



In June 2018 the Essential Services Commission released its final decision on Gippsland Water's price submission. The final decision completes our review of the maximum prices that Gippsland Water may charge for its services for a five year regulatory period from 1 July 2018 to 30 June 2023.

We undertook this review under our new pricing framework that helps promote better value and outcomes for water customers. As part of this process, water businesses sent us submissions on their proposed prices and key outcomes. We assessed proposals against a legal framework established by the Victorian Government. We sought feedback from customers at multiple points throughout the price review process to inform our decision making in an open and consultative manner.

## Snapshot

Bills	Tariffs	Outcomes
The typical annual residential owner occupier water bill for 2018-19 is estimated to be \$1,334, up from \$1,314 in 2017-18. This is an <b>increase</b> of <b>\$20</b> or <b>1.5%</b> in the first year, and <b>remains flat</b> each year over the next four years.	Over 2018 to 2023, Gippsland Water will not alter its tariff structures.  Prices will reduce in 2018–19, and then increase only with inflation for the remaining four years.	Gippsland Water consulted with customers to develop new services and some new service targets.  It developed five new Guaranteed Service Levels, with two leading to community rebates if service levels are not met.

Do you want to know the difference between bills and prices? For this and more information about our price review process and Gippsland Water's final submission, go to

<http://www.esc.vic.gov.au/waterpricereview>



## What are the changes to prices and tariffs?

Gippsland Water will not alter its tariff structures. For residential and non-residential water services and non-residential sewerage services, it will continue to charge a two-part tariff structure with a fixed charge and a variable component that depends on water use. For residential sewerage services, it will continue with a fixed charge only.

Typical bills will increase in 2019–19, with prices (on average) changing by inflation only in later years.

## How will this affect your bill?

Prices and tariffs are only part of the bill. Your actual bill depends on factors such as the amount of water and services you use. Estimated bills are provided below.

### Typical water and sewerage bills in 2018-19 dollars

Customer group	Average consumption (kL p.a.)	2018-19 annual bill	2022-23 annual bill
Residential (Owner occupier)	168	\$1,334	\$1,334
Residential (Tenant)	168	\$344	\$344
Non-residential (Small)	130	\$1,444	\$1,444
Non-residential (Medium)	333	\$2,153	\$2,153
Non-residential (Large)	630	\$3,191	\$3,191

Bills are indicative. 2018-19 annual bills include inflation. 2022-23 annual bills will vary with inflation.

## What are the outcomes for customers?

As part of its price submission, Gippsland Water consulted with customer to develop a set of outcomes to guide service delivery during 2018 to 2023. During this consultation Gippsland Water identified five outcomes along with activities and targets to measure how it performs in delivering these outcomes.

Some of the ways Gippsland Water plans to improve value for customers include more timely, and higher quality communication with customers, greater transparency about response times to service interruptions and improving the availability and reliability of drinking water. Service levels





and targets will increase during the next period, with five new Guaranteed Service Levels, including two new community rebates to be administered by its Community Consultative Committee.

## What are the major works that will go on around you?

(\$ million before inflation)

Project	Detail	Total
Drouin Sewer – New Wastewater Treatment Plant	This project involves a new wastewater treatment plant, to be built by 2022; it will have more capacity than the existing treatment plant at Drouin and will cater for the rapid growth of the town.	31.5
Sale Sewer – Outfall Sewer Pump Station	This project involves a larger pump station near the Port of Sale. It will cater for growth, and include better emergency storage and odour control systems.	9.7
Warragul Water – Western Ring Main to South Basin	This project involves a new western ring main around Warragul as failures on the 450mm Warragul water main have caused significant disruption to water supplies. This will provide alternative water supply to Warragul and allow for a future upgrade to service Drouin.	8.9
Coongulla Water – Interconnect to Heyfield	To better manage the ongoing costs and challenges associated with Coongulla’s water supply; this project will provide a new pipeline from the Heyfield water treatment plant to Coongulla by 2021. The water treatment plant at Coongulla will then be decommissioned.	5.7

## How much revenue is required from 2018 to 2023?\*

Our final decision for Gippsland Water allows operating expenditure of **\$383 million** and gross capital expenditure of **\$208 million** to provide its services to customers over the next five years. To fund this, Gippsland Water requires **\$622 million in revenue**, an **increase** from \$603 million during 2013 to 2018.

Despite the additional revenue, Gippsland Water’s price will only increase in the first year of the regulatory period and then remain flat for the remaining four years.

\*The numbers in this section are in 2017-18 dollars.

## Got a question?

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