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Economic Regulation Authority
Level 6, Governor Stirling Tower
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The Nationals WA submission on the draft report for the inquiry into the cost of supplying bulk potable water to Kalgoorlie-Boulder

The Nationals are disappointed in the Economic Regulator's draft finding that the costs of transporting desalinated seawater by pipeline from Esperance to Kalgoorlie-Boulder outweigh the benefits of the project.

It is our view that the Economic Regulation Authority (ERA) has overlooked a number of economic benefits this major infrastructure project will deliver if allowed to proceed.

Economic benefits:

- A proposed \$440 million capital investment by United Utilities Australia (UUA) to construct the project, of which 65 per cent expenditure will occur in the Goldfields-Esperance region - there will be no impact on the State Government's budget.
- Expenditure by UUA of \$26 million per year on running costs, of which 90 per cent will be captured by businesses and employees in the local region.
- The creation of 200 jobs during the construction phase of the project.
- The creation of a permanent workforce of 20 (15 in Esperance and 5 in Kalgoorlie).
- Increased agribusiness and tourism industry opportunities due to the increased access to water supply.

- Increased ability to use new, potable water-dependent extractive processes for the mining industry.
- Creation of opportunity for new industry into the Esperance hinterland, for example intensive feedlots or high quality irrigated cropping.
- Promote and allow for additional development in communities such as Kalgoorlie and Esperance. The Water Corporation's capital charge for extra water is imposing an artificial restraint on economic development and is depressing activity in the region, particularly in the mining industry where the increased ability of the industry to use new, potable water would have enormous benefits.

The Nationals are concerned that the ERA's cost-benefit analysis found the costs were only five per cent higher than the benefits of the proposal. It is our understanding that a margin of this size is within the range of estimating error at the pre-feasibility stage of a major infrastructure project.

The Nationals urge the ERA to consider the implications of handing down a decision on this proposal that is not supportive or neutral in relation to the proponent. There is a strong demand for water in this region of WA. The project has the potential to be a catalyst for development throughout the southeast and goldfields region, it is climate independent, and provides diversity and security of water supply in a State where water is a scarce commodity.

In addition, under UUA's proposal residents pay no more for water (some will pay less), Esperance residents would no longer have to pay additional costs for water treatment, bottled water, water heating appliances (kettles, hot water systems), and the quality of the water would be vastly improved.

The ERA's acceptance of the Water Corporation's economic model of expanding the existing Goldfields pipeline to supply additional water and meet future demand to Kalgoorlie and the Goldfields is disappointing. This proposition delivers no benefit, economic or otherwise, to the Esperance and great southern region.

The Nationals WA support United Utilities' proposal and believe that the demand for water in the region justifies the investment and meeting it will spur significant economic growth.

Yours sincerely



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