

20th October 2017



Mr. Ron Ben-David
Essential Services Commission
Level 37
2 Lonsdale Street
Melbourne VIC 3000

Dear Ron,

Re: Western Water Price Submission

Western Water is facing several key challenges over the next pricing review period.

These challenges include servicing an unprecedented level of growth across our region whilst at the same time providing affordable and value adding services to our customers. Additionally, we must meet our community's future liveability, social equity, intergenerational and service delivery expectations.

It is a given that we are to provide services to the broader community and our stakeholders that offer and ensure quality, safety, value and certainty – but we also understand our role in improving economic, social, environmental, cultural and prosperity outcomes in the regions in which we operate. Our role must also support the Victorian Government's strategic priority around access to affordable housing and the subsequent impact that priority has on our region.

Western Water has undertaken deep and thorough engagement with all stakeholders for over a year (including its customers) and understands the importance of providing bills that are affordable and equitable.

Current modelling is showing that to fully support the growth that is planned across our region associated with the Victorian Government's vision of 'growth, jobs, people', prices would have to be increased to a level that may not be affordable in the medium and longer term.

Appointment of four new Directors, including the Chair, were announced and became effective on 1st October 2017. Following the new appointments, the Board would like the opportunity to assess Western Water's capacity and resilience that will be necessary to address these challenges before committing to a longer-term service, revenue, and price path for the region overall.

For these reasons, Western Water is seeking ESC's support for a shorter price determination period of two years whilst these activities are undertaken - and for prices to be held at current levels, plus an allowance for CPI.

We seek your consideration and evaluation of our request as Western Water recognises that a shorter price determination period may not align precisely with the approach considered at the time that the ESC's guidance was developed (nor with other water corporations' submissions).

Yours sincerely,


Andrew Cairns
Chairman

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