

Morwell CERC

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Po Box 161
MORWELL VIC 3840

20 August 2007

Essential Services Commission (Victoria)
2nd Floor, 355 Spring Street
MELBOURNE VIC 3000

Dear Sir

RE: Gippsland Water Plan 2008 – 2013

Morwell CERC LTD is part of Common Equity Housing LTD and is one of about 19 co-operatives in Gippsland leasing properties to several hundred members and families.

These are supported housing programmes providing for those people on Centrelink benefits, mainly aged pensioners, single parents and the un-employed.

We are in receipt of a letter; dated 26th July 2007, from Gippsland Water's Team Leader of customer service, that says, effective from the 1st July 2007 Gippsland Water has removed the water and sewerage rebate scheme from our account. This comes as a surprise to us, is back dated and without consultation.

Morwell CERC is a co-operative and by its very nature is a "Not for profit organisation."

Last week our representative attended the "consultation" program for the above and reported to our monthly meeting on the 18th August 2007.

The "consultation" consisted of an elongated presentation in an attempt by the board to justify the spending of some \$250,000,000 over the ensuing five years and increasing tariffs by 100% in this period. There was then a limited question time given, in our opinion, to a largely angry crowd; not what was described by the managing director in the local paper, The Latrobe Valley Express as "accepting".

Our co-operative tries to keep our rental as low possible and relies on its volunteer members to run its maintenance and service programmes, and an increase of 20% per year to pensioners as proposed by Gippsland Water is a body blow to our stretched budget and the cost of living.

The lack of consultation by the board and Gippsland Water is a serious concern and is shown up by the fact that the draft water plan was lodged with the ESC on the 31st July 2007, before community consultation began. The previous chairman of the board has apparently resigned with no explanation given either.

Also the significant projects stated in the executive summary don't include any for Morwell, such as the reparation of Waterhole Creek and its return from the sewerage system to a community asset.

This illustrates again that there has been no participation by the community in decisions that affect them and that the board is completely out of touch and should be re-structured.

We believe the government should inquire into the running of Gippsland Water, as it apparently is in Melbourne; and re-align its board to meet community expectations.

We offer the following comments on the plan as presented and in the limited time given.

Significant projects or programs

Loch Sport Servicing Project \$45 mil

Loch Sport used to be considered as a tourist destination and residents accepted the services available. If the situation is to be changed it should not be at the expense of all Gippsland Water consumers. This position should apply to other like projects.

Gippsland Water Factory

The first projected figure was \$150 mil on recollection

The latest figure shown is \$174 mil, an increase of 16%; and the project has just commenced.

This raises the following the following questions

1. Is this project subject to Victorian Government purchasing policy?
2. If so, where is the Victorian Industry Purchasing Policy (V.I.P.P)?
3. Given that Morwell's un-employment is about double the state average, what percentage of locals will be employed?
4. Who is responsible for the contract administration?

The government has apparently contributed \$45 mil towards the cost of the Gippsland Water Factory. What proportion of the projected cost of Stage 1 such as the regional out fall sewer was Government Policy? And what is the projected cost of Stage 2?

Water Tariffs

We were told at the one and only "consultation" that the industrial use of water was around 70% and consumer use 30%. Also that large industries such as APM Maryvale and the power station's prices were "commercial in confidence" to the government.

The Gippsland community already subsidises essential services such as electricity.

Eg: To Alcoa (Portland) and consistently pays at least 10 cents a litre higher for fuel, which should be an essential service; than their Melbourne counterparts.

Gippslanders get no material value, for their natural assets and should not be expected to totally subsidise big business.

We await a government inquiry and input into a new draft plan with a properly constituted board.

Yours sincerely



Elizabeth Cassar
Director
Morwell CERC

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CC: Russell Northe
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