

Water Plan 2013–18

Information for residential recycled water customers

South East Water is one of Melbourne's three government-owned retail water companies, and provides essential water, sewerage and recycled water services to more than 1.6 million people in Melbourne's south east.

Our Water Plan for delivering safe and reliable water and sewerage services, includes our proposed service standards, prices and tariff structures from 1 July 2013 to 30 June 2018.

For a copy of our Water Plan or summary fact sheets visit southeastwater.com.au/waterplan.

Community engagement

We developed the Water Plan in consultation with our customers, the Recycled Water Residents Committee, other recycled water customers, the broader community and other stakeholders. Their views and feedback have been an important part of the process, particularly around several key proposals that impact on our customers. These proposals aim for tariffs to be fairer, more consistent and easier to understand.

What are we proposing for recycled water customers?

Background – South East Water and recycled water

More than 8,300 properties are now connected to Class A recycled water, with water flowing to 4,030 households for outdoor and toilet use - supplied through distinctive purple pipes, taps and water meters.

Recycled water is treated to Class A quality at the Carrum Eastern Treatment Plant and the Pakenham Water Recycling Plant. Planned upgrades to these plants will supply the remaining 4,270 households and cater for future needs.

We predict that by 2030 approximately 43,000 properties will be connected to recycled water in our region.

Price of recycled water

The use of recycled water is free from staged water restrictions and, unlike drinking water, has only one pricing tier - currently set five per cent less than the lowest drinking water tier.

In proposing a new recycled water price we considered:

- feedback from recycled water customers that the recent easing of restrictions has reduced the value they place on recycled water, as previous benefits (such as watering the garden and lawn) are now available to all customers
- the relatively high cost of delivering recycled water to homes and businesses through a network of purple pipes and that the charges to individual recycled water customers do not reflect the full supply cost. In addition, reducing the recycled water price increases the cross-subsidy paid by all other customers
- that our recycled water customers need appropriate incentive to use recycled water to reduce the community's reliance on precious drinking water for non drinking water purposes, which benefits everyone.



Recycled water pricing proposal

We listened to the concerns of our recycled water customers and are proposing a change to the price.

In 2013–14, we propose the recycled water usage charge will be reduced to 85 per cent of the first tier of the drinking water usage charge. It is estimated recycled water will cost approximately \$2.20 per kilolitre compared to \$2.59, which is the tier 1 price for drinking water.

This offers a reasonable balance between providing recycled water customers with an incentive and the subsidy that the remaining customer base would need to pay.

From 2014–15, we plan to price recycled water separately from drinking water so it has its own price path. It is proposed recycled water will increase only by inflation for the remainder of the pricing period.

More information is available in section 10 of the Water Plan.

Sewage pricing

The sewage disposal charge (SDC) covers the safe collection, treatment and disposal of sewage - wastewater from the toilet, kitchen, laundry, bathroom and elsewhere.

We plan to simplify the SDC and intend to apply it consistently to recycled water customers as for all residential properties. (Refer to the residential customer fact sheet for more information.)

While recycled water customers generally discharge less drinking water to the sewer, they do discharge recycled water through internally plumbed appliances to the sewer. This means the combined total discharged to the sewer is consistent with all other residential customers.

Consequently the SDC for recycled water customers will be based on both the drinking and recycled water metered.

Water Plan timeline

May 2012	Draft Water Plan was released
August 2012	Addendum updated the proposed price paths
October 2012	Final Water Plan lodged with the independent regulator, the Essential Services Commission (ESC) for review and further consultation
March 2013	ESC draft decision
June 2013	ESC final price determination
1 July 2013	New prices take effect