

Water Plan 2013–18

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.

Community engagement

We developed the Water Plan in consultation with our customers, the broader community and other stakeholders. Their feedback has 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.

Why are prices set to increase?

The increase is largely due to the fixed costs associated with the Victorian Desalination Plant.

South East Water's capital expenditure, which is necessary for maintaining our service levels, comprises only 2.7 per cent of the price increase. We have actually decreased our controllable operating expenses by 0.9 per cent to help offset the price increase.

Customer support

We understand that price changes will affect our customers, particularly those on low or fixed incomes. We are strengthening our South East Water Assist program to support customers who may experience financial difficulty.

This includes:

- offering customers choice in timing of payments, for example, monthly rather than quarterly
- greater payment flexibility, including offering alternative payment schedules and the opportunity to request bill extensions
- stronger partnerships with community and social service organisations

- increasing access to free independent financial counselling for eligible customers
- leading and participating in an industry and community customer support taskforce.

More information on the customer support available is included in the Water Plan.

Other proposals specific to residential customers

Simplifying the sewage disposal charge

The sewage disposal charge (SDC) covers the safe collection, treatment and disposal of sewage. Sewage is wastewater from the toilet, kitchen, laundry and bathroom.

It is not possible to meter the amount of sewage disposed of. Instead, the amount is estimated based on the amount of water supplied to you minus a percentage of water that we estimate is used outside (does not find its way to the sewer).

The SDC charge is also currently adjusted to reflect higher outdoor usage in warmer months (when a lower proportion of water consumed flows into the sewerage system) and lower outdoor use in cooler months. It is also adjusted for customers with high water consumption, who can demonstrate a different discharge factor is appropriate.



The current formula is difficult for customers to understand and needs to be adjusted to reflect Melburnians' current consumption patterns, including less water use in gardens.

We are proposing a flat discharge percentage across the whole year, for all levels of consumption. This will mean bills will be easier for customers to understand.

Changes to water service charges for owners of multi-dwelling properties

All residential customers receive equal benefits from the availability of a water supply service to their property. This means they should all pay the same price. Currently, most customers who own properties in multi-dwelling blocks pay a service charge but some customers who own units or flats on a single title do not.

The Water Plan proposes a common water service charge for all residential customers.

For approximately three per cent of our customers who own apartments, units or other properties without an individual title, this proposal will mean they would need to pay a service charge like all other customers.

We propose that these service charges will be phased in over two years to minimise the impact. By 2015–16, it is proposed that each property will pay a service charge of \$122.03 for water and \$419.60 for sewerage.

What will stay the same?

South East Water will retain our three tiered approach to our variable water charge for residential customers. However, we are proposing to adjust the price differential between the second and third tiers to:

- ease the impact on large families
- ensure that the third tier does not rise significantly out of step with costs
- position the second and third tiers to better reflect industry cost structures given the recovering water storages and recent supply augmentations, such as the Victorian Desalination Plant.

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