

A snapshot of Barwon Water's proposed prices and services for 2018-2023

Our Price Submission

Barwon Water's 2018 Price Submission will be submitted to the Essential Services Commission (ESC) in late September, 2017. The submission will outline:

- the services we provide to customers
- our capital and operational spending to deliver these services and meet our regulatory obligations
- the prices customers will pay in return.

The ESC will use the submission to determine the prices we can charge customers.







New prices will come into effect on July 1, 2018.

Listening to our customers and the community

In the lead up to our submission, we have been engaging with a range of customers, including homeowners, renters and businesses.

We also heard from groups and organisations that help manage the social welfare of others. Our Traditional Owners and custodians also told us about the important values of water and Country.

Collectively, our community generated feedback through:

-  **1100** telephone and online surveys
-  **7** residential customer focus groups
-  **8** in depth interviews with major customers and vulnerable customer advocacy groups
-  **4** discussions with local Aboriginal groups
-  more than **550** visitors to our information kiosks
-  more than **490** visitors to our Your Say at Barwon Water website to complete surveys and share ideas

Key findings included:

- support for Barwon Water to invest in renewable energy
- strong understanding of water security investments and how fragile water security can be
- support to protect and rehabilitate the environment
- calls to increase recycled water use
- support for increased water education
- support for more assistance for vulnerable customers and the wider community.

In early 2017, we convened our Community Panel, a group of randomly selected customers from across our service region who came together to consider the community's feedback. The panel also considered the question "What do you value most about water and sewerage services and what do you expect in the future?"

At the end of the process, the panel presented to Barwon Water's Board a set of outcomes and recommendations on future prices and services.

Victorian Government Water Rebate

For the past four years, Barwon Water has made cost savings to fund a Victorian Government Water Rebate on the first quarterly bill of the financial year. The rebate was provided to residential customers who paid the water volume charge.

Landlords and non-residential customers did not receive the rebate.

From 2018/19 onwards, Barwon Water will maintain the cost savings made to fund the rebate, but will pass these savings through as lower water prices. This means that customer bills will remain stable and as low as possible.

What we propose to deliver

When calculating prices, Barwon Water must consider customer and community feedback, operating and capital costs, inflation, cost of living pressures and future challenges.

Some of these challenges and drivers for change include:

- climate change
- population growth
- technology advancements
- community expectations.

Taking into account these challenges, community feedback and the recommendations of the Community Panel, here is what we propose to deliver over the next five years:

A reliable, secure water future for our region

We listened

You want us to maintain the reliability of our water and sewerage services to ensure a secure future.

What actions are proposed?

- Invest more than \$14 million to build new and upgrade water and sewerage infrastructure to support regional growth in areas such as Armstrong Creek, Torquay North and Colac.
- Invest more than \$47 million to repair and replace ageing water and sewerage infrastructure across the service region.
- Partner with industry to find more productive uses for recycled water.
- Deliver actions from our Urban Water Strategy (a 50-year plan outlining actions to manage demand and ensure sufficient supplies of drinking water across our service region).
- Explore options with our communities for maintaining secure water supplies.

What this means for you

- High quality drinking water that meets stringent public health standards.
- Secure and reliable drinking water for new and existing suburbs and towns across our service region.
- Water and sewerage upgrades to keep pace with a growing population and innovative water efficiency measures.

Timely and innovative services for our customers

We listened

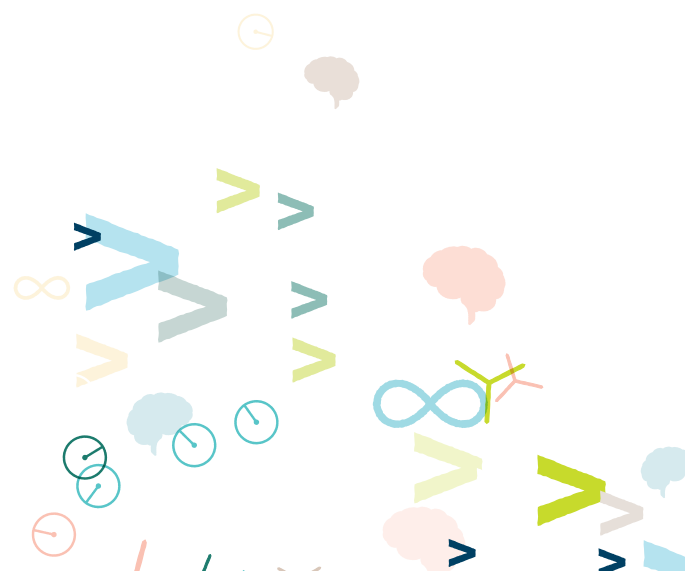
You want us to provide timely services that make the most of innovation and technology so customers have more choice and flexibility.

What actions are proposed?

