



In June 2020 the Essential Services Commission released its final decision on Western Water’s price submission. The final decision completes our review of the maximum prices that Western Water may charge for its services for a three-year regulatory period from 1 July 2020 to 30 June 2023.

As part of this process, Western Water sent us a submission on its proposed prices and key outcomes. We assessed proposals against a legal framework established by the Victorian Government. We sought feedback from customers at multiple points throughout the price review process to inform our decision making in an open and consultative manner.

Snapshot

| Bills | Outcomes | Tariffs |
|--|--|--|
| | | |
| <p>Western Water’s price submission is for a three-year period.</p> <p>The typical annual residential owner occupier water bill for 2020-21 is estimated to be \$1,041 including inflation, and for 2022-23 will be \$1,127 before inflation.</p> | <p>The five outcomes from the 2018 price review have been retained, but measures and targets are updated based on customer feedback on priorities, including communication when services are interrupted.</p> <p>Western Water will maintain the service standards and targets set at the 2018 price review.</p> | <p>Western Water will maintain its tariff structure for the next regulatory period.</p> <p>Overall, Western Water’s prices will remain steady in 2020-21 and then increase by around four per cent in each of the following two years.</p> |
| <p>Do you want to know the difference between bills and prices? For this and more information about our price review process and Western Water’s final decision, go to http://www.esc.vic.gov.au/waterpricereview</p> | | |



What are the changes to prices and tariffs?

Overall, Western Water’s tariff structure will remain unchanged. Western Water will continue to charge residential water service customers a fixed water service charge and a three-tier inclining block variable usage component, where price increases in the second and third blocks. Non-residential water customers will continue to be charged a two-part tariff with a fixed water service charge and a single variable usage component. For sewerage customers it will continue to apply a fixed service charge only.

Fixed service charges will decrease by about \$103 across all customer groups in 2020-21 due to embedding the government efficiency rebate (previously paid against the variable water component of a bill) into fixed charges, and then increase by three per cent per annum starting from 2021-22.

Tier one and tier two water usage charges will remain unchanged in 2020-21, however the tier three usage charge will increase by two per cent. Western Water will then increase tier one, two, and three water usage charges by approximately six per cent per annum commencing from 2021-22. The price increases are driven by the need to invest almost \$300 million in new infrastructure to accommodate the significant population growth in Western Water’s region, and to maintain water and sewerage services for all customers.

How will this affect your bill?

Prices and tariffs are only part of the bill. Your actual bill depends on factors such as the amount of water and services you use. Estimated bills are provided below.

Typical water and sewerage bills in 2020-21 dollars

| Customer group | Consumption (kL p.a.) | 2020-21 annual bill | 2021-22 annual bill | 2022-23 annual bill |
|--|-----------------------|---------------------|---------------------|---------------------|
| Residential (Owner occupier) | 180 | \$1,041 | \$1,083 | \$1,127 |
| Residential (Tenant)* | 180 | \$249 | \$284 | \$321 |
| Residential (Vacant landholders and landlords) | 180 | \$687 | \$708 | \$731 |
| Non-residential (Small) | 180 | \$1,140 | \$1,188 | \$1,239 |
| Non-residential (Medium) | 400 | \$1,694 | \$1,774 | \$1,858 |
| Non-residential (Large) | 1000 | \$3,206 | \$3,373 | \$3,549 |

Bills are indicative. 2020-21 annual bill includes inflation. 2021-22 and 2022-23 annual bills will vary with inflation.

*Tenant bill Includes a rebate of \$105.51 (2020-21), \$90.44 (2021-22) and \$75.37 (2022-23).





What are the outcomes for customers?

Western Water consulted with customers to guide its service delivery during 2020-23. It has retained the five major outcomes identified for the 2018 price review, and has reviewed and updated the associated measures and performance targets to reflect customer priorities.

Some of the ways Western Water plans to improve outcomes for customers include increasing promotion of its customer support opportunities with financial counsellors, continuation of the sewer spill prevention strategy and e-billing promotion.

Western Water will also introduce a new guaranteed service level commitment for the number of water supply interruptions a customer experiences each year. Failure to deliver on this commitment will attract a payment for customers affected of \$100.

What are the major works that will go on around you?

| Project | Detail | Total (\$m) |
|--|---|-------------|
| Parwan-Balliang Irrigation District Network (Western Irrigation Network Stage 1) | This project involves developing a new irrigation district in the Parwan/Balliang area, supplied with recycled water from three treatment plants. This project will enable reuse of the additional volumes of recycled water that are becoming available. | 17.7 |
| Melton Recycled Water Plant – Stage 1 | This project involves building additional on-site recycled water storage at the Melton recycled water plant, to cope with rapid growth of the Melton sewerage catchment. The current irrigation and storage system is at capacity so it must be increased to maintain compliance. | 15.1 |
| Melton Recycled Water Plant and Bacchus Marsh Recycled Water Plant Interconnection | Western Water will build a two-way interconnecting pipeline between the Bacchus Marsh and Melton recycled water plants. This project will enable recycled water to transfer between plants to better manage storage, supply and reuse of the increased volumes. | 14.4 |



| Project | Detail | Total (\$m) |
|--|--|-------------|
| Derrimut Diversion Sewer Pump Station/Rising Main | Western Water will build a new sewer pump station and rising main to transfer sewage flows from the Caroline Springs area to City West Water's Derrimut Interceptor Sewer, which eventually connects into Melbourne Water's sewer network. | 10.9 |
| Gisborne Recycled Water Plant – Stage 1 Bioreactor | Due to ongoing growth in Gisborne, the sewage treatment plant requires a substantial upgrade, including a new bioreactor and other new process units. | 10.5 |

How much revenue is required from 2020 to 2023?*

Western Water has a three-year price period and our final decision allows operating expenditure of **\$189 million** and gross capital expenditure of **\$282 million** to provide its services to customers over this time. To fund this, Western Water requires **\$302 million in revenue**, an increase of 18 per cent or \$15 million on the annual average revenue required during 2018 to 2020.

*The numbers in this section are in 2019-20 dollars.

Got a question?

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