

# SOUTHERN RURAL WATER

## SUMMARY OF 2013-18 WATER PLAN

*Southern Rural Water has over 10 000 customers. Southern Rural Water operates irrigation districts at Maffra, Bacchus Marsh and Werribee; manages seven major dams; and licences ground water users and river diverters across the southern half of Victoria. The seven dams managed by Southern Rural Water harvest water for its three irrigation districts and downstream licence holders, as well entitlements held by urban water businesses electricity generators.*

### KEY OUTCOMES

- Proposed annual real changes in average tariffs for SRW's three districts are: Macalister CPI plus 0.45 per cent; Werribee CPI plus 1.44 per cent; and Bacchus Marsh CPI minus 1.93 per cent. Increases will be CPI only for annual fees for surface water or groundwater licences.
- SRW has not proposed any tariff reform, but will review tariff structures as necessary in setting annual prices.
- SRW proposes to transition from renewal accounting, which requires dealing with accumulated renewal balances, and pricing outcomes.
- SRW's largest capital project is the Southern Cowwarr Balancing Storage project (\$6.5 million), part of its MID2030 leading works program which will generate water savings and improve service to customers in the region.
- The majority of SRW's capital works in WP3 deal with the renewal of existing assets.

### PROPOSED PRICING STRUCTURES

- Irrigation, drainage and stock and domestic — There are water share charges for high and low reliability water shares, delivery share charges, service point charges. These are annual charges based on entitlements. There is also a usage charge in the Macalister Irrigation District. A drainage charge for Werribee was phased out over WP2.
- Unregulated surface water and groundwater— There is a fixed annual fee per license plus an annual fee per ML of entitlement. In some areas there is an intensive management fee (per ML of entitlement) to recover additional monitoring and management costs.
- Storage operation – The costs of operating and maintaining storage are shared between entitlement holders in accordance with Bulk Entitlement Conversion Orders.
- Recycled water – A single tariff per ML applies. Customers pay for 50 per cent of their contracted volume as a fixed charge, and usage above 50 per cent is billed as used (at the same per ML rate).

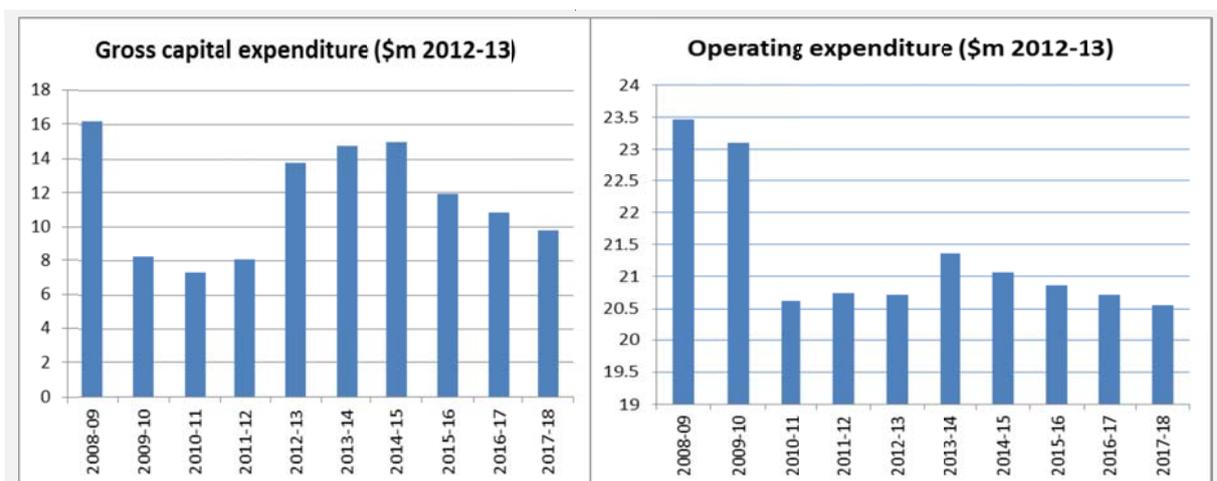
## KEY PROJECTS FROM THE WATER PLAN

SRW's capital works in WP3 mainly deal with the renewal of assets. SRW's largest capital project is the Southern Cowwarr Balancing Storage project (\$6.5 million).

