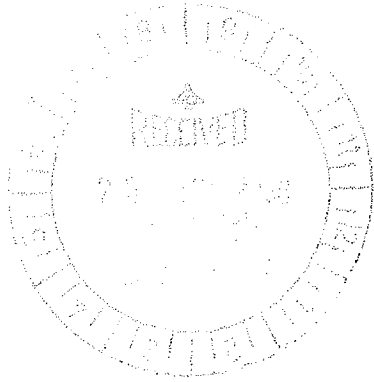


Don Laity.



22nd April, 2008.

Attention: Mr. Greg Wilson,
Chairman.
Essential Services Commission.
Level 2.
35 Spring Street,
Melbourne. 3000

Dear Greg,

re Grampians Wimmera Mallee Water Water Plan.

Thank you for coming up to Horsham, to allow discussion on the Water Plan yesterday. I, for one, certainly appreciate the opportunity to hear the feelings of others, and their particular point of view, and also to have the opportunity to raise any concerns I may have.

I have attached a list of issues, some I raised at the meeting, others I left for this attachment, for your consideration, including the figures I quoted at the meeting.

I certainly hope something can be done to resolve the issue of affordability.

It was great to catch up again, Greg,

My very Kindest Wishes,

A handwritten signature in black ink, appearing to be 'Don Laity'.

Don Laity.

Submission on GWM Water Water Plan Pricing.

I raise, with concern some issues with respect to the proposed Water Plan, as presented for public comment, for GWM Water.

In this region we need to look very seriously at issues of affordability.

- 1) with current water storage levels at 3.4% you must be aware of our current, long-term drought.
- 2) 6 Shires within the GWM Water distribution area are listed among the top 10 socio-economically disadvantaged shires within the State. (A.B.S.)
- 3) Almost 20% of our customers are claiming concessions on their water accounts.
- 4) 12% of our customers are on instalment plans.
- 5) 54% of our population live in small towns in the region. There are only six towns within the region with a population over 2000 -- so travelling costs to access services for people living in the smaller, more remote towns is significant.
- 6) Allowing for CPI, we are now looking at an increase of over 50% in our urban water charges over the next 5 years.
This is unrealistic and unaffordable.

I note, these increases include:

- 1) a 1.4% increase suggested by the ESC above that claimed by the Authority.
- 2) a rate of return on capital, based on a weighted cost of capital which has increased from 5.1% to 6.2% - escalating this return from \$5.6m to \$17m per annum over the 5 years.

On the first point, I suggest that investment needs to be controlled. Perhaps some Capital works need to be deferred. I have no doubt all of the projects listed are necessary, and timely, but if they are not affordable by the wider customer base of GWM Water, then perhaps they need to be deferred until they can be adequately funded by additional Govt. grants, with less Authority funding, so reducing the huge cost impost on the customer.

On the Rate of Return, it is totally unreasonable for Govt to impose such a high expectation on the most vulnerable and economically disadvantaged in the State at this particular time. This escalating Rate of Return appears to be the greatest single driver of the price rises for the region over the period.

Much has been said about the Wimmera Mallee Pipeline Project, (WMPP) and the extent that improved water quality will benefit all users. This is good.

The pipeline will hopefully return water to the environment, and in due course, provide economic advantage to the region, --- but not yet !!!

This increase will surely take water charges beyond the 2.5% or average income level.

A \$7 per week urban rate increase will make a very significant difference to their standard of living.

Most of the residents in the smaller towns are on fixed incomes, pensions, or in businesses

that are suffering severely from the lack of rural spending as a result of the drought.

Our customers are already struggling with ever increasing fuel costs, --- and

- there is no indication that the \$8 per quarter household subsidy on electricity for country Victorians will be continued by Government.
- we are promised huge rises in electricity costs over the coming five years.
- farmers are looking down the barrel of significant rises in transport costs on their produce over the next twelve months, because of the uncertainty of rail.

It was hoped the Wimmera Mallee Pipeline project would improve living standards in the smaller towns and assist their survival, but if the cost of living in these town becomes beyond the level of affordability, and the residents are forced to save on travel costs by moving to the larger centres, then the towns that the pipeline was to save, will be killed instead.

I am also concerned about the significant pricing difference between Domestic and Stock (D&S) customer charges, and those imposed on urban customers.

The WMPP was taken to the people on the basis that it would be "cost neutral" as far as tariffs were concerned. Many customers are now feeling betrayed by the Authority and Government. A 50% increase over 5 years is hardly "cost neutral", and the bulk of this rate increase seems to be falling on the urban customers.

It has been claimed that the reduced tariff to D&S customers is to allow for "on-farm" costs with infrastructure, which I understand is already subsidised by Government grants.

