

MEDIA RELEASE
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REGULATOR APPROVES WATER PRICES FOR SOUTH GIPPSLAND CUSTOMERS

Victoria's independent economic regulator, the Essential Services Commission (the Commission), has made its final decision on pricing for South Gippsland Water customers over the next five years.

In releasing its Final Decision today, the Commission's Chairperson Dr Ron Ben-David said that the final decision has resulted in lower water prices than those proposed in the draft decision released in March 2013, and lower than prices currently being paid.

"A typical household will find its water and sewerage bill may be a little lower in 2013-14 than this year," Dr Ben David said.

"The Commission estimates the typical household will see its current bill decrease from around \$956 this year to \$949 next year."

"Excluding the effect of inflation, prices for South Gippsland Water customers will drop on average by 4.8 per cent over the next five years, rather than increase by 10.2 per cent, as proposed by the water retailer," Dr Ben-David said.

Dr Ben-David said significant consideration was given to the status of the Poowong-Nyora-Loch sewerage scheme.

"Our draft decision was to not accept the cost as proposed by South Gippsland Water in its Water Plan of September 2012," Dr Ben-David said.

"South Gippsland Water has since provided revised costs to the ESC, which we have now accepted."

"The project is expected to be built in the next regulatory period, and to be up and running by 2018," he said.

The final decision on future water prices covers all of Victoria's regional and rural water authorities and will take effect from 1 July 2013.

Dr Ben-David said that although the Commission's final decision was a good outcome for most Victorians, even these more modest price increases could still be problematic for some customers.

"Customers experiencing difficulties paying their bills should contact their local water retailer to discuss the available assistance options," Dr Ben-David said.

The Commission reached its final decision after undertaking detailed analysis of the Water Plans submitted by each of the businesses in September 2012. This followed the

Commission's state-wide consultations on the Water Plans as well as the draft decision it released in March.

"Public input is an essential component in our assessment of the Water Plans and we thank those members of the community who took the time to attend our public forums or make written submissions during the course of this inquiry," Dr Ben-David said.

Over the last nine months, the Commission hosted almost 30 public forums in regional Victoria and received around 200 written submissions.

Dr Ben-David said that while the water businesses had proposed prices intended to generate revenues of \$4.2 billion over the next five years, the Commission's final decision reduces this amount by \$236 million. The lower revenue requirement directly benefits customers through lower water bills.

"Most of this reduction has come from savings we identified in the labour costs, energy costs and other operational savings, as well as lower financing costs due to recent favourable shifts in interest rates," Dr Ben-David said.

The following table illustrates the current average annual residential bills, those proposed by the water businesses over the next five years and those approved by the Commission as a result of the Final Decision.

Note, the figures shown in Table 1 are expressed in 'real' terms and the effect of future inflation will be added to the prices each year, as the actual inflation outcome becomes known.

TABLE 1 INDICATIVE ANNUAL RESIDENTIAL OWNER-OCCUPIER BILLS^a IN \$2012-13 (EXCLUDING INFLATION)

	Current bill	Bills based on businesses' proposals		Bills based on final decision	
	2012-13	2013-14	2017-18	2013-14	2017-18
Barwon Water	1 049	1 050	1 055	1 032	967
Central Highlands Water	1 147	1 245	1 245	1 160	1 160
Coliban Water	1 003	1 153	1 297	1 153	1 197
East Gippsland Water	1 102	1 123	1 126	1 064	1 080
Gippsland Water	1 236	1 249	1 298	1 198	1 198
Goulburn Valley Water	819	839	926	813	804
GWMWater	1 168	1 204	1 323	1 193	1 193
Lower Murray Water (Urban)	774	809	881	805	864
North East Water	836	855	935	827	806
South Gippsland Water	956	969	1 068	926	926
Wannon Water	1 163	1 131	1 131	1 104	1 104
Westernport Water	1 029	1 044	1 214	1 024	1 024

Note: real values. ^a Based on the businesses' proposed prices and the Commission's final decision prices. Bills are calculated using each business's average consumption.

Table 2 shows the actual dollar increase or decrease that typical customers will experience when they receive their first bills after 1 July 2013.

TABLE 2 INDICATIVE ANNUAL BILLS FOR RESIDENTIAL OWNER-OCCUPIERS IN ACTUAL (NOMINAL) DOLLARS

	2012-13	2013-14
Barwon Water	1 049	1 058
Central Highlands Water	1 147	1 189
Coliban Water	1 003	1 181
East Gippsland Water	1 102	1 091
Gippsland Water	1 236	1 227
Goulburn Valley Water	819	833
GWMWater	1 168	1 223
Lower Murray Water (Urban)	774	826
North East Water	836	848
South Gippsland Water	956	949
Wannon Water	1 163	1 132
Westernport Water	1 029	1 050

The Commission's Final Decision and full details as they apply to each business, along with Fact Sheets and consultant reports, can be found on the Commission's website: www.esc.vic.gov.au

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