

Fairer Water Bills



Fact Sheet 1

What is *Fairer Water Bills*?

Fairer Water Bills is in two parts:

- an efficiency review of Victoria's urban water corporations to identify cost savings that can be passed to Victorian households in the form of lower water bills from July
- a review of the economic regulation of the water sector to reduce the regulatory burden and red tape for water corporations.

The Victorian Government is committed to lowering household water bills for the benefit of the Victorian Community. *Fairer Water Bills* is a positive initiative to deliver on this commitment. It involves the water sector working together to make transformational and whole-of-water-cycle improvements that result in lower water bills for residential customers.

Both parts of *Fairer Water Bills* have been led by Professor Graeme Samuel AC as Independent Reviewer, with support from Office of Living Victoria.

1. Water sector efficiency

The Independent Reviewer has worked with Victoria's urban water corporations to identify operational efficiencies and areas of cost saving which have potential to reduce household water bills. The initiative covers all metropolitan and regional urban water corporations in Victoria. It does not include water corporations that service only rural areas.

The purpose of the initiative is to promote an urban water sector that delivers the most cost efficient and effective services to households and industry while maintaining financially sustainable, innovative and accountable water corporations and safeguarding the highest standards of safety, liveability and security of supply.

Many of the savings identified are from areas such as the innovative use of technology, better management of debt, improved procurement and better use of existing assets.

Economic regulation framework review

The economic regulation framework review is considering the way water prices are set and opportunities for improving the way the Government's objectives are delivered, for the benefit of the community.

The review will identify priority areas for regulatory reform and will ensure that the economic regulation framework aligns with efficient and effective whole-of-water-cycle management.

It will look for ways to improve the regulatory framework or its application beyond the current regulatory period, to better deliver on the Government's objectives, including those set out in the Water Act 1989, the Water Industry Act 1994 and the Essential Services Commission Act 2001.

The review will consider:

- the extent to which the current economic regulatory framework is both achieving Government objectives and promoting the interests and expectations of customers
- whether the framework adequately provides for the short and long term-term financial sustainability and viability of the regulated water industry
- process efficiency and effectiveness, and alignment of the roles between water sector regulators, including the Essential Services Commission (ESC), Department of Environment and Primary Industries, Department of Health, the Environment Protection Authority and the Australian Competition and Consumer Commission
- the extent to which the framework and its application can and should be tailored to suit the individual circumstances of water corporations and the needs of different segments of the water sector (e.g. rural, regional urban and metropolitan)
- whether the framework provides practical options to respond to significant changes in circumstances, such as re-openings
- whether the framework can and should provide flexibility to reflect government policy, including *Melbourne's Water Future* and *Securing Victoria's Future*
- approaches taken in other Australian jurisdictions by the Australian Competition and Consumer Commission, and overseas.

The review will soon report on improvements that can be implemented beyond the current regulatory period.

For further information, please contact your local water retailer.