

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	Bills based on businesses' proposals		Bills based on final decision	
		2013-14	2017-18	2013-14	2017-18
City West Water	2012-13	2013-14	2017-18	2013-14	2017-18
Nominal (includes inflation)	848	1118	1244	1016	1130
Real (excludes inflation)	848	1091	1091	991	991

Note: Note: Bills are calculated using businesses' reported average consumption. Illustrative bills for City West Water are based on average consumption of 150kL per annum.

For City West Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$282 (or 33.2%) over the next five years including inflation. Excluding inflation would mean an increase in bills of \$143 (or 16.8%) 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	Bills based on businesses' proposals		Bills based on final decision	
		2013-14	2017-18	2013-14	2017-18
City West Water	2012-13	2013-14	2017-18	2013-14	2017-18
Nominal (includes inflation)	461	615	684	552	614
Real (excludes inflation)	461	600	600	538	538

Note: Note: Note: Bills are calculated using businesses' reported average consumption. Illustrative bills for City West Water are based on average consumption of 150kL per annum.

For City West Water customers, owner occupier bills will increase inline with inflation. Bills will increase by \$153 (or 33.3%) over the next five years including inflation. Excluding inflation would mean an increase in bills of \$78 (or 16.9%) 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 City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	864	961
Real	843	843

Nominal: Up \$97 or 11.2% over 4 years
Real: Unchanged over 4 years.

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

Water Business City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	400	445
Real	391	391

Nominal: Up \$45 or 11.2% over 4 years
Real: Unchanged over 4 years.

Medium household – 165 kL consumption per year

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

Water Business City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	1074	1195
Real	1048	1048

Nominal: Up \$121 or 11.2% over 4 years
Real: Unchanged over 4 years.

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

Water Business City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	610	679
Real	595	595

Nominal: Up \$69 or 11.2% over 4 years
Real: Unchanged over 4 years.

Large household – 220 kL consumption per year

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

Water Business City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	1297	1442
Real	1265	1265

Nominal: Up \$146 or 11.2% over 4 years
Real: Unchanged over 4 years.

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

Water Business City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	833	926
Real	812	812

Nominal: Up \$94 or 11.2% over 4 years
Real: Unchanged 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 City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	1661	1848
Real	1620	1620

Nominal: Up \$187 or 11.2% over 4 years
Real: Unchanged over 4 years.

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

Water Business City West Water	Bills based on final decision	
	2013-14	2017-18
Nominal	1197	1332
Real	1168	1168

Nominal: Up \$135 or 4.3% over 4 years
Real: Unchanged over 4 years.

Prices

Based on our final decision, City West Water forecast increases in prices over the regulatory period. Table 11 compares the cumulative annual increase in prices by City West 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	31.7%	31.7%	31.7%	31.7%	31.7%
Final Decision	19.2%	19.2%	19.2%	19.2%	19.2%

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.
- In our draft decision, we proposed to allow an additional \$1 million for City West Water to assist low income and vulnerable customers in managing the impact of the proposed price increases.
- As a result of the additional revenue allowance, we required City West Water in the first year of the review period to review their hardship policies; step up efforts to provide readily accessible support and demonstrate how funds would be used to improve support for low income and vulnerable customer experiencing hardships.
- In response to the draft decision, City West Water formed the Vulnerable Customer Taskforce to support vulnerable water and sewerage customers. The group will identify best practice programs and interventions in order to assist customers that have difficulty affording water and sewerage services and ensuring all customers continue to have access to these essential services.
- City West Water will be required to provide regular updates to the Commission (and make public) on how the additional \$1 million is being spent during the regulatory period.
- We will monitor the implementation of measures to assist customers experiencing hardship and report on our findings in our annual performance reports.