

10 August 2012

Water Team
Essential Services Commission
Level 2, 35 Spring Street
Melbourne VIC 3000

By email: water@esc.gov.au

Dear Water Team,

Monitoring the return of the unrequired desalination payments (July 2012)

The Consumer Utilities Advocacy Centre Ltd (CUAC) is an independent consumer advocacy organisation. It was established to ensure the representation of Victorian consumers in policy and regulatory debates on electricity, gas and water. In informing these debates, CUAC monitors grass roots consumer utilities issues with particular regard to low income, disadvantaged and rural consumers.

On 18 June, CUAC wrote to the Minister and the Essential Services Commission (ESC) Chair regarding Melbourne Water's over-recovery of funds arising from the anticipated delays of the desalination plant, and the manner in which these monies would be returned to consumers. Our letter was endorsed by the Consumer Action Law Centre, St Vincent de Paul Society, Victorian Council of Social Service and National Seniors Australia. In our letter, we suggested that the ESC undertake an immediate review to ascertain the costs and benefits of the various proposals for returning monies to customers and identify an approach which would be in the overall interests of consumers. CUAC has continued to advocate these positions in various meetings with stakeholders.

CUAC welcomes the opportunity to comment on the ESC's consultation paper, Monitoring the return of the unrequired desalination payments (July 2012). We are pleased that the ESC: (a) has brought forward its consideration of Melbourne Water's previously proposed five year period for returning the funds to customers; and (b) is overseeing and independently verifying the return of payments to customers (adjusted for interest and inflation, including any residual

amounts to be returned in 2013 to 2014).¹ While we are generally supportive of the proposed approach outlined in this paper, we have a few comments.

Online calculator

The online calculator is a good initiative; it is a simple tool for consumers to estimate the impact of the price freeze on their bill. We did have some difficulty locating the online calculator on the ESC's website² because it is not featured prominently. Currently, it appears in the column on the right of the website and it is categorised under "Papers" as Tariffs 2012-13 – Annual water and sewerage bill 2012-13 pricing estimator (Greater Melbourne), and Tariffs 2012-13 – Annual water and sewerage bill 2012-13 pricing estimator (Regional Victoria).

We recommend that the online calculator be featured prominently on the ESC website under a new category "online calculator." The availability of the online calculator should also be advertised (for example: on water businesses' websites, their communication material to customers, bills etc) as most customers are likely to be unaware of its existence.

What if customers have moved out of Melbourne or face special circumstances?

We agree that this question needs to be addressed. We note that the water businesses are considering this issue and their proposals will be reviewed by the ESC.

How will we seek to ensure the return is transparent and easy to understand for customers?

We agree with the range of issues identified in the consultation paper, which we understand will be addressed by the joint approach to be developed by the metropolitan water businesses and Western Water. We are unable to comment in detail as we are not privy to the joint approach currently being developed.

Customers would be keen to see the amounts that are returned itemised on their bills, and be kept informed and updated about the process. It is important that the process is transparent. This would minimise complaints to the water businesses and to the Energy and Water Ombudsman (Victoria) (EWOV). Communications from the water businesses to their customers should encourage customers to contact them if they have any questions or concerns.

¹ Essential Services Commission, Monitoring the return of the unrequired desalination payments (July 2012), at 7.

² <http://www.esc.vic.gov.au/Water/Tariff-approvals>

What will change in the way we authorise maximum prices in the future?

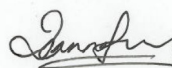
In our letter to the Minister and the ESC Chair on 18 June, we also suggested a change in the process for re-opening price determinations where an uncertain or unforeseen event results in the collection of excess revenue. We are pleased that in the consultation paper, the ESC has acknowledged the need for a mechanism that provides them with greater flexibility to intercede where events have a material impact on previously authorised prices. CUAC supports the development of such a mechanism and looks forward to future consultations with the ESC on this.

Thank you for the opportunity to participate in the ESC's consultation. If you have any queries on this submission, please do not hesitate to contact us on (03) 9639 7600.

Yours sincerely,



Jo Benvenuti
Executive Officer



Deanna Foong
Research & Policy Advocate