

# Price Submission 2023-28

Presentation to the Essential Services Commission

18 October 2022



[wannonwater.com.au](http://wannonwater.com.au)

# Representatives

- Chair - Jacinta Ermacora
- Deputy Chair - Ken King
- Community Panel members – Chloe and Deb
- Acting Managing Director & General Manager  
Community & Corporate Services - Kellie King
- General Manager People & Business  
Services - Steven Waterhouse



# Acknowledgement

Acknowledge the traditional custodians of the land on which our region covers:

- Gunditjmara Peoples
- Eastern Maar Peoples
- The Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Japagalk Nations
- The Wadawurrung Peoples
- Elders past, present and emerging



# Introduction



# Management

## Board attestation

The directors of Wannon Water, having made such reasonable inquiries of management as we considered necessary (or having satisfied ourselves that we have no query), attest that, to the best of our knowledge and for the purpose of proposing prices for the Essential Services Commission's 2023 Water Price Review:

1. Information and documentation provided in the price submission and relied upon to support the submission is reasonably based, complete and accurate in all material respects
2. Financial and demand forecasts are Wannon Water's best estimates, and supporting information is available to justify the assumptions and methodologies used; and
3. The price submission satisfies the requirements of the *2023 Water Price Review Guidance Paper* issued by the Essential Services Commission in all material respects.



Jacinta Ermcora  
Chair



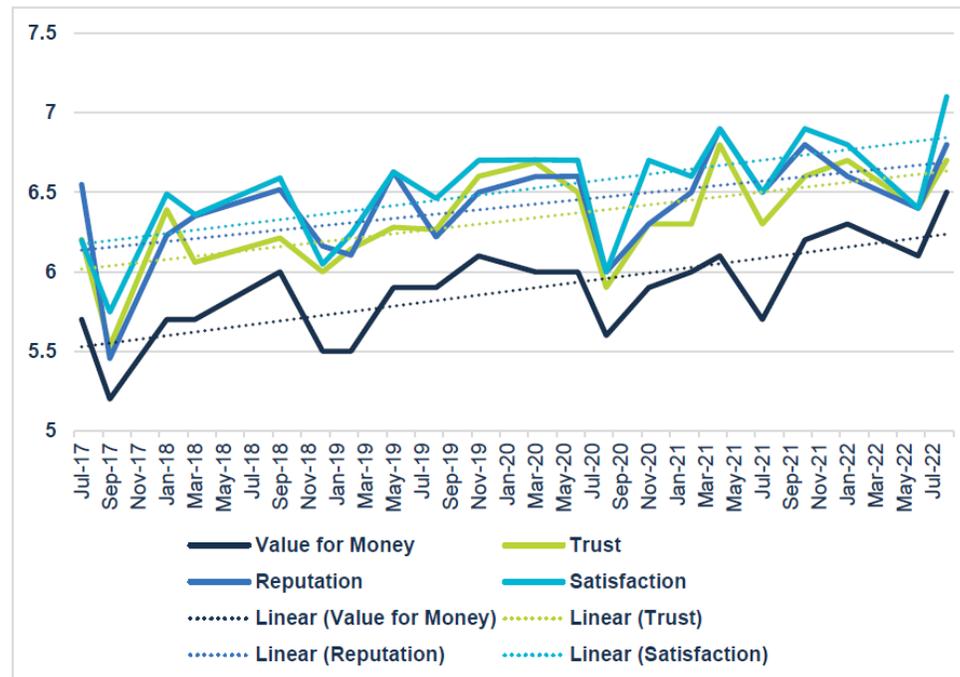
Andrew Jeffers  
Managing Director

# Performance

Total household bill (\$2022/23), 2018/19 to 2022/23

	18/19	19/20	20/21	21/22	22/23
Owner occupier	1,230.20	1,195.80	1,163.10	1,129.30	1,105.60
Year-on-year change	-1.0%	-2.8%	-2.7%	-2.9%	-2.11%
Renter	234.10	219.40	214.30	209.30	207.50
Year-on-year change	0.1%	-6.3%	-2.4%	-2.3%	-0.8%

Figure 15 - ESC Customer Perceptions Results 2018-2023 Pricing Period (at August 2022)



# Engagement



# Outcomes



# Outcomes



2018 - 2022



Insights

Customers want greater equity of water quality across the region to improve health and local economies



