

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 2012-13	Bills based on businesses' proposals		Bills based on final decision	
		2013-14	2017-18	2013-14	2017-18
Western Water					
Nominal (includes inflation)	975	1061	1516	1022	1245
Real (excludes inflation)	975	1035	1330	997	1092

Note: Bills are calculated using businesses' reported average consumption. Illustrative bills for Western Water are based on average consumption of 180kL per annum.

For Western Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$270 (or 27.7%) over the next five years including inflation. Excluding inflation would mean an increase in bills of \$117 (or 12.0%) 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 2012-13	Bills based on businesses' proposals		Bills based on final decision	
		2013-14	2017-18	2013-14	2017-18
Western Water					
Nominal (includes inflation)	264	294	421	279	353
Real (excludes inflation)	264	287	410	272	310

Note: Bills are calculated using businesses' average consumption. Illustrative bills for Western Water are based on average consumption of 180kL per annum.

For Western Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$89 (or 33.9%) over the next five years including inflation. Excluding inflation would mean an increase in bills of \$46 (or 17.4%) 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
Nominal	904	1096
Real	882	961

Nominal: Up \$192 or 21.2% over 4 years
Real: Up \$79 or 8.9% over 4 years.

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

Water Business	Bills based on final decision	
	2013-14	2017-18
Nominal	161	204
Real	157	179

Nominal: Up \$43 or 26.5% over 4 years
Real: Up \$22 or 13.7% 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
Nominal	995	1211
Real	971	1062

Nominal: Up \$216 or 21.7% over 4 years
Real: Up \$91 or 9.4% over 4 years.

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

Water Business	Bills based on final decision	
	2013-14	2017-18
Nominal	252	319
Real	246	279

Nominal: Up \$67 or 26.5% over 4 years
Real: Up \$34 or 13.7% 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
Nominal	1096	1338
Real	1069	1173

Nominal: Up \$242 or 22.1% over 4 years
Real: Up \$105 or 9.8% over 4 years.

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

Water Business	Bills based on final decision	
	2013-14	2017-18
Nominal	352	446
Real	344	391

Nominal: Up \$93 or 26.5% over 4 years
Real: Up \$47 or 13.7% 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
Nominal	1303	1600
Real	1271	1403

Nominal: Up \$297 or 22.8% over 4 years
Real: Up \$132 or 10.4% over 4 years.

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

Water Business	Bills based on final decision	
	2013-14	2017-18
Nominal	559	708
Real	546	621

Nominal: Up \$148 or 26.5% over 4 years
Real: Up \$75 or 13.7% over 4 years.

Prices

Based on our final decision, Western Water forecast increases in prices over the regulatory period. Table 11 compares the cumulative annual increase in prices by Western 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	6.3%	12.9%	19.9%	27.5%	35.6%
Final Decision	2.4%	4.8%	7.2%	9.7%	12.3%

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.
- The Commission accepts Western Water’s argument that its customer base is vulnerable to price increases and notes its final prices would be higher compared to those preliminary approved in the draft decision.
- In its final decision, the Commission has allowed \$250000 over the regulatory period to improve on or expand current hardship programs for vulnerable customers.