	Reason	Forecast cost (\$m 2012-13)
Macalister Irrigation – Southern Cowwarr Balancing Storage	Improved service	6.5
Macalister Irrigation –Nambrok Denison Regulator Retrofit	Improved service/ Renewal	4.8
Werribee Irrigation – Piping or lining 4/1 Channel	Water savings/ Renewal	4.1
Macalister Irrigation – Outlet Rationalisation	Improved service /Cost reduction	3.8

## PROPOSED EXPENDITURE

- Total capital expenditure forecast is \$62m, up from \$54m in capital expenditure for the current price period. Total operating expenditure forecast is \$105m, compared with \$109m for the current regulatory period.



## BREAKDOWN OF PROPOSED REVENUE (\$M 2012-13)

	2013-14	2014-15	2015-16	2016-17	2017-18
Operating expenditure	21.37	21.06	20.87	20.71	20.56
Return on assets	2.07	2.33	2.54	2.73	2.92
Depreciation	3.24	3.72	4.04	4.19	4.11
Adjustments from last period	0.17	0.52	0.74	0.88	1.08
Renewals annuity	1.31	0.87	0.67	0.43	-
<b>Total</b>	<b>26.60</b>	<b>27.05</b>	<b>27.38</b>	<b>27.56</b>	<b>27.53</b>

Note: Total includes adjustments/annuities.

## PROPOSED SERVICE STANDARDS

Southern Rural Water has reviewed its approach for establishing service standards. It believes the standards proposed for the next price period are more useful indicators of service for each part of the business than the current standards.

Standard	Proposed Targets				
	2013-14	2014-15	2015-16	2016-18	2017-18
<b>Headworks Latrobe System</b>					
Orders released on time	97.0%	97.5%	98.0%	98.5%	99.0%
Release availability	99.2%	99.4%	99.6%	99.7%	99.8%
Release Accuracy - Customer orders	85.0%	86.0%	87.0%	88.0%	90.0%
Customer Satisfaction	75.0%	79.0%	83.0%	87.0%	90.0%
<b>Headworks Werribee System</b>					
Orders released on time	97.0%	98.0%	99.0%	99.0%	99.0%
Release availability	99.6%	99.6%	99.6%	99.6%	99.6%
Release Accuracy - Customer orders	92.0%	95.0%	95.0%	95.0%	95.0%
Customer Satisfaction	73.0%	76.0%	78.0%	78.0%	80.0%
<b>Headworks: Maribyrnong</b>					
Orders released on time	95.0%	95.0%	95.0%	95.0%	95.0%
Release availability	99.6%	99.6%	99.6%	99.6%	99.6%
Release Accuracy - Customer orders	93.0%	93.0%	93.0%	93.0%	93.0%
Customer Satisfaction	73.0%	76.0%	78.0%	78.0%	80.0%
<b>Werribee irrigation district</b>					
Volume accuracy	93%	93%	94%	94%	94%
Orders delivered within 1 day of requested	70%	70%	80%	80%	80%
Delivery reliability	99.7%	99.7%	99.7%	99.7%	99.7%
Delivery efficiency	65%	65.0%	66.0%	66.0%	69.0%
Overall customer satisfaction	65%	65%	65%	65%	70%
Drought resilience	90%	90%	90%	90%	90%
Water quality	100%	100%	100%	100%	100%
<b>Bacchus Marsh irrigation district</b>					
Volume consistency	93%	93%	94%	95%	95%
Orders delivered within 1 day of requested	70%	70%	70%	70%	80%
Delivery reliability	99.7%	99.7%	99.7%	99.7%	99.7%
Delivery efficiency	65%	66%	66%	66%	67%
Customer satisfaction	75%	75%	75%	80%	80%
Drought resilience	20%	20%	20%	20%	20%

