

### 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. Some water businesses have inclining block tariffs, which contain two or more variable prices that increase as their water use exceeds defined volumetric 'tiers'. All residential sewerage charges are fixed 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 usage charges.
- Landlords are responsible for all service charges, water usage charges on unmetered premises and all sewerage charges in regional Victoria.

**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        |
| <b>East Gippsland Water</b>         | <b>2012-13</b> | <b>2013-14</b>                       | <b>2017-18</b> | <b>2013-14</b>                | <b>2017-18</b> |
| <b>Nominal (includes inflation)</b> | 1102           | 1151                                 | 1285           | 1091                          | 1231           |
| <b>Real (excludes inflation)</b>    | 1102           | 1123                                 | 1126           | 1064                          | 1080           |

**Note:** Bills are calculated using businesses' reported average consumption.

For East Gippsland Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$129 (or 11.7%) over the next five years including inflation. Excluding inflation would mean a decrease in bills of \$22 (or 2.0%) over the five years. Table 1 shows the illustrative occupant bills with and without taking into account inflation.

**Table 2. Illustrative annual tenant bills (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        |
| <b>East Gippsland Water</b>         | <b>2012-13</b> | <b>2013-14</b>                       | <b>2017-18</b> | <b>2013-14</b>                | <b>2017-18</b> |
| <b>Nominal (includes inflation)</b> | 224            | 265                                  | 388            | 257                           | 310            |
| <b>Real (excludes inflation)</b>    | 224            | 258                                  | 340            | 251                           | 272            |

**Note:** Bills are calculated using businesses' average consumption.

For East Gippsland Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$86 (or 38.5%) over the next five years including inflation. Excluding inflation would mean a smaller increase in bills of \$48 (or 21.5%) 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<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 1039                          | 1169    |
| Real                                   | 1014                          | 1025    |

Nominal: Up \$130 or 12.8% over 4 years  
 Real: Up \$11 or 1.1% over 4 years.

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

| Water Business<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 206                           | 248     |
| Real                                   | 201                           | 217     |

Nominal: Up \$42 or 21.0% over 4 years  
 Real: Up \$17 or 8.3% over 4 years.

#### Typical household – 165 kL consumption per year

**Table 5. Illustrative annual owner occupant bills (nominal and real) final decision**

| Water Business<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 1142                          | 1293    |
| Real                                   | 1114                          | 1134    |

Nominal: Up \$151 or 13.5% over 4 years  
 Real: Up \$20 or 1.8% over 4 years.

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

| Water Business<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 308                           | 372     |
| Real                                   | 301                           | 326     |

Nominal: Up \$63 or 21.0% over 4 years  
 Up: Up \$25 or 8.3% over 4 years.

#### Large household – 220 kL consumption per year

**Table 7. Illustrative annual owner occupant bills (nominal and real) final decision**

| Water Business<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 1245                          | 1416    |
| Real                                   | 1214                          | 1242    |

Nominal: Up \$172 or 14.2% over 4 years  
 Real: Up \$28 or 2.3% over 4 years.

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

| Water Business<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 411                           | 495     |
| Real                                   | 401                           | 434     |

Nominal: Up \$84 or 21.0% over 4 years  
 Up: Up \$33 or 8.3% 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<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 1394                          | 1597    |
| Real                                   | 1360                          | 1400    |

Nominal: Up \$203 or 14.9% over 4 years  
 Real: Up \$40 or 2.9% over 4 years.

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

| Water Business<br>East Gippsland Water | Bills based on final decision |         |
|--|-------------------------------|---------|
|  | 2013-14                       | 2017-18 |
| Nominal                                | 561                           | 676     |
| Real                                   | 547                           | 592     |

Nominal: Up \$115 or 21.0% over 4 years  
 Up: Up \$45 or 8.3% over 4 years.

**Prices**

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

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

|                | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Submission     | 3.4%           | 4.8%           | 6.0%           | 7.0%           | 6.9%           |
| Final Decision | -1.6%          | -1.2%          | -0.8%          | -0.3%          | 0.2%           |