

### The Essential Services Commission

The Commission is the independent economic regulator of the Victorian water industry. We periodically assesses prices put forward by water businesses in a three to five year Water Plan.

### ESC review of Water Plans

Last year the rural water businesses submitted to the Commission their Water Plans for the third regulatory period commencing, 1 July 2013. These Water Plans set out the forecast business costs and the prices that each business proposed to charge their customers to recover those costs. In authorising revenue and prices for the water businesses, the Commission assessed the revenue required to operate the businesses and to meet obligations from the Minister of Water and other regulatory bodies.

### Revenue requirement – draft decision

The rural water businesses proposed prices that vary depending on service and district. There is significant variation among the revenue requirements proposed by the rural water businesses. Businesses have indicated they intend to apply prices that will slightly under-recover their allowed maximum revenues for the regulatory period.

Table 1 shows the revenues proposed in businesses' Water Plans.

In all cases revenues under our draft decision are less than the businesses' proposed revenues.

Lower Murray Water (Rural) and Southern Rural Water must lower prices to match the revenue allowed by our draft decision. Goulburn-Murray Water is not required to lower its prices because its proposed revenue is lower than our draft decision.

The Commission has reviewed the businesses' revenue proposals. We have adjusted the revenue requirement estimates over the third regulatory period to reflect our view of the efficient level of expenditure and the efficient costs of financing assets.

### How to get involved

We invite the public to comment on our draft decision until 2 May 2013. Public forums will be held around the state to gather your feedback in April and May. Written submissions can be sent by email to [water@esc.vic.gov.au](mailto:water@esc.vic.gov.au) or posted to Water Price Review, Essential Services Commission, Level 37, 2 Lonsdale Street, Melbourne 3000. More information, including material from past price reviews can be found on the Commission's website [www.esc.vic.gov.au](http://www.esc.vic.gov.au).

**Table 1. Revenue requirement – proposed and draft decision (\$m 2012-13)**

	2013-14	2014-15	2015-16	2016-17	2017-18	Total WP3
<b>Goulburn-Murray Water*</b>						
Revenue from proposed prices	118.8	119.5	119.6			357.9
Proposed revenue	119.2	125.1	126.8			371.1
Draft Decision	115.6	121.5	122.3			359.4
<b>Lower Murray Water Rural</b>						
Revenue from proposed prices	26.1	26.7	27.4	28.0	28.6	137.0
Proposed revenue	26.4	27.4	27.8	27.9	27.9	137.4
Draft Decision	26.3	27.3	27.6	27.7	27.8	136.7
<b>Southern Rural Water</b>						
Revenue from proposed prices	28.2	28.4	28.7	28.9	28.6	142.8
Proposed revenue	28.2	28.5	28.9	28.9	28.7	143.2
Draft Decision	28.0	28.3	28.6	28.7	28.4	142.1

\*GMW's price runs for three years from 1 July 2013.