



In June 2018 the Essential Services Commission released its final decision on South East Water's price submission. The final decision completes our review of the maximum prices that South East 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
<p>Typical annual residential owner occupier water bills for 2018-19 will be \$963 including inflation. This is a <b>decrease of \$73 or 7.1%</b> from \$1,036 in 2017-18, which incorporates the end of the four year government rebate.</p> <p>In 2022-23 the annual bill is forecast to be \$963 (before inflation).</p>	<p>South East Water's variable water charges will reduce from a three step residential tariff to two steps, and the fixed service charge for residential recycled water has been removed.</p>	<p>South East Water has developed new service standards and targets and will report annually to customers on its performance.</p> <p>It also proposes a scaled penalty if it underperforms.</p>

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

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



## What are the changes to prices and tariffs?

Overall prices for South East Water customers will **go down**. In addition, South East Water will alter its tariff structures through a combination of:

- reducing the number of price steps in the volumetric water charge for residential customers
- reducing the volumetric fee on sewage disposal charge
- redistributing the existing \$100 annual rebate through lower prices.

The impact of these changes on bills will vary across customer groups and consumption levels.

## 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. South East Water provided us with typical bills for different customer groups and water volumes.

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

Customer group	Average consumption (kL p.a.)	2018-19 annual bill	2022-23 annual bill
Residential (Owner occupier)	150	\$963	\$963
Residential (Tenant)	150	\$476	\$476
Non-residential (Small)	150	\$1,269	\$1,269
Non-residential (Medium)	460	\$2,741	\$2,741
Non-residential (Large)	3,500	\$17,177	\$17,177

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 their price submission, water businesses developed a set of outcomes to guide service delivery during 2018 to 2023. South East Water has developed five outcomes, along with some new measures and higher targets to monitor how it performs in delivering these outcomes.

One of the ways South East Water plans to improve outcomes for customers includes providing real-time notification to customers of service disruptions

South East Water proposes to impose financial penalties on itself or reduce prices in the next regulatory period if it does not meet its performance targets.





## What are the major works going on around you?

<p>South East Water will deliver 10 major projects to improve water and sewerage services to new development areas in the city and south-eastern suburbs, and also support growth in suburbs that are nearing the limits of the existing infrastructure.</p>	<ul style="list-style-type: none"> <li>• The largest individual project is a major upgrade to the Boneo Water Recycling Plant (\$101.5 million), which will support the growing number of properties connecting to the sewerage network.</li> <li>• A number of sewer network upgrades will cater for forecast population growth within each respective service area, which includes Cardinia, Casey, Clayton East, Clyde, Elster Creek and Pakenham East.</li> </ul>
<p>Among the ongoing programs there is a focus on service reliability by maintaining ageing water and sewer mains, and also delivering new customer connections to drinking water, sewerage and recycled water.</p>	<p>As part of building its digital capability, South East Water will:</p> <ul style="list-style-type: none"> <li>• increase investment in data management, analytics, business process, and customer relationship management projects</li> <li>• pilot 10,000 digital meters and network sensors and test its capability to transfer the data to its IT platforms.</li> </ul>

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

Our final decision for South East Water allows operating expenditure of **\$3,287 million** and gross capital expenditure of **\$1,112 million** to provide its services to customers over the next five years. To fund this, South East Water requires **\$4,483 million in revenue**, a **decrease** from \$4,653 million required during 2013 to 2018.

This reduction in projected revenue requirement is contributing to the 2018-19 price decrease, and subsequent four years of prices (before inflation).

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

## Got a question?

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