

Lower Murray Water
Strategic Advisory Committee

29 July, 2016

Re: Submission for A New Model for Pricing Services in Victoria's Water Sector

Essential Services Commission
Water Team - Pricing Approach Review
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Dear Sir or Madam,

Lower Murray Water's (LMW) Strategic Advisory Committee (SAC) would like to thank the Essential Services Commission for the opportunity to meet and comment on the new model for pricing services in the Water Sector of the State of Victoria.

The SAC is comprised of 12 irrigators that provide advice to the board of LMW on strategic issues relating to the rural side of the business. The 12 committee members are democratically elected with 2 representatives chosen from the 6 different districts that make up the rural business financial entities.

In principal, we approve of the proposed changes to pricing in the water sector. In particular:

- The flexibility that allows individual water authorities to develop tailored water plans that best suit/meet the needs of their customers rather than the "one box fits all" approach that is currently in place
- The implementation of earlier customer consultation in terms of the water plan development
- The commitment to engage with rural customers on a range of levels including:
 - The planning, from recommendation to implementation, of future capital works/enhancements to facilitate the level of service required by rural customers
 - The examination of services, not just limited to their legislated minimum service obligations, that could be cut/reduced to minimise costs (including all services that growers both use and don't use but are paying for)
 - Annual customer reports detailing how targets are being met within the current water plan

We note with disappointment that the proposed changes currently relate to the urban side of the business only and don't include rural customers. We believe LMW should implement the same proposed measures when developing the rural water plan.

Our recommendation to the ESC is that the urban and rural plans, as outlined above, run concurrently - that is they operate to the same timetable and last for the same duration. This would provide a simple approach and allow LMW economies of scale when undertaking consultation with both urban and rural customers

I'm happy to discuss further if you require clarification.

Sincerely yours,

Warren Lloyd

Chairman of Lower Murray Water's Strategic Advisory Committee

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