Actions

Build new water treatment infrastructure in at least one groundwater town



Outcomes

Improved water quality in identified communities

Measures

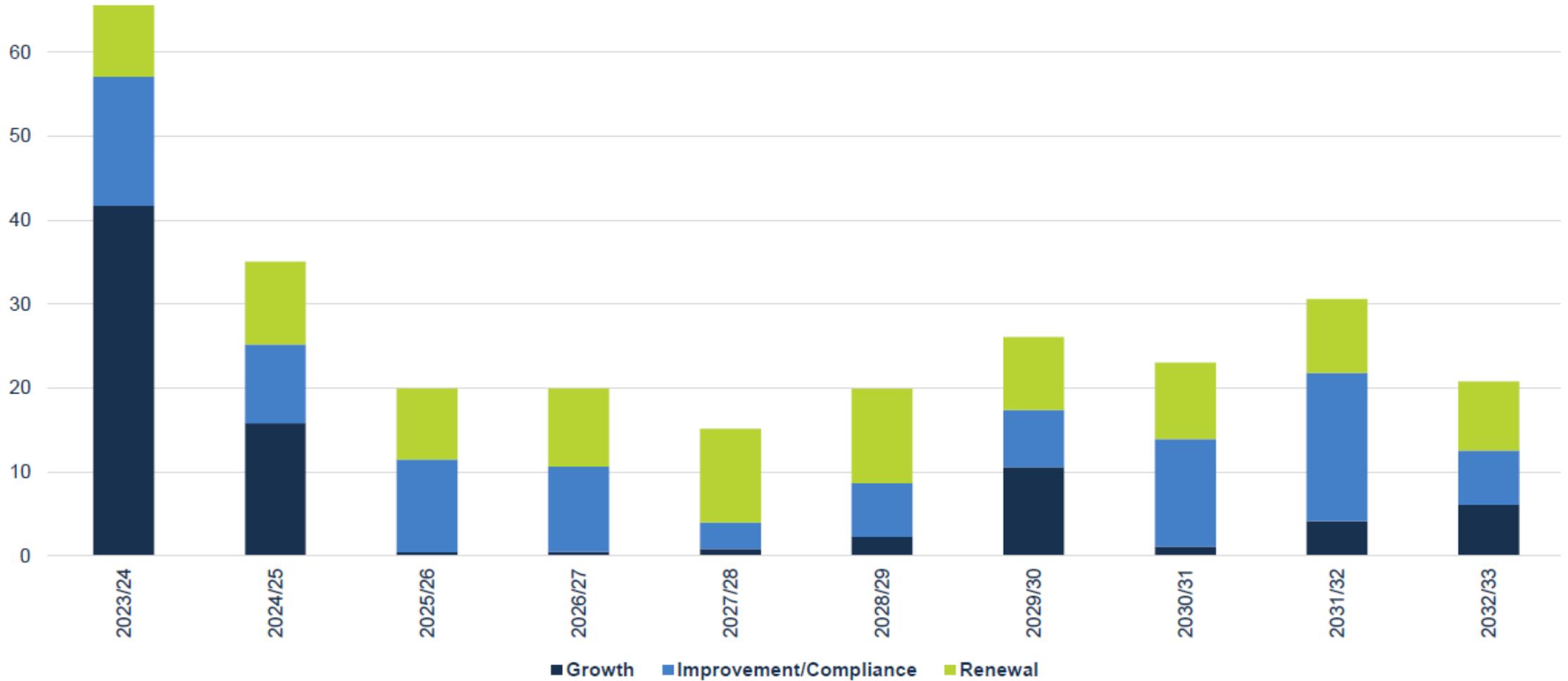


- We'll invest to improve the taste of water in at least one community by 2026 and advocate for funding to speed up improvements in other towns.
- We'll improve customer satisfaction with quality and taste in these towns and across our region overall.

