9th November 2012

Submission to the Essential Services Commission of SA

Determination of SA Water's Drinking Water & Sewerage Revenue 2013/14 - 2015/16

Mr. Stuart Peevor
Essential Services Commission of SA
GPO Box 2605
Adelaide 5001

Dear Mr. Peevor,

I would like to raise my concern in relation to SA Water plans to spend hundreds of millions of dollars on infrastructure. As a community we all seem to be facing higher and higher utility bills and I wonder where it will all end. I am not opposed to SA Water doing necessary upgrading, but I do wonder at times whether the amount of money being spent on some projects is justified.

I know many people who work in the water industry and many of them are concerned, as I am, about what appears to be a propensity for building 'gold plated' infrastructure. I have proposed a couple of examples below that I suspect are projects where overspending has occurred and could occur in the future.

Bird in Hand Waste Water Treatment Plant.

The Bird in Hand waste water treatment plant upgrade seems to demonstrate SA Water's 'overspending' on waste water infrastructure. I understand SA Water spent $60m on the new plant at a time when debate was raging in the Adelaide media about whether the proposed new tram line through the centre of Adelaide was going to be extended andwould cost $20m or $23m to build. Most of the public were probably not aware that an amount of money triple this size was to be allocated to service a population of approximately 5000 people. The irony of this extremely expensive 'fix' is that Dawesley Creek will, as I understand it, still be polluted by high nutrient levels from this treatment plant's discharge, even though it has been upgraded. My sources tell me that mechanical waste water treatment plants are not capable of producing waste water that protect and preserve aquatic ecosystems (unless prohibitively expensive treatment processes are used). The $60m Bird in Hand upgrade will

significantly reduce the nutrient loading on receiving streams, but the pollution problem will still be there.

What should have happened at Bird in Hand?

I understand a different and much lower cost treatment plant upgrade along with the purchase of sufficient land nearbycould have provided a fully irrigated solution for this waste water at much lower cost to the taxpayer. In addition, the water could have been put to productive commercial use AND pollution of Dawesley Creek, the Bremer River and Lake Alexandrina could have been completely stopped from this source.

The Bird in Hand waste water treatment plant upgrade is an example where an independent detailed and expert examination of SA Water's plans should have occurred. The amount of money spent on this plant is outrageous given the environmental outcome that was achieved. The Environment Protection Authority, who licenses the plant and who must approve the upgrade, is not equipped with the tools or staff to assess the economics of a particular project and then to weigh this up against the proposed environmental outcome, particularly where an 'overspend' is suspected. The EPA's modus operandi and perhaps its charter do not allowan analysis like this to occur and yet this is exactly what was required. Hopefully ESCOSA will do this in the future. Environmental improvement in projects like this are always strongly linked to economics and hence the reason why a simultaneous and detailed analysis of both economics and environment is required for many of SA Water'sfuture projects.

The future upgrade of Murray Bridge Waste Water Treatment Plant - how to stop the taxpayer from paying too much again.

In SA Water's submission to ESCOSA, the corporation is proposing to upgrade and relocate the Murray Bridge Sewage Treatment Works as per the Capital Expenditure (CAPEX) summary below.

SA Water CAPEX proposal as at March 2012.*

	2013/14-15/16 forecast	**Overall Project Total**
Murray Bridge Wastewater Treatment Plant Upgrade	$107.2 m	$188.6m

*From 'Review of SA Water Regulation Business Proposal 2013-16, ESCOSA website.

Once again, I am very concerned that the capital expenditure proposed above is grossly excessive and unnecessary.

I understand the reuse of treated waste water from the Murray Bridge works is occurring through an established arrangement with a piggery and this is a positive for the environment and the community. The treatment plant does need upgrading and to be shifted, but not at this cost. The allocation of such a large sum to a plant of this size means money that could be allocated to other SA Water projects that really need environmental improvement would be delayed for many years. The Adelaide Coastal Waters Study (2007) for example, has identified the need to substantially reduce SA Water's Nitrogen discharges to the marine environment along Adelaide's coast. This will mean the allocation of funds to achieve higher treatment levels and or, the development of further irrigation of horticultural crops will be delayed, perhaps for years longer than need be. I understand that there is enough fresh usable water at the Bolivar plant alone that could see a new horticultural area established that is one and a half times larger than the current Virginia horticultural area. At present however, this water along with its nutrients is discharged to the marine environment where it causes environmental harm. As a community we need to fix this enormous pollution problem as soon as we can, but whilst ever SA Water continues to 'overspend' on its upgrade projects it seems the necessary works will be put off for years into the future.....and it appears we may well be paying yet higher water and sewer rates as well.

I hope ESCOSA will have a very close look at what's going on in some of these projects, because if SA Water gets it wrong, I fear we will all be paying for a long time into the future.

Yours sincerely

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