



This fact sheet summarises our draft decision on the maximum prices that Melbourne Water may charge for its services from 1 July 2021 to 30 June 2024.

We are undertaking this review under our new incentive framework for water businesses to deliver outcomes most valued by customers. We assessed its proposals against a legal framework established by the Victorian Government. Our draft decision sets out our views on Melbourne Water's price submission and we are now seeking feedback from customers to inform our decision making in an open and consultative manner. Details on **how to make a submission** are outlined on the final page.

Once we make a determination on Melbourne Water's proposals, we will create an annual tariff schedule. This will outline the maximum prices it can charge its customers (City West Water, South East Water, Yarra Valley Water, Western Water, Barwon Water, Gippsland Water, South Gippsland Water and Westernport Water) for specific services, such as water delivery and sewage processing and the maximum prices it can charge consumers of waterways and drainage services.

## Key elements of our draft decision



- As a result of our draft decision, prices will fall, adding to price reductions proposed by Melbourne Water.
- Melburnians will continue to receive high quality drinking water, safe treatment and disposal of sewage, and new investment in waterways and drainage.
- Melbourne Water will continue to reduce its environmental footprint and respond to climate change.
- The commission has proposed to approve a three-year regulatory period. This shorter period will allow Melbourne Water to put forward a new proposal as a clearer understanding of the impacts of the coronavirus pandemic emerges in the coming years.



## Key aspects

Melbourne Water is proposing	Essential Services Commission draft decision
	
Melbourne Water proposed a forecast revenue requirement of \$8,183 million over a five-year period starting 1 July 2021 (annual average of \$1,637 million).	Our draft decision is not to accept the revenue requirement in Melbourne Water’s submission due to our proposed adjustments to expenditure, return on equity, and regulatory period. Therefore, we have established a three-year notional revenue requirement of \$4,785 million (averaging \$1,595 million per year).
Melbourne Water proposed an operating expenditure of \$4,454 million (or annual average of \$891 million) over five years.	Our draft decision allows \$2,785 million (or annual average of \$928 million) over three years.
Melbourne Water proposed capital expenditure (excluding desalination capitalisation) of \$3,702 million (averaging \$740 million per year) over five years.	Our draft decision allows \$2,271 million of capital expenditure (or annual average of \$757 million) over three years.

## What are the outcomes for customers?

As part of its price submission, Melbourne Water consulted with customers to develop six outcomes to guide service delivery during the 2021–2026 regulatory period. It also identified measures and targets that it will use to report on its performance against these outcomes.

Some of the ways Melbourne Water plans to address value for customers include ensuring customers have access to safe and reliable water and sewerage services (largely through managing environmental risks and renewing older assets), maintaining the health of Melbourne’s river systems, reducing flood risks and making more green space available to customers.

### Melbourne Water’s proposed guaranteed service levels

For the first time, Melbourne Water proposes to introduce a set of guaranteed service levels to commence on 1 July 2021. Melbourne Water’s proposals are yet to be finalised. We expect Melbourne Water to seek customer feedback before committing to its final set of guaranteed service levels.





## What are the outcomes for the environment?

Our draft decision accepts a number of Melbourne Water’s investment proposals that support the environment and respond to climate change. Examples include:

- An additional \$4 million to meet its carbon offsets, pledges and reduction activities.
- An additional \$11 million for waterway and drainage activities such as wetland maintenance and sediment disposal, vegetation for environment and amenity, and increasing land and water access for the community.
- Investment in and maintenance of the Eastern Treatment Plant solar generation plant.

## What are the major works that will go on around you?

Victorians will benefit from \$2.3 billion of capital investment (over the three years) with Melbourne Water’s annual investment the highest since the millennium drought (compared to the current average annual investment of \$503 million).

**(\$ million before inflation)**

Project	Detail	Total*
Western Treatment Plant Primary Treatment Augmentation	This project will increase the capacity at the treatment plant.	<b>136.0</b>
Western Treatment Plant 55E Activated Sludge Plant Upgrade	This project will renew aging equipment and infrastructure to increase nitrogen removal capacity at the treatment plant.	<b>196.1</b>
Hobsons Bay Main Yarra Crossing Duplication	This project will support the reliability of Melbourne’s sewer system by augmenting existing, deteriorating sewer infrastructure and allowing the continued transfer of wastewater to the Western Treatment Plant.	<b>135.8</b>
Yan Yean to Bald Hill Pipeline	This project will increase the reliability and security of water supply to growing areas in Melbourne’s Northern and Western suburbs.	<b>95.7</b>

\*The numbers in this section are in 2020-21 dollars.





## Give us your feedback on the prices for Melbourne Water's services

We invite feedback from stakeholders on any aspect of our draft decision before we make a final decision and price determination in June 2021.

### Attend a virtual public forum

We will hold a virtual public forum on 22 April 2021. This forum will be conducted online via Zoom. For details on how to join, register via Engage Victoria or by emailing us at [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au).

### Provide written comments or submissions

Written comments or submissions in response to this draft decision are due by 4 May 2021 so we have time to fully consider submissions for our final decision. Comments or submissions received after this date may not receive the same weight as submissions received by the due date.

We would prefer to receive comments and submissions via

- our website at [www.esc.vic.gov.au/waterpricereview](http://www.esc.vic.gov.au/waterpricereview)
- our dedicated consultation page on Engage Victoria (<https://engage.vic.gov.au/melbourne-water-price-review-2021>).

Alternatively, you may send comments and submissions by mail to:

2021 Water Price Review  
Essential Services Commission  
Level 8, 570 Bourke Street  
Melbourne VIC 3000

We make all comments and submissions publicly available in the interests of transparency. If you wish part or all of your submission to be private, please discuss with commission staff.

If you cannot access documents related to our price review, please contact us to make alternative arrangements (phone (03) 9032 1300 or [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au)).