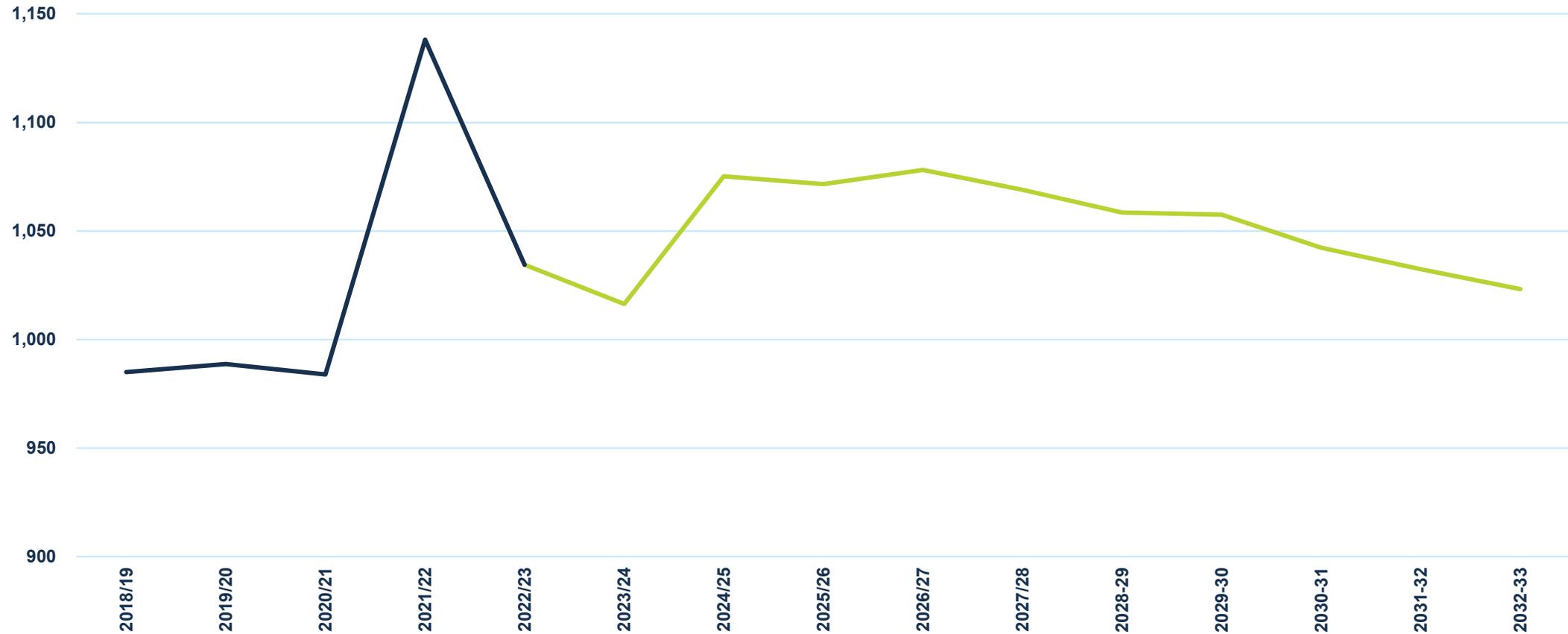
2028



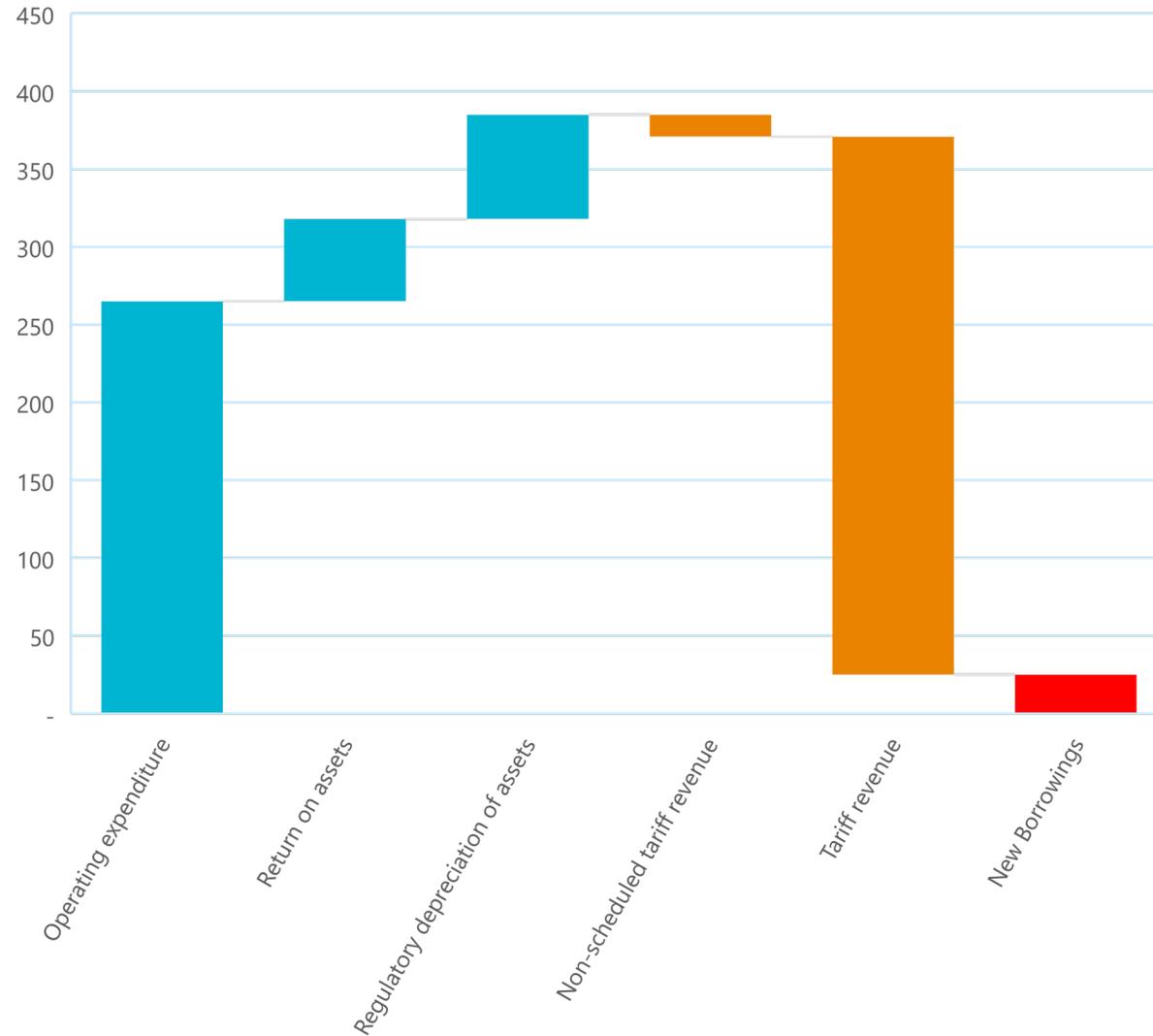
# Capital expenditure (\$million, 2022)



