

The Essential Services Commission

We are the independent economic regulator of the Victorian water industry. The Commission periodically assesses prices put forward by water businesses in a three to five year Water Plan.

Final decision prices 2013-2018

This fact sheet shows the indicative bills from our final decision. It outlines the effect of the price increases on residential customer bills. We approve the maximum prices that each water business can charge its customers in each year during the regulatory period.

The following tables provide an overview of increases to occur to average household bills on 1 July 2013. These increases are averages across each business and are indicative only.

Household bills

All of the water businesses have similar tariff structures, but prices vary depending on location and your water supplier. Household bills are composed of fixed and usage-based charges for both water and sewerage. All water businesses have inclining block tariffs, with three variable prices that increase as their water use exceeds defined volumetric 'tiers'. Fixed charges are the same regardless of how much water a household uses.

- Tenants of rental properties are not responsible for fixed charges.
- Owner-occupiers are responsible for all of the above charges.
- Tenants whose premises are separately metered are responsible for water and sewerage usage charges.
- Landlords are responsible for all service charges and water usage charges on unmetered premises.

Table 1. Illustrative annual owner occupant bills (nominal and real) final decision

Water Business	Current bill	Bills based on businesses' proposals		Bills based on final decision	
		2013-14	2017-18	2013-14	2017-18
South East Water	2012-13	2013-14	2017-18	2013-14	2017-18
Nominal (includes inflation)	863	1196	1330	1085	1207
Real (excludes inflation)	863	1166	1166	1058	1058

Note: Bills are calculated using businesses' reported average consumption. Illustrative bills for South East Water are based on average consumption of 150kL per annum.

For South East Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$344 (or 39.9 %) over the next five years including inflation. Excluding inflation would mean an increase in bills of \$196 (or 22.7%) over the five years. Table 1 shows the illustrative occupant bills with and without taking into account inflation.

Table 2. Illustrative annual tenant bills (real and nominal) final decision

Water Business	Current bill	Bills based on businesses' proposals		Bills based on final decision	
		2013-14	2017-18	2013-14	2017-18
South East Water	2012-13	2013-14	2017-18	2013-14	2017-18
Nominal (includes inflation)	445	640	712	593	660
Real (excludes inflation)	445	625	625	579	579

Note: Bills are calculated using businesses' average consumption. Illustrative bills for South East Water are based on average consumption of 150kL per annum.

For South East Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$215 (or 48.4%) over the next five years including inflation. Excluding inflation would mean an increase in bills of \$134 (or 30.1%) over the five years. Table 2 shows the illustrative occupant bills with and without taking into account inflation.

Illustrative bills (real and nominal) final decision based on volume of usage
Small household – 110 kL consumption per year
Table 3. Illustrative annual owner occupant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	921	1024
Real	898	898

Nominal: Up \$104 or 11.2% over 4 years
Real: Unchanged over 4 years.

Table 4. Illustrative tenant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	429	478
Real	419	419

Nominal: Up \$48 or 11.2% over 4 years
Real: Unchanged over 4 years.

Medium household – 165 kL consumption per year
Table 5. Illustrative annual owner occupant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	1148	1277
Real	1120	1120

Nominal: Up \$129 or 11.2% over 4 years
Real: Unchanged over 4 years.

Table 6. Illustrative tenant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	656	730
Real	640	640

Nominal: Up \$74 or 11.2% over 4 years
Real: Unchanged over 4 years.

Large household – 220 kL consumption per year
Table 7. Illustrative annual owner occupant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	1385	1541
Real	1351	1351

Nominal: Up \$156 or 11.2% over 4 years
Real: Unchanged over 4 years.

Table 8. Illustrative tenant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	893	994
Real	871	871

Nominal: Up \$100 or 11.2% over 4 years
Real: Unchanged over 4 years.

Very large water user – 300 kL consumption per year
Table 9. Illustrative annual owner occupant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	1756	1953
Real	1713	1713

Nominal: Up \$197 or 11.2% over 4 years
Real: Unchanged over 4 years.

Table 10. Illustrative tenant bills (nominal and real) final decision

Water Business	Bills based on final decision	
	2013-14	2017-18
South East Water		
Nominal	1264	1406
Real	1233	1233

Nominal: Up \$142 or 11.2% over 4 years
Real: Unchanged over 4 years.

Prices

Based on our final decision, South East Water forecast increases in prices over the regulatory period. Table 11 compares the cumulative annual increase in prices by South East Water in their Water Plans with our final decision.

Table 11. Cumulative price changes over the third regulatory period (percentage change) final decision

	2013-14	2014-15	2015-16	2016-17	2017-18
Submission	34.9%	34.9%	34.9%	34.9%	34.9%
Final Decision	22.8%	22.8%	22.8%	22.8%	22.8%

Customer Support

- The Commission continues to emphasise the importance of water retailers ensuring customers experiencing hardship receive assistance and treated fairly.
- The water retailers, Victorian Government and Commonwealth Government provide a range of programs to assist customers experiencing financial hardship.
- In our draft decision, we proposed to allow an additional \$2 million for South East Water to assist low income and vulnerable customers in managing the impact of the proposed price increases.
- As a result of the additional revenue allowance, we required South East Water provide readily accessible support and demonstrate how funds would be used to improve support for low income and vulnerable customer experiencing hardships.
- In response to the draft decision, South East Water formed the Vulnerable Customer Taskforce to support vulnerable water and sewerage customers. The group will identify best practice programs and interventions in order to assist customers that have difficulty affording water and sewerage services and ensuring all customers continue to have access to these essential services.
- South East Water also provided additional support measures for vulnerable customers.
- South East Water will be required to provide regular updates to the Commission (and make public) on how the additional \$2 million is being spent during the regulatory period.
- We will monitor the implementation of measures to assist customers experiencing hardship and report on our findings in our annual performance reports.