first year of the regulatory period?

GWMWater, customers, councils urban and rural associations must lobby both State and Federal Governments to fund the \$268 million shortfall if the Wimmera Mallee Pipeline is to be recognized as a successful project of National significance

Yours Sincerely

J L Chivell