

30 September 2022

Marcus Crudden  
Executive Director, Price Monitoring and Regulation  
Level 8, 570 Bourke Street  
Melbourne  
Victoria 3000

Delivered via email: [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au)

Dear Marcus,

**Re: Barwon Water's 2023 Price Submission**

I am pleased to submit Barwon Water's 2023 Price Submission, which sets out our proposed prices, service standards and customer outcomes for the next five-year regulatory period.

Our price submission is a culmination of five years of ongoing targeted and deliberative engagement with our customers and community.

Our comprehensive engagement program has reshaped our organisation's Strategy 2030 in parallel with the development of our 2023 Price Submission. As a result, our entire organisation is now sharply focused on delivering outcomes that matter most to our customers.

Our Board, Executive Leadership Team and Senior Leadership Team worked together with subject matter experts from within and outside our organisation, and our customers and community, to develop and agree on what we will deliver to our customers and how we will work to deliver this and achieve our shared vision for cultural, environmental, economic and social prosperity for our region.

Our price submission is structured around the Essential Services Commission's (ESC) PREMO framework, and we have assessed it as Advanced based on the 2023 water price review guidance paper.

Key features of our submission include:

- **Our performance over the 2018-2023 period has been strong** with our customers demonstrating their satisfaction with our performance through the ESC's quarterly customer perception survey results. We have been among the top four water businesses in Victoria in terms of overall satisfaction, value for money, level of trust and reputation in the community since August 2020 - and most recently, in the top two.

- **We will bear more risk on behalf of our customers** and propose a \$549.4 million capital works program, an increase of 29% on the 2018-23 regulatory period, excluding \$111.7 million key projects and risk-based prioritisation of a further \$50 million projects without compromising service quality. We propose \$670.7 million of total operating expenditure over the regulatory period with annual spend remaining relatively flat at an average of \$134.1 million per annum, in line with 2021-22 baseline operating expenditure of \$132 million.
- **Our prices will decrease by 1.4% p.a. in real terms** on average, despite a 29% higher capital expenditure program and performance improving for 50% of our 44 measures of success. We are proposing a 1.95% efficiency rate, including \$5.8 million via our Customer Affordability Pipeline, whilst operating expenditure per customer has decreased for past 10 years and already compares favourably to our peers.
- **Our engagement has included over 336,000 touchpoints and 3 deliberative processes.** Our ongoing and genuine engagement has defined the four customer outcomes we will deliver and the initiatives that sit behind these outcomes.

We are confident our 2023 Price Submission will generate value for our customers and pleasingly, our customers agree, with 82% of 5,570 surveyed customers confirming they think proposals in our Draft Price Submission offered value for money.

- **We will deliver more of what customers want** and hold ourselves accountable with the continuation of our Performance Incentive Mechanism, with up to \$15.6 million at risk for underperformance against key metrics aligned to each of our four customer outcomes. We are increasing support for vulnerable customers and those affected by family violence through our \$4.8 million customer support program.

I enclose Barwon Water's 2023 Price Submission (in PDF and Word formats), along with our 2023 Price Submission Snapshot Template, and our completed ESC pricing model.

Our submission includes references to key documents and supporting information providing further detail and explanation to the information in our price submission. We are happy to provide copies of any of these supporting documents upon request.

If you have any questions regarding our submission please contact Denis Musaefendic, Acting Manager Economic Regulation & Pricing on [REDACTED] or [REDACTED].

Yours sincerely,



**Tracey Slatter**

Managing Director