



THE DISTRICT COUNCIL *of* CEDUNA

CEDUNA, SOUTH AUSTRALIA
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Ref. No.

21 July 1997

Hon Graham Ingerson MP
Minister for Infrastructure
GPO Box 2003
ADELAIDE SA 5001

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Dear Minister,

Re: Ceduna/Koonibba Water Scheme

The purpose of this correspondence is to seek additional funding to extend the Water Scheme further west of Ceduna than originally planned. Originally, it was planned to conclude the scheme at a point known as Bill's Hill (ie 52kms of pipeline west of Ceduna). However, due to various factors, we estimate that when we reach Bill's Hill, there will be a surplus of approximately \$930,000. As the Penong residents have been lobbying for years to gain reticulated water, and as agreed between the State Government and the District Council of Ceduna at the time of the original capital grant of \$2m, any surplus would be utilised in extending the scheme further west. ATSIIC, who also contributed \$2.5m to the scheme, agreed that surplus funds should be used to extend the scheme towards Penong. Subsequently, as we anticipate having the scheme completed to Bill's Hill by mid-late August 1997, we have sought cost estimates from the Project Manager to complete the scheme to the township of Penong. The estimate for the total extension to Penong is \$1,314,000, leaving \$384,000 required to extend the main to Penong. (see attached copy of Roger Stokes & Associates estimates).

I have also had discussions with the Outback Areas Trust in relation to the reticulation of Penong. Mr John Pile, Executive Officer of the Trust, gave the indication that the Trust would look very favourably upon assisting the Penong residents in reticulating the town (see cost estimate enclosed).

Also enclosed is the Ceduna/Koonibba Water Authority's Budget Review as at 16/7/97. You will note on page 3 the Income over Expenditure is \$1,021,021 (estimate). However, the interest on the ATSIIC capital grant is to be utilised to subsidise the Koonibba residents' water price per kilolitre from the \$1.15/kl set by the Authority back to the normal statewide price. All other users will be paying \$1.15/kl as the Authority has set. Each property will pay a differential separate water rate for land within the designated area based on the site value of property plus the consumption charge.

Many taxpayers are not pleased with the fact that SA Water is not able to discount the price of water below the statewide price so the Authority can set its consumption charge at the statewide price. However, this matter can be discussed on your next visit to Ceduna.

The most important issue now is the extension of the scheme to include Penong in the scheme. Should we not be able to gain additional funding, the costs of undertaking this work at a later date will be significantly more. Our estimated costs include extending existing contracts for trenching, purchasing of pipe and fittings and the continuation of employing fourteen persons, of which eleven are Aboriginal, for the laying of the pipe. The trenching contractor also employs five persons, one of whom is Aboriginal. The employment aspect, particularly of Aboriginal people, has had significant positive outcomes. With this scheme, Council's staff includes approximately 40% Aboriginal persons. Normally, we have at least 16-20% Aboriginals on our staff.

There are significant savings in extending existing contracts, as it was through these original tendered prices and works efficiencies that the surplus has been gained.

It should also be noted that the more consumers on the scheme, the lower the costs to all consumers. I also remind you of SA Water's quote for this scheme to Penong which was approximately \$12m. We can construct the scheme to Penong for a cost of approximately \$5.1m.

The Council will be borrowing \$95,000 to reticulate Denial Bay. The residents will pay this loan back at approximately \$210 per allotment per year over 15 years. On average, the Denial Bay residents will pay a water rate of approximately \$210 per allotment, \$210 loan repayment and consumption of 300kl @ \$1.15/kl, which will equate to \$765 per annum, plus an initial connection fee of \$600. The rural properties average payments will be: water rate \$650 and consumption approximately \$2500 per farm.

The reason I have hurriedly put this information together is on the urgency to continue existing contracts to enable us to be able to extend to Penong at the current contract prices.

We have discussed this matter with the Member for Eyre, the Hon Graham Gunn and the Minister for Aboriginal Affairs, Hon Dean Brown, on their most recent visit to our district and it was their advice to put this information before Cabinet's meeting on 29th July 1997. Both those members can elaborate further, or I can at your request.

I look forward to your response on this matter and also meeting you on 13th August 1997 when you visit Ceduna.

Yours faithfully,



TONY IRVINE
CHIEF EXECUTIVE OFFICER

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cc Graham GunnMP