



**MEDIA RELEASE**  
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**REGULATOR RECOMMENDS REDUCTION IN PROPOSED WATER BILLS**

Victoria's independent economic regulator, the Essential Services Commission (the Commission), has announced that it will not be approving the price increases sought by Victoria's regional water businesses.

In releasing the *Regional Urban Water Businesses Price Review 2013 Draft Decision* today, the Commission's Chairperson Dr Ron Ben-David said that, with one exception, all of the water businesses had sought increases ranging from about 1 per cent to 28 per cent over the five years to June 2018. (Wannon Water had proposed a 3.4 per cent reduction.)

"We found these price increases were not supported by our independent analysis of the twelve businesses' plans for the next five years," Dr Ben-David said.

In late 2012, each business submitted its Water Plan to the Commission outlining its planned service delivery objectives, revenue requirements and proposed prices for the next five years (1 July 2013 to 30 June 2018).

Dr Ben-David said that while the water businesses had proposed prices intended to generate revenues of \$4.2 billion over the next five years, the Commission was proposing to reduce this amount by \$185 million. The lower revenue requirement will directly benefit customers through lower water bills.

"Most of this reduction has come from savings we identified in the labour costs, energy costs and financing costs proposed by the water businesses," Dr Ben-David said.

"Following our review, we believe customers' household water and sewerage bills need not increase as much as sought by the businesses in their Water Plans," Dr Ben-David said.

"Our Draft Decision indicates that, in most cases, regional Victorians will incur bills that rise broadly in line with inflation over the next five years, and, in some cases even a bit less than inflation".

Dr Ben-David said that the Commission sought business and community input into its analysis and utilised the technical expertise of external consultants in an attempt to ensure that the costs passed onto customers were fair and reasonable. The Commission's deliberations were also informed by the public meetings it hosted across regional Victoria late last year, as well its customer reference panel.

"Our aim was to strike a balance between ensuring water and sewerage prices are as low as possible, while still ensuring enough revenue for the businesses to provide services to customers and undertake required capital works," Dr Ben-David said.

Service levels are expected to be maintained over the period. "Even though many customers will find their bills hardly changing, or even reducing, over the next few years, some customers may still have trouble paying their bills," Dr Ben-David said.

“Each water business is required to have financial hardship policies in place and we will monitor that they make these programs available to customers, particularly in those areas where bills are expected to increase.”

The following table illustrates the current average annual residential bills, those proposed by the businesses over the next five years and those proposed by the Commission as a result of the Draft Decision.

Note that these are ‘real’ figures and the effects of future inflation will be added to the prices each year, as the actual inflation impact becomes known.

**TABLE 1 ILLUSTRATIVE ANNUAL RESIDENTIAL OWNER-OCCUPIER BILLS**  
**EXCLUDING FUTURE INFLATION<sup>a</sup>**  
 (\$2012-13)

	Current bill (\$)	Bills based on businesses' proposals (\$)		Bills based on ESC draft decision (\$)	
	2012-13	2013-14	2017-18	2013-4	2017-18
Barwon Water	1 049	1 050	1 055	1 011	933
Central Highlands Water	1 147	1 245	1 245	1 181	1 181
Coliban Water	1 003	1 153	1 297	1 153	1 256
East Gippsland Water	1 102	1 123	1 126	1 068	1 076
Gippsland Water	1 236	1 249	1 298	1 222	1 167
Goulburn Valley Water	819	839	926	811	806
GWMWater	1 168	1 204	1 323	1 204	1 207
Lower Murray Water	774	809	881	803	851
North East Water	836	855	935	824	795
South Gippsland Water	956	969	1 068	944	882
Wannon Water	1 163	1 131	1 131	1 127	1 045
Westernport Water	1 029	1 044	1 214	1 029	1 044

**Note:**

<sup>a</sup> Indicative bills are based on typical consumption figures for owner-occupiers in the largest town serviced by each water business.

“Over the next few weeks, we want to ‘stress test’ our draft decision on prices with the customers of each water business,” Dr Ben-David said.

Interested parties have an opportunity to comment on the Commission’s draft decision by lodging written submissions (by 2 May 2013) or by attending public meetings to be held during April. Details on public meetings will be advertised locally and made available on [www.esc.vic.gov.au](http://www.esc.vic.gov.au), along with instructions for written submissions.

Submissions and public meetings will inform the Commission’s final decision in June.

Full documentation of the Draft Decision is available at [www.esc.vic.gov.au](http://www.esc.vic.gov.au)

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