**Overview of Victorian Water Industry**

This industry summary forms part of the suite of documents the Essential Services Commission has released for its 2010-11 urban water performance report. It is aimed at informing interested parties of a number of key issues the Commission considers of interest in 2010-11.

The Commission regulates the prices and service standards of water businesses, approving prices to recover the expenditure required to efficiently operate, maintain and expand the water and sewerage networks to meet customers’ needs.

Victoria’s 16 urban water businesses service 2.4 million customers using 45 300 kilometres of water mains and 35 600 kilometres of sewer main.

In total $1.64 billion dollars of capital expenditure was undertaken by the Victorian water industry in 2010-11. Capital expenditure on water was $623 million and sewerage $1.02 billion.

**Victorian water businesses 2010-11**
Household bills

Overall the average household bill in 2010-11 was higher than 2009-10 in real terms. The average household bill for an owner occupier ranged from $662 (Goulburn Valley Water) to $1098 (Gippsland Water). Differences in the calculated bills can be attributed to a number of factors: the cost to service different regions, sources of water and the average volume of water used.

A household bill is comprised of fixed water and sewerage charges, variable water charges based on meter readings and, in the metropolitan region, variable sewerage charges linked to water use. Customers of businesses with a higher variable water component are able to exercise greater control over their bill. A number of businesses base their variable water charges on an "inclining block tariff" structure, where the price steps up when certain levels of consumption are reached.

Tenants do not pay service (fixed) charges and are only responsible for the usage (variable) component of the bill. Average household bills for tenants ranged from $93 (Westernport Water) and $380 (Yarra Valley Water) in 2010-11.

Average household bills will continue to increase for the remainder of the current regulatory period. Assuming the same consumption as for 2010-11, prices approved for 2011-12 (including CPI) are estimated to increase the average bill for regional water business customers by 4 to 13 per cent, and by 13 to 15 per cent for metropolitan customers.

For 2012-13, annual price increases for the regional urban customers will typically be in the range of 4 to 9 per cent (including an assumed CPI adjustment of 2.75 per cent), however some will experience up to 12 per cent. For metropolitan customers price increases will be 10 to 12 per cent (including CPI) for 2012-13.
Consumption

Consumption patterns differ throughout the state for a number of reasons including climate, demographics and water restrictions. 2010-11 was a very wet year across most of Victoria, with the wettest summer on record for much of the state, and major flooding affecting large parts of the state. The breaking of the drought and the plentiful rains has had an impact to further reduce consumption to new low levels, particularly in the northern regions.

Average household consumption across Victoria fell from 152 kilolitres in 2009-10 to 143 kilolitres in 2010-11. Consumption was generally higher in regional Victoria at 157 kilolitres per household (significantly down from 180 kilolitres in 2009-10), with metropolitan Melbourne at 138 kilolitres (down from 142 kilolitres).

All water businesses recorded reductions in average household consumption, despite the easing of water restrictions. Traditionally the highest consumption has been in the drier and hotter north of the state, and the largest reductions were seen for Lower Murray Water, Goulburn Valley Water and North East Water. The lowest consumption is in areas with seasonal population variability, such as Westernport Water.

**Average household consumption (kL/household)**
The map below from the Australian Bureau of Meteorology shows that the rainfall for 2010-11 was well above mean rainfall levels for most of the state.

**Rainfall for Victoria**

![Rainfall Map](image)

**Payment difficulties**

The Customer Service Code, which took effect on 1 July 2005, requires all urban water businesses to assist customers facing payment difficulties on a case-by-case basis, and that a series of steps be undertaken before restriction of supply can occur. Assistance tools include instalment plans, hardship grants and providing access to the Utility Relief Grants Scheme.

Further to this, the Commission introduced a new hardship related guaranteed service level (GSL) in 2010, and is pleased that this is already having an effect.

The number of domestic customers with water supply restricted for nonpayment of bills fell by 36 per cent in 2010-11, down to 2068 customers from 3236 in 2009-10.

