



By Email: water@esc.vic.gov.au

26 August 2011

Mr Andrew Chow
Director Local Government and Water
Essential Services Commission
Level 2, 35 Spring Street,
MELBOURNE VIC 3000

Dear Andrew,

Western Water appreciates the opportunity to comment on the 2013 Water Price Review Tariff Issues Paper published by the ESC in July 2011.

One area of particular interest to Western Water is that of New Customer Contributions (NCC).

Western Water is participating directly with VicWater, other water corporations, and the ESC on reviewing NCC. The NCC Working Group is mindful of the pressures on customers of rising utility prices and equity issues associated with the determination of appropriate tariff structures, including NCC. This matter is raised in response to the Issues Paper as there is a direct correlation between the NCC and Water and Sewerage tariff levels.

Western Water's region is impacted significantly by Melbourne @ 5 Million forecast growth over the next regulatory period and beyond. High levels of capital expenditure will be required to service this new growth. NCC levels are a key consideration in the recovery of part of the cost of new developments, with the balance being financed through water and sewerage tariffs imposed on existing customers.

As such, appropriate NCC charging can be used as a mechanism for mitigating the impacts of growth on customer tariffs, and the review of NCC should not be considered in isolation of the issues associated with other water industry Tariffs.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Wilkinson".

John Wilkinson
MANAGING DIRECTOR