



Robin Scott MP

Minister for Finance
Minister for Multicultural Affairs

1 Macarthur Street
Melbourne Victoria 3002
Telephone: +61 3 9651 1044
DX210759



31 AUG 2016

Dr Ron Ben-David
Chairperson
Essential Services Commission
Level 37, 2 Lonsdale Street
MELBOURNE VIC 3000

Dear Dr Ben-David

STATEMENT OF EXPECTATIONS FOR THE ESSENTIAL SERVICES COMMISSION

I am pleased to provide you with this Statement of Expectations (SOE) for the Essential Services Commission (ESC). This SOE applies for the period 1 July 2016 to 30 June 2017, or until otherwise amended.

Improving the administration and enforcement of regulation

This SOE sets out my expectations of the ESC's contribution to the Government's Regulation Reform Program to reduce red tape and improve regulatory practices.

The Government's Regulatory Reform Program promotes greater efficiency and effectiveness in the administration and enforcement of regulation, and seeks to reduce the cost of regulation on businesses, not-for-profit organisations, government service providers, and ultimately, households.

My expectations should be read within the context of the objectives, obligations and functions outlined in the *Essential Services Commission Act 2001* and each Act under which the Commission operates.

Improvements and targets

I expect the Commission to promote the long term interests of Victorian Consumers with regard to the price, quality and reliability of essential services. In doing this, I expect the ESC to apply robust economic reasoning, use best available evidence and demonstrate exemplary regulatory practice.

In demonstrating exemplary regulatory practice, you should:

- 1) Ensure that risk-based approaches guide the delivery of regulatory outcomes.
- 2) Make improvements to reduce the cost impact on regulated businesses, in particular, small businesses.
- 3) Engage openly and constructively with all stakeholders in order to be well-informed and transparent.

- 4) Work with other regulators to promote regulatory coherence and capability development.
- 5) Improve the efficiency of your service delivery by streamlining review processes, data requirements and processes, and improving e-capability.

I expect you to have indicators in place to measure progress against the targets. This may involve using existing indicators or developing new indicators. You should also consult with business and the broader community on the actions you plan to take to deliver on these improvements - where this is appropriate.

Reporting

I expect you to report against these SOE performance targets in your annual report. The report should include:

- activities undertaken to achieve the improvements set out in this SOE;
- baseline levels for performance in each improvement area; and,
- targets for performance improvement.

I also expect that these SOE performance targets will be incorporated into the ESC's Corporate Plan as well as published on the ESC's website as soon as possible.

I look forward to seeing progress towards the objectives outlined in this letter.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R Scott', is positioned above the typed name.

Robin Scott MP
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Minister for Multicultural Affairs