



MEDIA RELEASE
26 March 2013

REGULATOR RELEASES DRAFT DECISION ON RURAL WATER BUSINESSES

Victoria's independent economic regulator, the Essential Services Commission (the Commission), has announced that it will be approving the price increases proposed by Victoria's three rural water businesses, Goulburn-Murray Water, Lower Murray Water (Rural) and Southern Rural Water, with some minor scope for price reductions.

In releasing the *Rural Water Businesses Price Review 2013 Draft Decision* today, the Commission's Chairperson Dr Ron Ben-David said that, "On average, rural irrigation customers over the next regulatory period will incur price rises of under 3 per cent (not including inflation), but individual circumstances may vary."

Dr Ben-David added, "The Commission has proposed a limit on how much individual prices can increase each year, which is lower than that proposed by the water businesses".

"Rural water businesses will be required to consult with customers and customer committees before they apply to the Commission, as part of their annual price approval process", he said.

Based on the Draft Decision, the Commission noted the scope for small price reductions for Southern Rural Water and Lower Murray Water (Rural) customers. The businesses will be required to propose how to pass on these reductions.

Dr Ben-David said that the Commission sought business and community input into its analysis and utilised the technical expertise of external consultants in an attempt to ensure that the costs passed onto customers were fair and reasonable. The Commission's deliberations were also informed by the public meetings it hosted in regional Victoria late last year, as well through its customer reference panel.

"Our aim was to strike a balance between ensuring prices are as low as possible, while still ensuring enough revenue for the businesses to provide services and undertake required capital works", Dr Ben-David said.

The Draft Decision suggests that a reassessment of Lower Murray Water (Rural) water plan may be necessary during the next regulatory period, given the likely impact of the Sunraysia Modernisation Project on district operations.

The Commission proposes to approve all rural businesses' service standards.

Specific highlights of the businesses' Water Plans include:

Southern Rural Water

- Proposed annual tariff price changes (not including inflation) for the three irrigation districts are:
 - o Macalister Irrigation District, 0.45 per cent
 - o Werribee Irrigation District, 1.44 per cent
 - o Bacchus Marsh Irrigation District, - 1.93 per cent
- No proposed real price changes for surface water or groundwater licences.

Goulburn-Murray Water

- Intention to recover a maximum annual increase in revenue of 1.5 per cent (not including inflation) broadly across its tariffs
- Service point fees to increase by \$50 to \$300

Lower Murray Water

- Average annual bill increases for individual districts (not including inflation) are:
 - o Mildura, 3.3 per cent
 - o Mildura high pressure system, 4.5 per cent
 - o Merbein, 1.7 per cent
 - o Red Cliffs, 0.4 per cent
 - o Robinvale, 3.0 per cent

“Over the next few weeks, we want to ‘stress test’ our draft decision on prices with the customers of each water business,” Dr Ben-David said.

Interested parties have an opportunity to comment on the Commission’s draft decision by lodging written submissions (by 2 May 2013) or by attending public meetings to be held during April.

Details on public meetings will be advertised locally and made available on www.esc.vic.gov.au, along with instructions for written submissions.

The outcome of these public meetings will inform the Commission’s final decision in June.

Full documentation of the Draft Decision is available at www.esc.vic.gov.au

For further information contact: Simon Tolstrup 0408 331 356