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**PROPOSED SERVICE STANDARDS (CONT)**

	<b>Proposed Targets</b>				
<b>Macalister irrigation district</b>					
Flow rate consistency - automated outlets	85%	85%	87%	87%	90%
Flow rate consistency - manual outlets	55%	57%	58%	60%	60%
Orders delivered within 1 day of requested	94%	95%	96%	97%	97%
Order delivered within AM or PM	65%	70%	72%	75%	75%
Delivery reliability	99%	99%	99%	99%	100%
Delivery efficiency	74%	74%	74%	74%	77%
Customer satisfaction	80%	80%	80%	80%	80%
Making irrigation easier	8%	9%	10%	11%	12%
Application processing	97%	98%	98%	98%	98%
<b>Groundwater &amp; Rivers Applications</b>					
Applications within standard	99.5%	99.6%	99.7%	99.8%	100.0%
Applications within target	55%	60%	65%	70%	75%
Customer satisfaction	95.2%	95.4%	95.6%	95.8%	96.0%
Information statement errors	0	0	0	0	0
<b>Groundwater &amp; Rivers Field Compliance</b>					
Compliance actions within standard	91%	92%	93%	94%	95%
New extraction licences	95%	95%	95%	95%	95%
10% of new D&S bores	9.9%	9.9%	9.9%	9.9%	9.9%
All new C & D class bores % of new C&S class bores inspected	99%	99%	100%	100%	100%
All new farm dams% of new farm dams inspected	95%	95%	96%	96%	96%
Attending major field days	5	5	5	5	5
Local Water Reports	10	10	10	10	10
Customer Information Sessions	3	3	3	3	3
Customer satisfaction	75%	77%	77%	80%	80%
Stakeholder satisfaction	70%	75%	75%	80%	
Compliance with metering plan	72%	74%	76%	78%	80%

## **CUSTOMER CONSULTATION**

SRW described its customer consultation processes as follows:

- monthly customer consultative committee meetings, and planning workshops with committee members
- focus groups for Werribee South irrigators and Gippsland licence holders
- consultative groups and engagement processes for major strategic projects - MID2030, Western Irrigation Futures and Southern Groundwater Futures
- use of various media such as websites, a hotline for feedback, and youtube presentations

## **ISSUES FOR FURTHER INVESTIGATION**

- Projections for demand will be examined
- Assumptions for growth in opex will be examined

