

30 November, 2015

As the Chair of a Water Services Committee whose influence spans approximately a quarter of Goulburn Murray Water's gravity business, I feel obliged to write to express my concerns regarding the GMW proposal to move to a uniform pricing.

Having been involved in the proposal since its conception, I believe the founding concepts and models were based on the (then believed) outcomes of the embryonic modernisation (NVIRP Connections) program.

Since that time;

- The concepts of the program have changed dramatically. Through the Auditor General's report and Mid-Term Review, the original business case and outcomes have been widely accepted as flawed.
- The greater emphasis on water for rivers has seen a major reduction in water available for irrigation which reduces GMW revenue base via usage fees.
- Increased competition for a limited resource (water) has seen the price of temporary water go to uneconomical levels. This will eventually lead to a change and/or reduction in commodity production and concentration across the Goulburn Murray Irrigation District (GMID).
- We do not know where the Modernisation Program is going to finish, nor in what form or footprint.
- The MDBA and the Modernisation Program are creating the greatest uncertainty in GMID history.

The MDBA is throwing up many challenges to the GMID which, historically speaking has always been an evolving footprint.

On top of these challenges, the Modernisation Program is now creating a new and totally unique dissolving phase to the gravity areas.

I do not totally discount the concept or advent of uniform pricing, but with so much uncertainty in front of us, now is not a good time to make the biggest change to the way our tariff has been collected in the past twenty-five years.

How do we know uniform pricing is the right price structure for the future when we have no idea what the future looks like? Surely we would be better off to get a clearer picture of what the future will look like and then work out a tariff structure to suit.

Having been involved since its conception, I have seen all the models, heard all the business cases and reasons why a uniform pricing structure should be adopted, however I remain unconvinced.

The mantra for the committee I represent remains strong. *“Unless we can see clear and direct benefits to the people we represent, we do not support a change from the status quo.”*

Yours faithfully,

Peter J Hacon
Chair – Central Goulburn
Water Services Committee
Goulburn Murray Water