

# Barwon Water's proposed prices and services for 2018-2023: Owner-occupiers

## 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 2018 Price Submission to determine the prices we can charge customers.

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

## Bills now and into the future

We know customers want high quality services at affordable prices and we are 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 four years.

In this, the final year of our current pricing plan (17/18), prices will again fall by 1.6 per cent, excluding inflation.

After adjusting for inflation the average residential customer bill will increase \$3.80 a quarter.

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 applied to residential customers on their water volume charge. This equated to a:

- \$50 reduction from 1 July 2014
- \$80 reduction from 1 July 2015
- \$90 reduction from 1 July 2016
- \$80 reduction from 1 July 2017 (final year of the rebate).

## Understanding your bill

Barwon Water issues bills quarterly (every 3 months). The various charges are:

- water volume (this varies depending on the amount of water you use)
- water service (a fixed charge)
- sewerage service (a fixed charge).

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 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.

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.

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.

For residential owner-occupiers, we are proposing to keep 2018/19 bills at the same level as 2017/18 (this year) and not pass on any increases, other than inflation. From 2019/20, bill increases are proposed to be capped at 0.9 per cent, plus inflation. This means in five years, the average bill will increase by a total of \$37.

The table below details the proposed prices for the 2018-2023 period:

	2017/18 (now)	2018/19 (proposed year 1)	2019/20 (proposed year 2)	2020/21 (proposed year 3)	2021/22 (proposed year 4)	2022/23 (proposed year 5)
<b>Water volume (per kilolitre)</b>	\$2.2591	\$1.8840*	\$1.9715	\$2.0630	\$2.1588	\$2.2591
<b>Water service**</b>	\$171.70	\$151.70	\$146.85	\$141.71	\$135.90	\$128.97
<b>Sewerage service†</b>	\$553.07	\$553.07	\$553.07	\$553.07	\$553.07	\$553.07
<b>Class A recycled water (per kilolitre)</b>	\$1.8072	\$1.3188	\$1.3800	\$1.4441	\$1.5112	\$1.5814

\* The water volume and water service charges will decrease to keep bills steady as we shift from a rebate to lower water charges.

† Service charge amounts are shown as a yearly amount.

## What it means for you?

### Case study

**Colin from Colac** owns and lives in a house with his family and uses 160 kilolitres of water a year.

In 2017/18, Colin's annual bill will be \$1,086 (\$2.2591/kL water volume charge, \$171.70 water service charge and \$553.07 sewerage service charge). Once the \$80 rebate is applied, the bill will fall to \$1,006 for the year.

Based on our proposed prices, in 2018/19 Colin's annual bill will be \$1,006 (\$1.8840/kL water volume charge, \$151.70 water service charge and \$553.07 sewerage service charge).

Although Colin no longer receives the rebate, his bill is virtually the same because his water volume and fixed water service charges have gone down. This is because we will maintain the cost savings we made to fund the rebate but pass these through as lower water charges.

Key actions we propose to take to deliver these outcomes are:

- changing the water volume charges and fixed water services charges for residential customers, including reducing fixed water charges by 25 per cent over five years
- ensuring communities have secure water supplies by implementing initiatives outlined in our Urban Water Strategy
- investments of more than \$25 million in renewable energy projects to achieve our goal of 100 per cent renewable energy by 2025.
- invest in an expanded water efficiency and vulnerable customer assistance programs
- a \$334 million program of critical water and sewerage infrastructure to cater for population growth and ensure reliable services.

## What we propose to deliver

In developing our proposed prices and services, we have considered our operating costs, new infrastructure requirements, current and future challenges, service levels, customer affordability and feedback gathered during the "Have Your Say on What You Pay" campaign in 2016 and early 2017.

We propose to deliver five key outcomes you told us were important:

- a reliable, secure water future for our region
- timely, innovative services for our customers
- a healthier environment for all
- stronger partnerships with our community
- bills that are as low as possible for all of our customers.

## How we are supporting customers

We are committed to minimising price impacts on customers. We will invest more than \$1 million a year in customer through information on how to save water, water conservation rebates, payment plans, financial counsellors plus existing programs that provide assistance to customers.

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