- Minimise the impacts of planned and unplanned water supply interruptions.
- Provide a new compensation payment program for customers adversely impacted by sewerage infrastructure faults.
- Encourage the take-up of digital technology to assist with interactions with Barwon Water.
- Maintain options to communicate with us.

What this means for you

- Customers experiencing a water outage will have their water restored within five hours.
- 90 per cent of telephone calls made to our Customer Centre are answered within 30 seconds.
- Customers who receive a level of service below guaranteed levels will be compensated.



A healthier environment for all

We listened

You want us to continue to improve our environmental and financial sustainability, including using renewable energy.

What actions are proposed?

- Work towards 100 per cent renewable energy by 2025 and zero net emissions by 2030 through investments of more than \$25 million in renewable energy projects, including construction of a new solar plant at the Black Rock Water Reclamation Plant
- Work towards zero waste through greater use of recycled water and energy projects, such as turning methane into energy.
- Invest in better waterway and catchment health outcomes for the Barwon and Moorabool Rivers through partnerships with local catchment management authorities.

What this means for you

- A more sustainable, self-sufficient and environmentally sensitive water and sewerage system.
- Innovative water management in new residential developments.
- Healthier waterways for our community to enjoy.

Stronger partnerships with our community

We listened

You want us to increase knowledge sharing with customers, stakeholders and the broader community about water efficiency.

What actions are proposed?

- Build two way community partnerships with our Traditional Owners and custodians and local indigenous people and incorporate Aboriginal values into water planning.
- Continue to invest in education programs with schools and invest in more water efficiency programs.
- Enhance and encourage recreational opportunities.
- Work collaboratively with stakeholders and industry to deliver better value to local communities.

What this means for you

- Customers will have access to more advice and information on saving water in their homes and businesses.
- Greater water security due to more efficient water usage across our community.
- More places for the community to relax and enjoy the outdoors.

Bills that are as low as possible for all of our customers

We listened

You want us to implement a fair and equitable pricing structure while maintaining quality services.

What actions are proposed?

- Keep costs down through savings in capital expenditure of \$63 million over five years.
- Help for customers in managing their bills by investing an additional \$500,000 per year on programs that support vulnerable customers.
- Decrease the proportion of residential water bills made up of fixed charges.
- Target savings of nearly \$4 million a year – or almost \$20 million over five years – in operating efficiencies.
- Pass on operational savings and efficiencies to all customers to ensure bills remain as low as possible.

What this means for you

- Most residential customers (those who are owner-occupiers) will have greater control over their bills.
- We will provide a Transitional Rebate Adjustment of up to \$20 in 2018/19 to support tenants as we transition from the annual Victorian Government Water Rebate to lower water prices.
- Local businesses will be supported through stable and low bills.
- Customers will have access to a wider variety of programs and assistance to help them save water and pay their bills.

Developing future prices

While Barwon Water's costs are increasing by more than \$17 million a year, we are committed to minimising price impacts on customers. To achieve this we are setting targets to achieve efficiencies in our business operations.

We also are taking into consideration how the transition from the annual Victorian Government Rebate to lower water prices impacts future bills.

For the past four years, Barwon Water has made cost savings to fund the Victorian Government Water Rebate on the first quarterly bill of the financial year. The rebate applied to residential customers on their water volume charge. The final rebate was paid on July, 1, 2017.

In developing future prices for 2018-2023, Barwon Water considered how to maintain the effect of the annual rebate to ensure ongoing lower water prices for customers.

To help smooth the transition, the rebate will be \$80 in 2017 rather than the \$100 originally planned.

These savings, plus savings from additional business efficiencies, will be built into prices, ensuring future customer bills remain low for the longer term.

What the proposed 2018-2023 pricing plan means for customer bills

Barwon Water knows customers want high quality services at affordable prices and is fully committed to minimising cost pressures on the community.

To this end, we have reduced prices by 1.6 per cent per year (excluding inflation) over the past five years.

The pricing plan proposes changes to the split between water volume charges and fixed water service charges from 2018-2023.

Fixed water service charges will form a smaller portion of overall bills, while the water volume portion will increase. Through extensive consultation, customers told us they want more control over their bills. Now, more than ever, you can influence your total bill.

The impact on bills will vary depending on whether a customer pays fixed charges, volume charges or both.

Residential owner-occupiers pay fixed and volume charges

Residential tenants usually pay volume charges only

Landlords usually pay only fixed charges

Non-residential customers pay fixed and volume charges

Bills will differ from customer to customer based on the charges they pay and the amount of water they use.

Please refer to our fact sheet library for detailed information on what the proposed prices will mean for residential owner-occupiers, residential tenants and non-residential customers.

How we are supporting customers

We are committed to supporting customers through this change and will invest more than \$1 million a year to provide assistance and programs such as:

- payment arrangements
- community water efficiency programs
- a community rebate program.

For further information on the 2018 Price Submission, please visit: www.yoursay.barwonwater.vic.gov.au/2018pricesubmission or telephone 1300 656 007 or email info@barwonwater.vic.gov.au