# Operating expenditure (\$, 2022)



# Revenue requirement (\$ million, 2022)



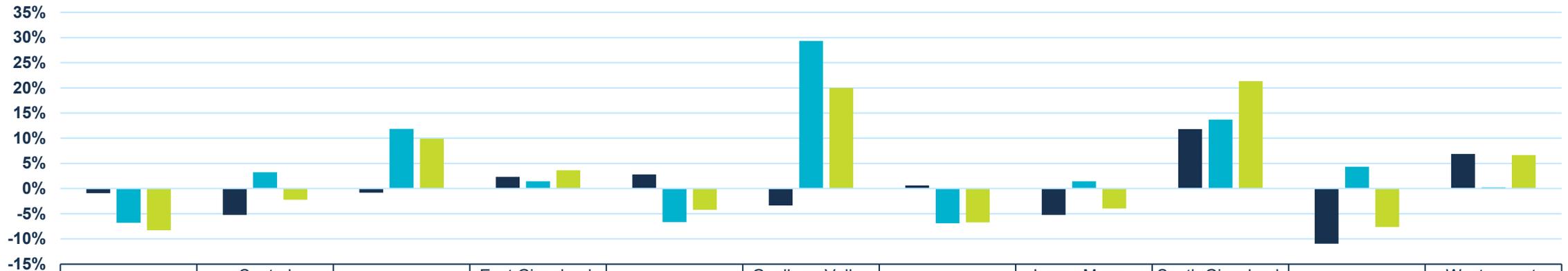
# Bill outcomes

## Average residential customer (Group A) bill

	22/23	23/24	24/25	25/26	26/27	27/28
Owner/occupier	\$1,105.57	\$1,114.83	\$1,124.28	\$1,133.90	\$1,143.71	\$1,153.71
Yearly change		0.8%	0.8%	0.9%	0.9%	0.9%
Renter	\$207.49	\$211.64	\$215.87	\$220.19	\$224.59	\$229.08
Yearly change		2.0%	2.0%	2.0%	2.0%	2.0%

# Bill outcomes

Regional Water Corporations - Customer Bill Changes (%)



	Barwon Water	Central Highlands Water	Coliban Water	East Gippsland Water	Gippsland Water	Goulburn Valley Water	GWM Water	Lower Murray Water	South Gippsland Water	Wannon Water	Westernport Water
17/18 to 22/23	-0.9%	-5.2%	-0.8%	2.3%	2.8%	-3.4%	0.6%	-5.2%	11.8%	-11.0%	6.9%
22/23 to 27/28	-6.8%	3.2%	11.9%	1.5%	-6.7%	29.3%	-6.9%	1.5%	13.7%	4.3%	0.2%
17/18 to 27/28	-8.3%	-2.2%	9.9%	3.7%	-4.2%	20.0%	-6.7%	-4.0%	21.4%	-7.6%	6.7%

# Risk

Risk based decisions have been made in the areas of:

- Bill impacts
- Capital expenditure
- Ageing infrastructure
- Demand and growth
- Tariff structures and price control mechanism
- Electricity
- Operating expenditure



# Financial position

## Financial indicators<sup>56</sup>

	Benchmark	23/24	24/25	25/26	26/27	27/28
FFO interest cover (times)	>1.5 times	11.40	6.88	6.47	7.02	7.26
Net debt/RAB (gearing) (per cent)	<70 per cent	9.2	17.6	20.4	19.9	19.5
FFO/Net debt (per cent)	>10 per cent	51.7	21.2	18.5	19.5	21.3
Internal financing ratio (per cent)	> 35 per cent	31.3	50.0	96.8	100.5	143.7
Total forecast debt (\$ million)		87	106	108	109	102

# Questions?