The number of payment instalment plans for domestic customers increased for 12 of 16 businesses, but was down slightly overall from 5.7 per cent of customers in 2009-10 to 5.5 per cent in 2010-11.

Water businesses approved a total of 12,141 hardship grants in 2010-11, up from 11,244 in the previous year.

Utilisation of the Utility Relief Grants Scheme increased in 2010-11 with 1.84 grants per 1000 customers (2927 total) compared to 1.16 grants per 1000 customers (2453 total) in 2009-10.
Customer complaints

In 2010-11, water businesses reported 13,501 complaints received from customers, representing a 0.3 per cent decrease from 2009-10. This equates to a rate of 0.57 complaints per 100 customers across the state.

The Energy and Water Ombudsman (Victoria) (EWOV) received 1731 complaints and 197 enquiries about metropolitan and regional urban businesses, compared with 1449 complaints and 151 enquiries in 2009-10.

Water network reliability

Overall reliability of a water supply network is measured by customer-minutes-off-supply. Businesses can seek to improve overall reliability through a number of strategies such as reducing the frequency of interruptions, reducing the number of customers affected with each interruption event or by targeting the duration of interruptions. In seeking to improve reliability, businesses are likely to pursue a combination of these approaches.

The average minutes-off-supply for all water businesses, which had been trending down since 2005-06, increased slightly in 2010-11, up to 29 minutes from 28 minutes in 2009-10. The inclusion of loss of water supply to flooded towns in the 2010-11 figures produced this small overall increase. Generally, businesses saw an improvement due to increased rainfall and milder summer conditions which reduced the degree of ground movement due to drying soils. Greater ground movement can result in increased bursts and leaks of water mains resulting in a larger number of interruptions as seen over recent years.

Average customer-minutes-off-supply
(minutes)

![Average customer-minutes-off-supply graph](image)
Sewerage network reliability

A sewer blockage is a partial or total obstruction of a sewer main that impedes sewage flow. This includes all trunk and reticulation main blockages, but excludes blockages in the individual service connection branch and property drain.

In 2010-11 the average rate of sewer blockages for all water businesses was 25.1 blockages per 100 kilometres of sewer main, compared to 30.7 in 2009-10. This is the best overall result recorded, with 14 of 16 businesses reporting a reduction in the sewer blockage rate.

Average sewer blockages
(per 100 kilometres of sewer main)

Water quality

Safe, good quality drinking water is essential for community health and wellbeing. One of the core functions of the urban water businesses is delivering water that is safe to drink.

In Victoria, the governance framework for the supply of safe drinking water is set out in the Safe Drinking Water Act (2003) and the Safe Drinking Water Regulations 2005.

Fourteen of the 16 urban water businesses delivered water to customers that met E. coli requirements set out in the Safe Drinking Water Regulations. Central Highlands Water and Coliban Water each recorded a minor noncompliance in one of their smaller towns.

All urban businesses, except GWMWater, delivered water that met the turbidity requirements set out in the Safe Drinking Water Regulations. Poor water supply quality following the floods led to noncompliances in 11 of GWMWater’s 35 drinking water supply zones, with 11 per cent of customers affected.

Water quality complaints fell from a rate of 0.29 complaints per 100 customers in 2009-10 to 0.26 in 2010-11.
Environment

The total volume of sewage treated in Victoria in 2010-11 was 496,988 megalitres. This was a 19 per cent increase over the 2009-10 volume of 416,539 megalitres.

The proportion of total effluent produced in Victoria that was reused almost halved, falling from 29 per cent in 2009-10 to 15 per cent in 2010-11. Part of this reflected the 19 per cent increase in total effluent produced by the much higher rainfall. Actual effluent reuse fell by 35 per cent, down to 74,964 megalitres compared with 115,071 megalitres in 2009-10. This reflected the fall in demand for recycled water for agricultural uses, because there was abundant surface water available.

Total net carbon dioxide equivalent (CO₂-e) emissions reported by the Victorian urban water businesses in 2010-11 was 782,354 tonnes, 5 per cent lower than the 822,160 tonnes reported in 2009-10.