How to fund projects

Dr Ron Ben-David
Chairperson
Essential Services Commission (Vic)
How (not) to fund projects

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FIGURE 1a: Desalination costs $m (2012-13) cumulative
- assumptions at 2009 Price review

Year 4

Year 5

Payments to desal. operator

Melbourne Water payments for desalination
FIGURE 1b: Desalination revenue and costs $m (2012-13) cumulative - assumptions at 2009 Price review
FIGURE 2: Desalination revenue and costs $m (2012-13) cumulative
- based on announced payment stream estimated by PwC (early 2011)

Approx. $120m under-recovery at end 2012-13
FIGURE 3: Desalination revenue and costs $m (2012-13) cumulative
- based on confirmed delay (early 2012)

Approx. $300m over-recovery at end 2012-13

Desalination amounts collected from customers
Melbourne Water payments for desalination
Water bill bungle hits households

$306m to be repaid over five years

EXCLUSIVE

By RACHEL WELLS
CONSUMER AFFAIRS REPORTER

MELBOURNE Water overcharged households more than $300 million last year. And while the government body says it will repay consumers it will take five years to do so.

A draft of Melbourne Water’s 2013 Plan shows that it billed customers $306 million more than it should have — by charging the next five years. If consumers have overpaid them then I see no reason why Melbourne Water shouldn’t just return that money as soon as possible of the contract, and on the completion of the project, were not

The beleaguered Wonthaggi plant was originally due to be completed and ready for production by December 2011. A
WATER WATER EVERYWHERE ...

DESALINATION PLANT

FULL DAMS

LIQUID GOLD
54 executives
$221,000 Average salary
$18,000 Bonus

MELBOURNE WATER CHIEF SHAUN COX

CUSTOMERS’ HIP POCKET PAIN
$177 Average household overpayment

WATER BILL BUNGLE
How to complain about Melbourne Water’s overcharging
Call: 131 722
Email: inquiry@melbournewater.com.au

$306m Total Melbourne Water will overcharge
SOURCE: Melbourne Water 2010/11 annual report

Herald Sun 15 June 2012
Our water bill went up by accident?

Melbourne Water

Next time we'll do it on purpose.
Dear Sir,

I advise I am a customer of Melbourne Water (or whatever authority is the relevant authority). My account number is (insert details). I have been advised that over the last 3 years or so I have been overcharged with respect to my water bills.

Would you provide me within the next 7 days the following:

• details of the amount or amounts overcharged in respect of each account rendered;

• when you will repay the overcharged amount and at what interest rate?

Should you not be able to repay my money within a reasonable time, I shall have no alternative but to deduct it from your future accounts together with the current overdraft interest or existing overdraft interest at the time.

I look forward to your reply as soon as possible.

Yours faithfully

“A leading Melbourne QC says Melbourne Water has acted unlawfully and outrageously by refusing to repay immediately millions of its customers who have been overcharged for their water in a billing blunder. David Galbally, QC, has drafted a letter for customers to fill out and send…”

The Age 15 June 2012
FIGURE 4a: Desalination revenue and costs $m (2012-13) cumulative - based on price freeze 12-13 (June 2012)

‘price freeze’ of tariffs at 2011-12 rates

Desalination amounts collected from customers
Melbourne Water payments for desalination
FIGURE 4b: Desalination revenue and costs $m (2012-13) cumulative - based on price freeze 12-13 (June 2012)

Approx. $70m over-recovery at end 2012-13

Desalination amounts collected from customers

Melbourne Water payments for desalination
MONITORING THE RETURN OF THE UNREQUIRED DESALINATION PAYMENTS

JULY 2012
How to fund projects. Not

Dr Ron Ben-David
