

MEDIA RELEASE
18 June 2013

REGULATOR APPROVES WATER PRICES FOR IRRIGATORS

Victoria's independent economic regulator, the Essential Services Commission (the Commission), has approved price increases for Victoria's three rural water businesses, Goulburn-Murray Water, Lower Murray Water (rural) and Southern Rural Water.

In releasing the *Rural Water Businesses Price Review 2013 Final Decision* today, the Commission's CEO David Heeps said that, "submissions by the three rural water businesses were found to be consistent with the ACCC pricing principles and the Water Industry Regulatory Order."

Customers of Goulburn-Murray Water will experience annual price rises of about 1.5 per cent plus inflation over the next three years. Customers of Southern Rural Water will face price rises close to inflation. Lower Murray Water (rural) customers will experience annual increases of:

- 1.7 per cent below inflation in the Red Cliffs district
- 1.5 per cent above inflation in the Robinvale district
- 2.1 per cent above inflation in the Mildura district
- 3.0 per cent above inflation in the Mildura high pressure system.

Neither Goulburn-Murray Water nor Southern Rural Water proposed any change to tariff structures. The Commission accepted the proposal by Lower Murray Water (rural) to restructure tariffs in the Mildura district to both simplify and align them with other districts, only after the Commission examined the efficiency of Lower Murray Water's (rural) operations in response to customer submissions.

Mr Heeps said that the Commission sought business and community input into its analysis and utilised the technical expertise of external consultants 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, and from further public meetings held around the state during April and May, following the release of the Draft Decision.

"Our aim was to strike a balance between ensuring prices are as low as possible, while being cost reflective and still ensuring enough revenue for the businesses to provide services and undertake required capital works", Mr Heeps said.

The Commission has approved all rural businesses' service standards. Also, as a result of financial market conditions, the Commission reduced the return to be earned on the regulated asset base of each business to 4.5 per cent. Previously it was 5.8 per cent (excluding inflation).

The new prices will come into effect from 1 July, 2013.

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

For further information contact: Simon Tolstrup 0408 331 356