I must point out that many years ago the urban customers had to pay for their storages, distribution systems, and private plumbing to access water. They have had to fund the maintenance and replacement costs as an on-going cost. Now it appears they must pay a "premium" cost to fund the pipeline.

I suggest that everyone benefits from the pipeline equally, none more than another, so the tariff difference should be minimal.

I understand the D&S customer is conducting a business, and suffering from the effects of this current drought, but so too are many customers in the urban system, who are given no benefits.

Perhaps this rate differential needs to be revisited.

Under these pressures, the magnitude of these water cost increases is crippling.

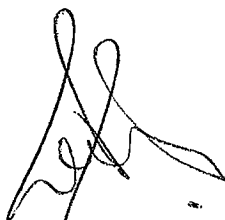
This is the driest area in the State, with the longest period of Stage 4 water restrictions, -- lowest income, -- and suffering heavy price hikes on fuel, electricity, and now on water.

Included in this price hike is the incredible expectation of a huge rate of return demanded by Government at a time when the region can least afford it.

\$17 million per year is a huge amount to take out of a suffering region.

The problem is further compounded with a further increase recommended by the ESC over and above that allowed for by the Authority.

I am requesting that the whole pricing structure be reviewed in light of these issues.



Don Laity.

61 Main Street, MINYIP. 3392

Index of Relative Socio-economic Advantage and Disadvantage

VICTORIA
Local Government Areas

Most disadvantaged

Rank in VIC	Local Government Area (LGA)	Usual Resident Population
1	Central Goldfields	12,326
2	Loddon	7,838
3	Pyrenees	6,557
4	Hindmarsh	6,041
5	Yarriambiack	7,519
6	Northern Grampians	11,911
7	Greater Dandenong	125,520
8	Buloke	6,852
9	Gannawarra	11,297
10	Ararat	11,255

Most advantaged

Rank in VIC	Local Government Area (LGA)	Usual Resident Population
1	Boroondara	154,451
2	Bayside	87,937
3	Stonnington	89,884
4	Melbourne	71,380
5	Port Phillip	85,097
6	Nilumbik	59,791
7	Manningham	109,917
8	Glen Eira	124,084
9	Yarra	69,330
10	Monash	161,242

GREATER MELBOURNE
Statistical Local Areas

Most disadvantaged

Rank in Melbourne	Statistical Local Area (SLA)	Usual Resident Population
1	Hume - Broadmeadows	61,692
2	Brimbank - Sunshine	81,227
3	Gr. Dandenong - Bal	70,673
4	Whittlesea - South-West	58,631
5	Gr. Dandenong - Dandenong	54,847
6	Cardinia - South	5,288
7	Moreland - North	46,707
8	Casey - Cranbourne	63,916
9	Melton - Bal	39,430
10	Yarra Ranges - Central	14,821

Most advantaged

Rank in Melbourne	Statistical Local Area (SLA)	Usual Resident Population
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2033.0.55.001 - Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia - Data only, 2006

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 26/03/2008

Summary Details Explanatory Notes Related Information Past & Future Releases

MEDIA RELEASE

March 26, 2008

Embargoed 11.30 am (AEDT)

24/2008

ABS releases measures of socio-economic advantage and disadvantage

The Australian Bureau of Statistics (ABS) released today a series of four measures, called Socio-Economic Indexes for Areas (SEIFA), which compare the relative social and economic conditions of cities, towns and suburbs across Australia.

According to the ABS the most disadvantaged areas of Australia are located in remote areas of Northern Territory and Queensland, while the most advantaged areas are located in capital cities such as Canberra, Sydney, Brisbane, Perth and Melbourne (ranked using the Index of Relative Socio-economic Advantage and Disadvantage).

SEIFA is calculated on a range of variables from the 2006 Census. Each index summarises a different aspect of the socio-economic conditions of people living in an area. The indexes broadly compare areas and therefore areas ranked at the top and bottom are likely to show similar levels of advantage or disadvantage.

The four indexes in SEIFA 2006 are:

1. **The Index of Relative Socio-economic Advantage and Disadvantage:** is a continuum of advantage (high values) to disadvantage (low values), and is derived from Census variables related to both advantage and disadvantage. Media are recommended to use this index.
2. **The Index of Relative Socio-economic Disadvantage:** focuses primarily on disadvantage, and is derived from Census variables like low income, low educational attainment, unemployment, and dwellings without motor vehicles. Note: This index cannot be reversed to show advantaged areas.
3. **The Index of Economic Resources:** focuses on the financial aspects of advantage and disadvantage, using Census variables relating to residents' incomes, housing expenditure and assets.
4. **The Index of Education and Occupation:** includes Census variables relating to educational attainment, employment and vocational skills.

Further information can be found in *Census of Population and Housing: Socio-Economic Indexes for*