



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

We undertook this review under our PREMO pricing framework that helps promote better value and outcomes for water customers. As part of this process, water businesses sent us submissions on their 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	Tariffs	Outcomes
<p>South Gippsland Water's regulatory period is for three years.</p> <p>The typical annual residential owner occupier water bill for 2020-21* is estimated to be \$1,060 including inflation, and for 2022-23 will be \$1,121 before inflation.</p> <p><small>* 2020-21 annual bill is calculated based on a weighted average of prices maintained at a flat rate for the period 1 July 2020 to 31 October 2020 and a 5 per cent increase for the period 1 November 2020 to 30 June 2020.</small></p>	<p>Prices will remain flat initially in response to COVID-19, then increase by five per cent from 1 November 2020, two per cent in 2021-22 and two per cent in 2022-23.</p> <p>There are no significant changes to tariff structures or the proportion of fixed and variable charges.</p>	<p>South Gippsland Water consulted with customers to revise the customer outcomes and guaranteed service levels it will deliver and report on during the regulatory period.</p> <p>Reliability targets for service standards will be similar to past years. Payments for guaranteed service levels remain unchanged.</p>



For more information about our price review process and South Gippsland Water's final decision, go to <http://www.esc.vic.gov.au/waterpricereview>

## What are the changes to prices and tariffs?

Overall prices for South Gippsland Water customers will rise by inflation only from 1 July 2020, then **go up** by five per cent from 1 November 2020, two per cent in 2021-22 and two per cent in 2022-23 (not including inflation). The price increase is driven by new sewer services provided within the region and increased costs following connection to the Melbourne water supply system which has improved security of supply for South Gippsland Water's customers.

South Gippsland Water will retain a two-part tariff structure for residential and non-residential water services comprising a fixed service charge and a variable usage component. For residential sewerage services it will continue with a fixed service charge only, and for non-residential sewerage, it will retain a fixed access fee and volumetric cistern fees.

## 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)	121 <sup>^</sup>	\$1,060	\$1,099	\$1,121
Residential (Tenant)	121 <sup>^</sup>	\$236	\$245	\$250
Residential (Owner occupier)	200	\$1,214	\$1,259	\$1,284
Residential (Tenant)	200	\$390	\$405	\$413
Non-residential (Small)	250	\$1,312	\$1,360	\$1,387
Non-residential (Medium)	500	\$1,801	\$1,865	\$1,903
Non-residential (Large)	750	\$2,288	\$2,371	\$2,419

<sup>^</sup>121kL per annum is the average consumption of South Gippsland Water's customers

\* 2020-21 annual bill is calculated based on a weighted average of prices maintained at a flat rate for the period 1 July 2020 to 31 October 2020 and a 5 per cent increase for the period 1 November 2020 to 30 June 2020.

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





## What are the outcomes for customers?

As part of its price submission, South Gippsland Water consulted with customers to revise its existing set of outcomes to guide service delivery during 2020 to 2023. During this consultation, customers confirmed most of the outcomes were still highly valued by its community. As such, South Gippsland Water has continued its commitments to customers and will report to them on how it performs against the measures and targets it has set for each outcome.

South Gippsland Water’s service standards for reliability and attending faults will remain the same. Its guaranteed service level scheme is unchanged except for the removal of the guaranteed service level for restoring unplanned water interruptions within five hours which had a rebate of \$100 for each breach of this target.

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

Project	Detail	Total (\$m)
Sewer System Augmentation (Wonthaggi) Mains	This project will augment existing Wonthaggi sewer mains to support regional growth and comply with Environment Protection Authority standards for wet weather flow containment.	4.5
Sewer System Expansion (Inverloch)	South Gippsland Water will upgrade the capacity and emergency storage of sewage pumping stations located at Pier Road, Meanderri Drive, and Veronica Street to support growth.	3.6
Wonthaggi Wastewater Treatment Plant Augmentation	This project will upgrade the outlet pump station and rising main to support regional growth and comply with containment standards.	3.4

## How much revenue is required from 2020 to 2023?\*

South Gippsland Water has a three year price period and our final decision allows operating expenditure of **\$62 million** and gross capital expenditure of **\$41 million** to provide its services to customers over this time. To fund this, South Gippsland Water requires \$99 million in revenue; however, it will forgo revenue of \$4 million to help address customer affordability, which results in a forecast revenue collection of **\$95 million**.

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





## Got a question?

[View our contact details](#) and follow us on [LinkedIn](#) and [Twitter](#).

