

Barwon Water's proposed prices and services for 2018-2023: Tenants



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 our 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 bill for an average tenant will increase by only \$1.76 a year.

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. 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).

Over this time, the rebates meant the average tenant was 20 per cent better off. While owner-occupiers also received the rebates, they paid volume charges and fixed service charges meaning they were about 7 per cent better off. Landlords and non-residential customers were not eligible for 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.

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 stable and as low as possible.

Understanding your bill

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

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

Tenants typically pay only the water volume charge, with landlords responsible for the fixed service charges. The exception is properties that are not separately metered (for example, some apartment complexes or blocks of flats). In this case, landlords pay both fixed and volume charges.

To fairly share the benefits of savings across all customers, we propose to reduce the water volume charge and, for some tenants, provide a Transitional Rebate Adjustment of up to \$20 in 2018/19 to support them as we shift from the rebate to lower water prices.

In addition, tenants will be able to access initiatives under a planned \$500,000 a year water efficiency program to help lower their water use.

Support programs for customers experiencing financial hardship, including payment plans and grants, are available.

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)
Water volume (per kilolitre)	\$2.2591	\$1.8840*	\$1.9715	\$2.0630	\$2.1588	\$2.2591*
Class A recycled water	\$1.8072	\$1.3188	\$1.3800	\$1.4441	\$1.5112	\$1.5814

* The water volume price will decrease to help keep tenant's bills low when the Victorian Government water rebate ends.

* Under our new pricing proposal, the water volume price tenants pay will not increase beyond today's levels, excluding inflation.

What it means for you?

Case studies

Belinda from Belmont is a tenant and uses 40 kilolitres of water each quarter.

In 2017/18, Belinda's annual bill will be \$361 ($\$2.2591 \times 160\text{kL}$). Once the \$80 rebate is applied, the bill falls to \$281 for the year.

Based on our proposed 2018/19 prices, Belinda's annual bill will be \$301 ($\$1.8840 \times 160\text{kL}$). So even though the price of water is lower, her bill is higher because of the shift from a lump sum rebate to lower water volume prices.

The Transitional Rebate Adjustment of \$20 will bring her bill back to \$281 or the same at 2017/18 levels, helping Belinda to adjust to the shift from the rebate to lower water prices.

Trevor from Torquay is a tenant and uses 55 kilolitres of water each quarter.

In 2017/18, Trevor's annual bill will be \$497 ($\$2.2591 \times 220\text{kL}$). Once the \$80 rebate is applied, the bill falls to \$417 for the year.

Based on our proposed 2018/19 prices, Trevor's annual bill will be \$414 ($\$1.8840 \times 220\text{kL}$). Because Trevor's water use is a little bit higher than Belinda's, his bill goes down as we shift from the rebate to lower water volume prices. The Transitional Rebate Adjustment is not required.

What we propose to deliver

In developing the 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 to you:

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

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

