



Tuesday 25 June 2013
MEDIA RELEASE

REGULATOR RELEASES FINAL DECISION ON WESTERN WATER'S PRICES FOR NEXT FIVE YEARS

Victoria's independent economic regulator, the Essential Services Commission (the Commission), today announced its final decision on pricing for Western Water customers over the next five years.

In releasing its Final Decision today, the Commission's Chairperson Dr Ron Ben-David said that Western Water customers will face increases of 12.3 per cent over the next five years (before inflation).

"While Western Water customer's bills will be slightly higher than the Draft Decision, they will be significantly lower than the 36 per cent increase originally sought by the business," Dr Ben-David said.

"The slightly higher prices are attributable to revised financial information submitted to the Commission," Dr Ben-David added.

"Even so, next year's annual bills will only be \$47 higher for a typical household," Dr Ben-David said. "This is about half of the \$86 increase suggested by Western Water".

Dr Ben-David noted that tenants' bills would typically increase by around \$15 from 1 July.

Annual water and drainage charges will increase from \$85 to \$89, which is slightly higher than suggested at the time of the Draft Decision.

The Commission's Final Decision will take effect across Victoria from 1 July 2013.

Dr Ben-David said, "We recognise that higher prices will result in some households facing difficulties in paying their bills, and we encourage those customers to contact their water business for assistance."

"In our Final Decision, we have approved \$250,000 over five years for Western Water to assist in managing hardship customers," Dr Ben-David said.

Western Water will be required to regularly update the Commission (and report publicly) on how the additional allowances are being spent during the five year period.

The Commission reached its final decision on water plans across the state after undertaking detailed analysis of the Water Plans submitted by each of the businesses in September-October 2012.

“Public input is an essential component in our assessment of the Water Plans and we thank those members of the community who took the time to attend our public forums or make written submissions during the course of this inquiry,” Dr Ben-David said.

Over the last nine months, the Commission hosted almost 30 public forums throughout Victoria and received around 200 written submissions.

Table 1 and 2 illustrate the current average annual residential bills, those proposed by the water businesses over the next five years, and those approved by the Commission as a result of the Final Decision.

Note, the figures shown in Table 1 and 2 are expressed in ‘real’ terms and the effect of future inflation will be added to the prices each year, as the actual inflation outcome becomes known.

Table 3 and 4 shows typical annual bills for households and tenants. These are the actual (or nominal) amounts that customers will see on their bills in 2013-14.

Fact Sheets available on the Commission website provide bill estimates based on different household water usage (small, medium, large & very large).

The Commission’s Final Decision and full details as they apply to each business, along with Fact Sheets and consultant reports, can be found on the Commission’s website www.esc.vic.gov.au

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TABLE 1 ILLUSTRATIVE ANNUAL RESIDENTIAL OWNER-OCCUPIER BILLS EXCLUDING FUTURE INFLATION (\$2012-13)

	Current bill	Bills based on businesses' proposals		Bills based on final decision	
	2012-13	2013-14	2017-18	2013-14	2017-18
Western Water	975	1 035	1 330	997	1 092

NOTE: These bills are based on the businesses proposed consumption for 2013 - 14 and final decision prices and are 'illustrative' only. These figures do not include annual waterways and drainage prices proposed by Melbourne Water.

TABLE 2 ILLUSTRATIVE ANNUAL RESIDENTIAL TENANT BILLS EXCLUDING FUTURE INFLATION (\$2012-13)

	Current bill	Bills based on businesses' proposals		Bills based on final decision	
	2012-13	2013-14	2017-18	2013-14	2017-18
Western Water	264	287	410	272	310

NOTE: These bills are based on the businesses proposed consumption for 2013 - 14 and final decision prices and are 'illustrative' only.

TABLE 3 ILLUSTRATIVE ANNUAL RESIDENTIAL OWNER-OCCUPIER BILLS INCLUDING INFLATION

	Current bill	Proposed 2013-14	Approved 2013-14	Difference between current and approved
	<i>\$2012-13</i>	<i>\$2013-14</i>	<i>\$2013-14</i>	<i>\$2013-14</i>
Western Water	975	1 061	1 022	47

NOTE: These bills are based on the businesses proposed consumption for 2013 - 14 and final decision prices and are 'illustrative' only. These figures do not include annual waterways and drainage prices proposed by Melbourne Water.

TABLE 4 ILLUSTRATIVE ANNUAL RESIDENTIAL TENANT BILLS INCLUDING INFLATION

	Current bill	Proposed 2013-14	Approved 2013-14	Difference between current and approved
	<i>\$2012-13</i>	<i>\$2013-14</i>	<i>\$2013-14</i>	<i>\$2013-14</i>
Western Water	264	294	279	15

NOTE: These bills are based on the businesses proposed consumption for 2013 - 14 and final decision prices and are 'illustrative' only.