**More information:** View Southern Rural Water's Water Plan at [www.esc.vic.gov.au](http://www.esc.vic.gov.au)

**SOUTHERN RURAL WATER TARIFFS**

District	Tariff Description	Type	2012-13 \$	2013-14 \$	2014-15 \$	2015-16 \$	2016-17 \$	2017-18 \$
<b>IRRIGATION</b>								
Bacchus Marsh Irrigation District	Delivery Share - Infrastructure Fee - BMID	Fixed rev cap	10 294.60	10 700.00	10 300.00	9 850.00	9 500.00	9 100.00
Bacchus Marsh Irrigation District	Delivery Share - Service Point Fee - Standard	Fixed rev cap	182.29	80.00	170.00	165.00	160.00	160.00
Bacchus Marsh Irrigation District	Delivery Share - Service Point Fee - Standard (Shared)	Fixed rev cap	145.84	144.00	136.00	132.00	128.00	128.00
Bacchus Marsh Irrigation District	Delivery Share - Service Point Fee - Pump	Fixed rev cap	91.15	90.00	85.00	82.50	80.00	80.00
Bacchus Marsh Irrigation District	Delivery Share - Service Point Fee - Unmetered	Fixed rev cap	39.50	45.00	42.50	41.25	40.00	40.00
Bacchus Marsh Irrigation District	Delivery Share - Termination Fee (BMID)	Fixed rev cap	154 418.94	160 500.00	154 500.00	147 750.00	142 500.00	136 500.00
Bacchus Marsh Irrigation District	Delivery Share - Water Usage Fee - Casual Use (B MID)	Variable rev cap	232.93	237.96	237.96	237.96	237.96	237.96
Macalister Irrigation District	Drainage Diversion	Fixed rev cap	16.20	17.10	17.20	17.30	17.40	17.50
Macalister Irrigation District	Water Share Fee - High Reliability	Fixed rev cap	11.85	11.85	11.90	11.95	12.00	12.05
Macalister Irrigation District	Water Share Fee - Low Reliability	Fixed rev cap	5.98	5.90	6.00	6.00	6.00	6.00
Macalister Irrigation District	Delivery Share - Infrastructure Fee - MID	Fixed rev cap	4 466.22	4 615.00	4 625.00	4 635.00	4 645.00	4 655.00
Macalister Irrigation District	Delivery Share - Service Point Fee - Standard	Fixed rev cap	172.17	180.00	180.00	180.00	180.00	180.00
Macalister Irrigation District	Delivery Share - Service Point Fee - Standard (Shared)	Fixed rev cap	137.73	144.00	144.00	144.00	144.00	144.00
Macalister Irrigation District	Delivery Share - Service Point Fee - Pump	Fixed rev cap	91.15	90.00	90.00	90.00	90.00	90.00
Macalister Irrigation District	Delivery Share - Service Point Fee - Pump (Shared)	Fixed rev cap	72.92	72.00	72.00	72.00	72.00	72.00
Macalister Irrigation District	Delivery Share - Service Point Fee - Unmetered	Fixed rev cap	39.50	45.00	45.00	45.00	45.00	45.00

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**SOUTHERN RURAL WATER TARIFFS (CONT)**

District	Tariff Description	Type	2012-13 \$	2013-14 \$	2014-15 \$	2015-16 \$	2016-17 \$	2017-18 \$
<b>IRRIGATION (cont)</b>								
Macalister Irrigation District	Delivery Share - Termination Fee	Fixed rev cap	66 993.36	69 225.00	69 375.00	69 525.00	69 675.00	69 825.00
Macalister Irrigation District	Delivery Share - Water Usage Fee - Standard	Variable rev cap	9.11	8.76	8.53	8.30	8.08	7.86
Macalister Irrigation District	Delivery Share - Water Usage Fee - River	Variable rev cap	8.30	8.76	8.53	8.30	8.08	7.86
Macalister Irrigation District	Delivery Share - Water Usage Fee - Casual Use	Variable rev cap	46.08	48.18	48.18	48.18	48.18	48.18
Werribee Irrigation District	Drainage Diversion	Fixed rev cap	81.83	83.00	85.00	87.50	90.00	90.00
Werribee Irrigation District	Drainage Diversion Sales	Variable rev cap	81.83	83.00	85.00	87.50	90.00	90.00
Werribee Irrigation District	Delivery Share - Infrastructure Fee - WID	Fixed rev cap	12 507.45	12 650.00	12 930.00	13 210.00	13 500.00	13 800.00
Werribee Irrigation District	Delivery Share - Service Point Fee - Standard	Fixed rev cap	182.29	190.00	195.00	200.00	205.00	205.00
Werribee Irrigation District	Delivery Share - Service Point Fee - Standard (Shared)	Fixed rev cap	145.84	152.00	156.00	160.00	164.00	164.00
Werribee Irrigation District	Delivery Share - Service Point Fee - Pump	Fixed rev cap	91.15	95.00	97.50	100.00	102.50	102.50
Werribee Irrigation District	Delivery Share - Service Point Fee - Unmetered	Fixed rev cap	39.50	47.50	48.75	50.00	51.25	51.25
Werribee Irrigation District	Delivery Share - Termination Fee (WID)	Fixed rev cap	187 611.80	189 750.00	193 950.00	198 150.00	202 500.00	207 000.00
Werribee Irrigation District	Delivery Share - Water Usage Fee - Casual Use (WID)	Variable rev cap	192.42	195.13	195.13	195.13	195.13	195.13
Werribee System	Water Share Fee - High Reliability	Fixed rev cap	55.70	105.00	106.00	108.00	110.00	111.00
Werribee System	Water Share Fee - Low Reliability	Fixed rev cap	27.85	52.50	53.00	54.00	55.00	55.50

