

Public engagement summary: Melbourne Water price review 2021

We released our final decision and price determination for the maximum charges Melbourne Water customers will pay for their services for the period of 1 July 2021 to 1 July 2024 on 22 June 2021.

Project background

The purpose of this price review was to inform the maximum charges customers pay for services provided by Melbourne Water. These services include:

- drainage and waterways services in and around Melbourne, and
- Melbourne Water's provision of wholesale water supply and sewage management services to retail water corporations including City West Water, South East Water, Yarra Valley Water, Western Water, Barwon Water, South Gippsland Water and Westernport Water. Almost 2.4 million water customers ultimately incur these prices which are passed on through their retail water corporations.

As part of the review, we ran a public engagement process to ensure the views of interested stakeholders were considered. Engaging during the coronavirus pandemic meant we adapted our approach to the needs of stakeholders and made it easier for stakeholders to have their say in this environment. Activities we undertook included:

- promoting discussion in our virtual public forum event
- answering questions that came to us through our online public forum on the review's Engage Victoria webpage, and
- inviting submissions on our consultation paper and our draft decision.

We undertook this review under our new water pricing approach which includes incentives for water corporations to deliver outcomes most valued by customers. We made our decision after considering all matters raised by stakeholders and all relevant provisions under the Water Industry Regulatory Order 2014 (WIRO), the Essential Services Commission Act 2001, the Water Industry the Water Industry Act 1994 and the guidance we provided Melbourne Water in November 2019 and August 2020. We also obtained advice from expert consultants where appropriate.

How we engaged



Key dates

- 9 November 2020: Melbourne Water price proposal published, and first phase of consultation opened.
- 5 February 2021: consultation on Melbourne Water price proposal closed.
- 25 March 2021: draft decision released, second phase of consultation opened
- 22 April 2021: virtual public forum
- 4 May 2021: consultation on the draft decision closed
- June 2021: final decision and price determination was released.



Methodology

- We sought feedback and submissions via Engage Victoria for Melbourne Water's price proposal and for our draft decision.
- We held a virtual public forum on 22 April 2021. The forum provided an opportunity for interested parties to discuss key features of our draft decision.
- We had an online public forum open in Engage Victoria for the duration of the review. This forum allowed interested parties to publicly submit questions to the team for answers within 3-5 business days.



Number of participants

- 1,122 views of our Engage Victoria consultation page by 601 visitors between from 9 November 2020 to 4 May 2021.
- 61 attendees at our online public forums including:
 - community members and community organisations
 - consumer representatives and advocates
 - water retailers
 - Victorian government departments.



Number of submissions received (written, verbal)

- 11 submissions received on Melbourne Water's price proposal. Seven submissions from the general public and submissions from :
 - Hume City Council
 - Yarra Riverkeeper Association
 - Friends of Steele Creek
 - Werribee River Association

- 10 submissions received to our draft decision from:
 - Community members
 - VicWater
 - Yarra Riverkeeper Association,
 - Consumer Action Law Centre
 - Newgate Research
 - Urban Development Institute of Australia – Victoria
 - a joint submission between six Victorian water businesses, and
 - Melbourne Water’s response to our draft decision.

Summary of feedback on Melbourne Water's price proposal to the commission

We asked	You said	We did
<p>We asked for feedback on the Melbourne Water's price proposal via Engage Victoria.</p> <p>As well as asking for general feedback, we asked some more specific questions:</p> <p>Which issue in Melbourne Water's submission is most relevant to you?</p> <ul style="list-style-type: none"> • What do you think of Melbourne Water's proposals or approach in relation to this issue? • If you took part in any of Melbourne Water's engagement, does the submission accurately reflect the themes and options it discussed with customers? • Do you have any other comments about Melbourne Water's engagement on this issue or on any other issue that is a priority for Melbourne Water customers? 	<p>We received seven submissions from the general public which covered topics including:</p> <ul style="list-style-type: none"> • affordability • the proposed pricing for sewerage service • lack of incentives for water savings • the waterways and drainage charges. <p>Hume City Council's submission supported the protection of natural wetlands, stormwater quality treatment assets and Sunbury and Upper Merri Creek stormwater harvesting infrastructure.</p> <p>The Yarra Riverkeeper Association, Friends of Steel Creek and an anonymous submission wrote in support of Melbourne Water's engagement on its increased waterways and drainage charges proposal.</p>	<p>Feedback provided in submissions informed our draft decision.</p> <p>We referenced and addressed the concerns or issues raised in these submissions throughout our draft decision. For example:</p> <ul style="list-style-type: none"> • As a result of our draft decision, prices would fall, adding to price reductions proposed by Melbourne Water. • Melbourne Water proposed to increase its waterways and drainage charge by one per cent per year across 2021–2026 to improve its waterways and drainage services. We proposed for Melbourne Water to review and revise its waterways and drainage tariff for non-residential customers at the following price review to ensure a more cost reflective tariff.

