

# Water Plan 2013–18

## Non-residential customer fact sheet

### Introduction

South East Water is one of Melbourne's three government-owned retail water companies. We provide essential water, sewerage and recycled water services to more than 1.6 million people in Melbourne's south east.

Our Water Plan for delivering safe and reliable water and sewerage services, includes the investment we need to meet our proposed service standards and support strong population growth. It also outlines proposed prices and tariff structures from 1 July 2013 to 30 June 2018.

For a copy of our Water Plan or summary fact sheets visit [southeastwater.com.au/waterplan](http://southeastwater.com.au/waterplan).

### Community engagement

We developed the Water Plan in consultation with our residential and non-residential customers, the broader community and other stakeholders. Their views and feedback have been an important part of the process, particularly around several key proposals that impact on our customers. These proposals aim for tariffs to be equitable, consistent, easier to understand and better reflect the actual cost of providing services.

### What are the key changes that will affect non-residential customers?

We are proposing to adjust prices to reflect the different costs of supplying water, sewerage and trade waste services. This will allow customers to better understand our actual costs and allow them to respond, for example by altering production processes or using more efficient appliances.

We are proposing a higher increase in water prices than sewerage prices, to reflect the rise in the cost of supplying water. Prices have risen largely due to costs associated with the Victorian Desalination Plant (VDP).

We only plan to increase trade waste volume and pollutant charges by inflation during the pricing period to reflect the actual costs of trade waste services. We are also moving to a system of risk ranking for trade waste annual fees.

The impact of the proposed price and tariff structure changes vary across the different non-residential customer types. For a small business that uses 100 kilolitres of water per annum, this will mean an average increase of around \$4 per week in 2013–14. A business that uses 450 kilolitres per annum can expect a price increase of \$15 per week, before inflation.

The following table also provides a sample of large non-residential customer types and their expected 2013 bill increase, before inflation.

Customer type	Typical bill increase in 2013-14
Hotel	27.3 per cent
Chemical manufacturer	37.8 per cent
Recreation reserve	43.9 per cent
Community swimming pool	34.9 per cent
Nursery	44.7 per cent

### Why will some non-residential customers pay more than others?

Customers whose water usage is a significant component of their bill will incur a higher increase, reflecting the water price rise largely due to the VDP. Customers whose sewerage or trade waste service is a larger part of their bill will face smaller increases.

More information is available in section 11 of the 2013–18 Water Plan.



## Trade waste charges

Annual trade waste charges for non-residential customers are currently based on the volume of waste that is discharged.

This method doesn't reflect the costs we incur to ensure effective management of trade waste.

Therefore, we are proposing that the annual trade waste fixed charges are based on a risk ranking for each trade waste customer.

This approach would directly relate to the risk associated with managing a customer's waste. This change will provide more incentive for customers to manage the quality of their trade waste and ensures low risk customers are not subsidising high risk customers. All trade waste customers will be assigned a risk ranking based on their:

- location in relation to the treatment plant
- volume and quality of discharge
- business activities
- compliance history.

Below is a table of typical customer types, contaminants and the risk ranking that is likely to apply, where one is the highest risk and five is the lowest risk. These are only indicative as a large food manufacturer, for example, may fall under any risk ranking as this depends on a site-specific assessment.



Risk ranking	Typical industry type	Typical contaminants discharged
1	Abattoir Poultry processing	Ammonia, salts, sulphide, suspended solids Ammonia, salts, proteins, temperature
2	Food manufacturer Textile manufacturer	Ammonia, salts, organics, suspended solids Ammonia, salts, colour, sulphides
3	Metal finisher Small cheese manufacturer	Heavy metals, suspended solids, acids Salts, suspended solids, ammonia
4	Radiator repairer Xray centre	Salts, suspended solids, ammonia pH, silver
5	Cafe/restaurant Service station	Grease, oils, fats Petrol, oil

We are also proposing to remove current food waste annual charges and for relevant customers to move onto the standard annual trade waste charges.

More information is available in section 10 of the 2013-2018 Water Plan.

## Inorganic total dissolved solids (ITDS) charge

The Melbourne water businesses have assessed the potential impact of inorganic total dissolved solids (ITDS), or salt, in trade waste on recycled water.

Currently, Melbourne Water charges South East Water for ITDS discharged by customers. South East Water does not pass this charge on to customers who discharge directly as the potential price (less than five cents per kilogram) is unlikely to change customer behaviour. We also believe that salt levels - which can affect the ability to recycle water - can be managed through direct customer engagement. Therefore we are not proposing to introduce an ITDS charge.

More information is available in section 10 of the 2013-18 Water Plan.

## Sulphur charge

South East Water currently charges trade waste customers per kilogram of sulphur that they discharge into the sewage network. This charge was introduced to ensure that our sewerage network was not corroded by excess sulphur in customers' waste.

Recent research has shown that South East Water pipes have low rates of corrosion and that other pollutants are potentially more damaging. Therefore, we are proposing to remove the sulphur charge.

More information is available in section 10 of the 2013-18 Water Plan.

## Fire service charges

Customers who have a fire sprinkler system (or a fire service) receive a benefit in addition to their standard water service. We are proposing that customers with a fire service pay the same annual charge for their fire service as for their water service.

Currently these customers are not paying for metered water used through their fire service systems, which may include usage for fire service testing and other non-fire fighting purposes. We also propose to charge customers for metered water from fire services used for non-fire fighting purposes at the same rate as for water.

More information is available in section 10 of the 2013-2018 Water Plan.

## What will stay the same?

South East Water will continue to:

- charge non-residential customers a flat variable charge for water, which will be the same as the second residential tier
- charge the sewage disposal charge on the basis of each customer's proportion of water discharged to the sewer (or that of their industry average).

## Water Plan timeline

May 2012	Draft Water Plan was released
August 2012	Addendum updated the proposed price paths
October 2012	Final Water Plan lodged with the independent regulator, the Essential Services Commission (ESC) for review and further consultation
March 2013	ESC draft decision
June 2013	ESC final price determination
1 July 2013	New prices take effect