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**SOUTHERN RURAL WATER TARIFFS (CONT)**

District	Tariff Description	Type	2012-13 \$	2013-14 \$	2014-15 \$	2015-16 \$	2016-17 \$	2017-18 \$
<b>SURFACE WATER DIVERSIONS</b>								
Unregulated Systems	Fixed Licence Charge	Fixed rev cap	359.53	345.00	345.00	345.00	345.00	345.00
Unregulated Systems	Volumetric Charge	Fixed rev cap	12.15	11.00	11.00	11.00	11.00	11.00
Unregulated Systems	Volumetric Charge - Offstream Winterfill	Fixed rev cap	8.51	7.70	7.70	7.70	7.70	7.70
Aquaculture	Fixed Licence Charge	Fixed rev cap		610.00	610.00	610.00	610.00	610.00
Aquaculture	Volumetric Charge	Fixed rev cap		75.00	75.00	75.00	75.00	75.00
Thorpdale	Intensive Management Fee	Fixed rev cap	11.14	3.65	3.65	3.65	3.65	3.65
Latrobe	Intensive Management Fee	Fixed rev cap		10.95	10.95	10.95	10.95	10.95
Maribrynong	Intensive Management Fee	Fixed rev cap		49.00	49.00	49.00	49.00	49.00
Farm Dams	Hazardous Dams Operating Licence	Fixed rev cap	455.74	225.57	224.20	222.75	221.21	219.59
<b>APPLICATIONS</b>								
Issue of Licence: Surfacewater	Under 10ML & Not Significant	Fixed price cap	1 387.47	1 365.00	1 365.00	1 365.00	1 365.00	1 365.00
Issue of Licence: Groundwater	Under 20ML & Not Significant	Fixed price cap	1 387.47	1 365.00	1 365.00	1 365.00	1 365.00	1 365.00
Transfer of Licence	Permanent (Sale of Property)	Fixed price cap	582.33	580.00	580.00	580.00	580.00	580.00
Transfer of Licence	Permanent (Splitting Licence)	Fixed price cap	1 387.47	1 365.00	1 365.00	1 365.00	1 365.00	1 365.00
Construction Licences - New	Bore - Category A or B	Fixed price cap	729.18	735.00	735.00	735.00	735.00	735.00
Construction Licences - New	Bore - additional (investigation) bore	Fixed price cap	86.08	90.00	90.00	90.00	90.00	90.00
Construction Licences - Existing	Construction Licence Renewal - General	Fixed price cap	344.33	300.00	300.00	300.00	300.00	300.00
General	Information Statement	Fixed price cap	101.27	90.00	90.00	90.00	90.00	90.00
<b>GROUNDWATER DIVERSIONS</b>								
Deutgam	Intensive Management Fee	Fixed rev cap	30.38	20.00	20.00	20.00	20.00	20.00
Koo Wee Rup	Intensive Management Fee	Fixed rev cap		2.15	2.15	2.15	2.15	2.15
General	Fixed Licence Charge	Fixed rev cap	359.53	345.00	345.00	345.00	345.00	345.00
General	Volumetric Charge	Fixed rev cap	3.85	3.90	3.90	3.90	3.90	3.90