Summary of feedback on our draft decision

Our draft decision

We proposed to accept many elements of Melbourne Water’s price submission including the tariff structure and price cap form of price control. We did not consider the price submission provided sufficient information and evidence to support several key elements, including the operating and capital expenditure forecasts, population growth and demand forecasts, and the length of regulatory period. Our draft decision considers Melbourne Water’s price submission provides value to customers, but we did not find evidence of a step change in value. So, our draft decision proposed to rate Melbourne Water’s price submission as ‘Standard’ under our [PREMO framework](#), not accept Melbourne Water’s proposed revenue requirement, and approve a three-year regulatory period.

For more information on how our draft decision responded to key elements of Melbourne Water’s price proposal, please view our [Fact sheet on Melbourne Water draft decision](#).

We asked	You said	We did
<p>We invited feedback on our draft decision via Engage Victoria before making a final decision and issuing a price determination in June 2021.</p> <p>We did not ask specific consultation questions but sought general feedback on our draft decision.</p>	<p>Submissions covered topics including:</p> <ul style="list-style-type: none"> • affordability and the impacts of the coronavirus pandemic • environmental impacts and outcomes • PREMO rating • willingness to pay • desal capitalization • demand forecasts <p>Submissions on the proposed regulatory period were mixed:</p> <ul style="list-style-type: none"> • Consumer Action Law Center supported our the approach. • the Waterways and Drainage Customer council made up by the water retailers, suggested this might reduce its opportunity to meaningfully contribute to Melbourne Water’s future price submissions due to the timing of retailer 	<p>Feedback provided in submissions and the response from Melbourne Water to our draft decision informed our final decision.</p> <p>Specifically, in response to submissions:</p> <ul style="list-style-type: none"> • The prices will be for a five-year period, rather than the shorter three-year period which we had proposed. • The reductions in our final decision to Melbourne Water's revenue requirement will reduce prices. • We have included additional expenditure from our draft to maintain the healthiness of rivers • We have carefully considered all submissions

and wholesaler price reviews.

received throughout our [final decision](#).

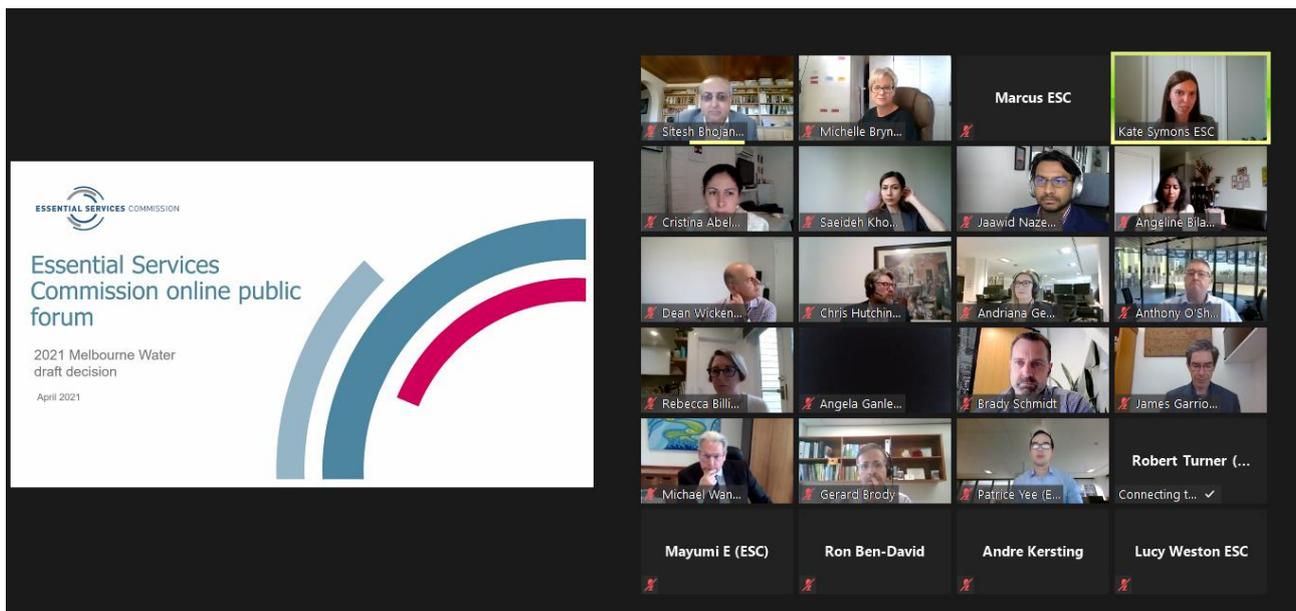
In its response to our draft decision, Melbourne Water accepted some elements of our draft decision, including a number of our proposals relating to capital expenditure, operating expenditure, and capitalisation of its desalination payments.

