



*"one of the great cities of Victoria"*

## *Traralgon City & Rural*

**Community Development Association Inc**

*Inc. No. A0043180C*

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28 January 2008

Essential Services Commission  
Level 2  
35 Spring Street  
MELBOURNE Vic 3000

E-mail: [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au)

Dear Sir,

### **Price and Tariff Structures –Gippsland Water**

Our community organisation responds to your Prices and Tariff Structure Paper, closing on 28 January 2008.

The Traralgon City & Rural Community Development Association is a community, voluntary based organisation formed to provide the local Traralgon and district residents an opportunity to explore issues and participate in discussions about local affairs. The attached 'Statement of Purpose' provides the thrust of our existence.

It is fair to say that our comments to your paper would not only represent the Traralgon and district view, but also that of the wider Latrobe Valley community.

The views expressed here have been gathered from many of our members (170 registered members) and the wider community through a general meeting of members and individual contact, responding to local inquiries. It should be noted that many of our members may have also responded to a Community Petition circulated independently by others. In general, we are appalled that tariff structures and capital works by Gippsland Water are to face such radical changes, far beyond what the community would expect as a result of the prolonged drought and water shortages.

The following points are made as to a community view: -

- A proposed 17.2% proposed tariff increase from 2008 is totally unacceptable to the local community. This will do untold damage to ratepayers and will test their ability to fund such an increase. Additionally, with a growing population reliant upon a fixed income, which show no sign of income increases that will be beyond the CPI, further hardship will be imposed upon this sector. It must also be realised that the entire community will be forced to bear such an increase, not just property owners.
- Based on the estimated water use by residential and other small users of 30% only of the total water used, the community does not believe it is being treated fairly on an equity basis. All figures quoted by Gippsland Water (and the ESC) do not adequately relay what the other users (Power Industry, Paper Industry and other large water users), pay and what their 70% usage of the resource impacts upon their tariffs. We would suggest that there is a serious imbalance in the funds raised.
- It appears to the community that such large users are protected by long-term agreements, locking in tariffs that provide them with immunity from savage increases.
- It would be quite improper to penalise the community for such practices and effectively create another cross-subsidy between the community and large industrial and commercial undertakings.

We also make comment on the proposed capital works programmes, planned to absorb about \$229.5 million.

- The greatest impact is the \$170 million for the Water Factory. Although the community acknowledges a major contribution of about \$50 million from the State Government, we have the view that the benefit derived from this undertaking is almost exclusively the large industrial and commercial users. Again, however, we see the financial burden being placed on the community by way of a massive cross-subsidy from community users.

- An additional question posed from the community is whether the Water Factory proposal is really a prelude to accepting waste water from Melbourne in exchange for clean fresh water from the local storages, but again at community expense.
- The Loch Sport project estimated at \$45.2 million is raised because Loch Sport is not within Gippsland Water's district. We are not opposed to Loch Sport upgrading their facilities and systems, but the community must draw the line at just how much we cross-subsidise other users. This may be an imposition by the State Government, but should be ruled out by the ESC.
- The community also questions the \$14.3 million for the Coongulla Waste System project, believing such a charge is not justified in any of the papers as an equitable distribution of the required funding.

While the community recognises that charges will increase over time, and that such tariff increases will have a component within that addresses the serious water supply issues, it is their true belief that Government must enforce a price cap regime that will protect residential users from the savage increases that are proposed.

Additionally, a greater effort must be made to cure the imbalance between residential users and the commercial and industrial users as to charges for water supplied and waste services provided.

The Government must also take note that the community has already responded magnificently in reducing their water usage (14%) while commercial and industrial users have yielded savings of only 4%, and they must refrain from imposing financial penalties as being proposed, rather than an acknowledgement of the savings made.

Any contact re this paper should be directed to our Projects Coordinator, Peter Wood, phone 03 5176 1044 or moile 0408 513 081.

Yours faithfully,

A handwritten signature in black ink, appearing to read "B. Bremner", with a horizontal flourish underneath. A vertical red line is positioned to the right of the signature.

Bruce Bremner  
Honorary Secretary

Attach.

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## **STATEMENT OF PURPOSE**

To promote the economic, cultural, social and community development of Traralgon city and rural districts;

To ensure community interests are protected and enhanced in strategies and policies developed for the urban and rural districts of Traralgon;

To promote community based input to the policies of federal, state and local governments that affect Traralgon city and rural communities;

To provide the means for the public to explore and share options for community development;

To share community information and views between other local community bodies as well as governments at all levels and their agencies;

To communicate information affecting the city and rural districts of Traralgon by way of regular newsletters and public meetings.