

## The Essential Services Commission

The Essential Services Commission (ESC) is the independent economic regulator of the Victorian Water Industry.

Under a process set out by the state Government, the ESC periodically assesses prices put forward by water businesses in a three to five year Water Plan. A review of Metropolitan Melbourne's water prices is currently underway.

## Victorian water businesses

Water businesses in Victoria are Government owned enterprises. While they are responsible for their own day-to-day management, they are also subject to oversight and regulation from multiple bodies including the ESC, the Environment Protection Authority and the Department of Human Services.

The Department of Sustainability and Environment and the Minister for Water make policy decisions affecting the water businesses. As the shareholder, the Treasury is responsible for the financial health of the businesses.

## Structure of Melbourne's water industry

Metropolitan Melbourne is serviced by a bulk supplier – Melbourne Water – that is responsible for managing the catchments, treating water and running the bulk sewage treatment plants.

Depending on their location, customers are directly serviced by one of three retailers – City West Water, South East Water or Yarra Valley Water. The retailers pay Melbourne Water for the bulk services it provides. Water and sewerage bills include a share of Melbourne Water's costs as well as the direct costs retailers incur to deliver water to properties, transport sewage for disposal and provide retail customer service.

## ESC Review of Water Prices

Water businesses submit a Water Plan which includes forecast costs facing the business, the forecast volumes of water that will be delivered and the levels of service promised to customers. These factors are used to justify prices to be charged over the period.

The ESC assesses and reports on its view of Water Plans in a publicly available Draft Decision. Businesses and customers participate in the review by providing submissions or attending public meetings. These views are taken into account before a Final Decision and Determination are published which legally set the prices for the Water Plan period.

## Review framework

The Price Review is undertaken according to legislation set out in the "Water Industry Regulatory Order" (or WIRO). The WIRO says what must be included in a Water Plan, and what the Commission should take into account in making its decision.

## How to get involved

More information, including material from past price reviews can be found on the Commission's website [www.esc.vic.gov.au](http://www.esc.vic.gov.au) where you can sign up to our mailing list for periodic updates on water regulation issues.

Customers and interested parties are encouraged to participate in the price review by making submissions.

Written submissions can be sent by email to [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au) or posted to Water Price Review, Essential Services Commission, 2/35 Spring Street, Melbourne 3000.

## Price review process and timelines