Further detail on our responses to submissions can be found in our final decision document on [our website](#).

Our engagement events

Online public forums.

Our virtual public forum was on 22 April 2021 via Zoom. Recordings of our virtual public forums are available for you to view online at the commission's [YouTube channel](#).



Online engagement

LinkedIn and Twitter



Essential Services Commission @EssentialVic · 27 Apr
It's not too late to #HaveYourSay on our Melbourne Water price review draft decision. Get in touch with us on Engage Victoria by 4 May > go.vic.gov.au/UVJ2Yk

Essential Services Commission @EssentialVic · 21 Apr
Billed by @citywestwater @southeastwater @YVWater @WesternWater @BarwonWater @SthGippsWater or @WesternportWtr?
#HaveYourSay on our Melbourne Water price review draft decision, which will inform max. prices you'll pay for services for 3 years, from 1 July: go.vic.gov.au/UVJ2Yk

Have your say

Melbourne Water
price review 2021



Essential Services Commission
@EssentialVic

Water customers in Melbourne and around: Now is your chance to #HaveYourSay on our Melbourne Water price review draft decision.

The decision will inform max. prices you'll pay for services for the next 3 years, from 1 July.

Register for our public forum > go.vic.gov.au/UVJ2Yk



Online public forum:
Melbourne Water price
review 2021

Thursday 22 April

Register now



3:02 pm · 14 Apr 2021 · Twitter Web App



Essential Services Commission

3,937 followers
4mo · Edited ·

Have your say: we're reviewing Melbourne Water's proposed pricing for 2021–2026 and want to hear what you think.

In 2021, we'll approve maximum prices and any changes in tariff structures for Melbourne Water for the next five years (until 30 June 2026).

This review is relevant for all residents or small businesses living in or around Melbourne, and will inform maximum prices for the next five years (until 1 July 2026).

Check out Melbourne Water's price submission to find out more about:

- their pricing proposal – average annual decrease of 1.5 per cent (excluding inflation) in water and sewerage charges
- capital works program
- service promise to customer.

Have your say by:

- asking questions or providing comments in our online public forum
- submitting some general comments on Melbourne Water's proposal
- completing our consultation survey uploading a submission
- talking to a team member about any issues or concerns you might have.

#MelbourneWater #HaveYourSay #essentialservices #water #Melbourne #EssentialServicesCommission



Essential Services Commission

3,937 followers
4mo ·

If you're a water customer living in or around Melbourne, now is your chance to have your say on Melbourne Water's proposed pricing for 2021–26. Learn more: <https://lnkd.in/g-wRRrz> #water #Melbourne #Victoria #essentialservices #MelbourneWater

Have your say

Melbourne Water
price review 2021–26



Engage Victoria

We used Engage Victoria throughout the course of this project. Below is a snapshot of our Engage Victoria consultation page after consultation on the draft decision closed.

The screenshot shows the Engage Victoria website interface. At the top, there is a dark navigation bar with the 'ENGAGE VICTORIA' logo on the left and links for 'Home', 'About Us', 'Consultations', 'Contact', 'Sign in | Register', and a search icon on the right. Below the navigation bar, a breadcrumb trail reads 'Home > Melbourne Water price review 2021'. The main content area features the 'Essential Services Commission' logo and the title 'Melbourne Water price review 2021' in large teal text. A sub-headline states: 'The Essential Services Commission is reviewing Melbourne Water's proposed pricing for 2021 – 2026 and wants to hear what you think.' To the right of the text is a large image of a shower head with water spraying out. Below the main content, there are two columns: 'Overview' and 'Updates'. The 'Overview' section includes a sub-heading 'We've released our draft decision on Melbourne Water's prices' and two paragraphs of text. The 'Updates' section includes a sub-heading 'Additional information published', a paragraph of text, and a date '20 April 2021'. At the bottom of the 'Overview' section, there is a horizontal line of small dots, with the first dot on the left being filled, indicating the current page position.