

To: Economic Regulation Authority of Western Australia

Attn: Mr. Lyndon Rowe,
Chairman

Date: 1 February 2008

Subject: Draft Report on the inquiry into competition in Western Australia's
water and wastewater services sector

Dear Sir,

In regard to your invitation for submissions we advise as follows:

Firstly, we concur with the vision expressed in the executive summary of the report in regard to (quote) 'the creation of opportunities for private enterprise in the supply of bulk water to Western Australia's water utilities' in order to enhance the flexibility of supply at lowest possible cost.

Secondly, we recognize the importance of the establishment of an Independent Procurement Entity (IPE) with a charter as suggested in the draft report. We share your view that the IPE should independently determine a portfolio of source options, developed from a model that takes into account a range of inflow states and competitive procurement options that would support the required variability without over commitment in regard to infrastructure funding and without stifling competition or technological innovation.

It was also noted that in your report the private sector is encouraged to offer 'new' water source options. This is in line with our view that any future proposals for water supply, from either public or private sector, should not only be economically viable but also environmentally acceptable and socially beneficial.

Furthermore we consider it most important that your report recognises the importance of 'scalability' in the sense that the amount of water delivered should be adjustable to variations in demand, at short notice and at minimal additional cost.

Marecon, as environmental Consulting Engineers, are confident that all of the above objectives can be achieved by sourcing water from the Kimberley's Fitzroy River and/or the Ord River in an eco-friendly manner, without any negative effects on the flow regime or ecology, by drawing on the Dutch experience in environmentally beneficial management of the river Rhine which has led to full ecological restoration of the river, including the 'come back' of previously endangered fish species.

Following preliminary discussions with senior staff of the Kimberley Lands Council, Environs Kimberley and WA Water, a feasibility study is currently in progress. The principal purpose of the study will be to demonstrate that the envisaged scheme would be economically viable and that the environmental consequences -if any- would tend to be positive rather than negative, in line with the dutch experience, on the basis that the total volume of water drawn from the river(s) would be relatively small, not exceeding a few percent of their total runoff volume.

During the study, we intend to stay in regular communication with the above Organizations, in recognition of the genuine environmental concerns expressed during the

recent discussions and in order to obtain valuable comments and feedback during the course of the study.

If the envisaged scheme could be brought to fruition it would be especially beneficial to the Kimberley's indigenous residents in regard to the long-term creation of employment and income whilst providing extensive training and educational opportunities.

The sourced water would be piped to the coast and henceforth transported across the Indian ocean by means of huge, streamlined, fabric containers towed by tugs. The 'Watertow' technology to be applied is a greatly enhanced version of a towage technique currently being applied in the Mediterranean.

A potential operating company, Watertow Pty Ltd, was formed last year. It is fully supported by major companies in the field of the marine application of industrial fabrics and ocean towage. The combined expertise led to major, recent, advancements in the design of the Watertow containers in combination with other cost saving measures.

As a consequence, water can now be conveyed over thousands of kilometres in a secure manner and at highly competitive cost. (in comparison to alternative water supply methods such as recycling of waste water, sourcing of ground water or desalination of seawater).

Required upfront capital investment in infrastructure works would be relatively modest. (less than 50% of the cost of a desalination plant of similar supply capacity)

Finally: we anticipate that the current study will take four to six months to complete after which a comprehensive report will be submitted to the IPE, copied to your Authority, the Kimberley Organizations mentioned above and to the Water Corporation.

In the mean time your comments or suggestions in response to this memorandum would be greatly appreciated.

Yours sincerely,

P J de Geeter

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