

John Lenders MP

Member for Southern Metropolitan Region



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3 December, 2012

Dr Ron Ben-David
Chairman
Essential Services Commission
Level 2, 35 Spring Street
Melbourne 3000



Dear Dr Ben-David,

I write regarding the plans before you from City West Water, South East Water and Yarra Valley Water to recover the long-term costs for the funding of the Victorian Desalination Plant as passed on by Melbourne Water.

I submit that rather than seek an up-front uplift of the entire escalation in the first year as proposed by the three Water Retailers, their prices should be phased in over five years as is proposed by Western Water in its Pricing Option 2 which is also before you for consideration. The rationale stands for all metropolitan retailers.

Many customers are concerned about the rising cost of living, and water services in particular. Those on low and/or fixed incomes are not able to cope with increasing costs – especially significant increases. The option of an up front price increase of around 20% was rejected with a smoothed price path identified as being best for all customers. Western Water must also do its best to help customers manage their bills by addressing billing frequency and flexible payment options.

(Extract from Western Water's submission on Water Plan 3)

With long-term borrowing rates in the order of 3%, it would not be an onerous burden on Melbourne Water and the three Metropolitan Retailers to phase in their cost increases in a manner similar to that proposed by Western Water.

The Victorian Desalination Plant is a long-term infrastructure project that will provide water supply security to Melbourne and environs for decades to come and the Western Water proposal spreads the costs of this insurance to customers over a longer period.

I would be happy to make a further and more detailed submission should it assist the Commission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Lenders'.

John Lenders MP
Labor Spokesperson for Water

