

Essential Services Commission  
Level 2, 35 Spring Street  
MELBOURNE VIC 3000

23 February 2012

Dear Sir/Madam

**Re: City of Greater Geelong submission to Essential Services Commission (ESC) in relation to Barwon Water's application for a price adjustment as a one off recovery**

I refer to the above decision to which you invited comment/submissions from interested parties.

The price adjustment Barwon Water is seeking of 3.5 per cent is on top of the already approved amount of 7 per cent plus CPI.

While the City understands the merits of the MGP to the future of the region, it rejects the position that the cost recovery should be undertaken over one year. The direct impact on our local economy and community should not be understated.

Like other organisations and individuals within the region, the City will be incurring significant cost increases in the coming 12 months.

The City is anticipating significant cost increases to utilities in 2012-2013, proposed budgeting for the following includes:

- Electricity - 15%
- Gas - 10%
- Water - 13.5%

The budgeted impact of the additional 3.5 per cent is \$47,000 (see table below):

Percentage Increase	Proposed Budget Increase (2012-13)
10%	\$134,000
13.5%	\$181,000
<b>Additional cost to Council</b>	<b>\$47,000</b>

The City would like the ESC to consider the following in making their final decision:

- That the proposed 3.5 per cent increase be staged over the term of the 2013-2018 Water Plan (5-years) rather than restricting the cost recovery to a single year. This would be more sustainable to the community and reduce the impact of a 'one-off recovery'.
- As stated in a Barwon Water media release on 18 November, 2011, "the pipeline was not expected to be needed for several years because of recent water security initiatives". This is further evidence that the recovery should be staged over the term of the 2013-2018 Water Plan rather than a one-off recovery.

- Future price increases should not include the adjusted costs subject to this application.
- That consideration is given to the direct impact of an additional 3.5 per cent increase to our community. With the already planned increases in water, electricity and gas charges along with home loan mortgage rate increases, strong consideration needs to be given as to the effect a further 3.5 per cent increase will have on our community.

Thank you for the opportunity to provide feedback on this issue.

Yours sincerely



**CR JOHN MITCHELL  
MAYOR**

**PORTFOLIO FOR COMMUNICATIONS  
PORTFOLIO FOR SPORT AND RECREATION  
PORTFOLIO FOR DEMOCRACY AND GOVERNANCE  
PORTFOLIO FOR CENTRAL GEELONG LOOKING FORWARD  
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