

The Next 5 Years

What's in the Plan 2018-2022

South Gippsland Water will submit a plan to the Essential Services Commission (ESC) in late September 2017 which will outline the:

- Services we provide to customers
- Required capital and operating expenditure to deliver the services
- Prices customers will pay over the next 5 years

The ESC will use our submission to confirm the prices we charge and will look to ensure we are being efficient, fair, equitable and affordable.

Engaging With and Listening to Customers

In preparing our 5 year plan we have been actively seeking our customer's thoughts and opinions over the last 15 months. In June 2016 we commenced a range of consultation activities including establishing a Customer Advisory Panel to play a pivotal role in providing advice and making recommendations to the Corporation for input into the submission. Customer feedback has shaped the plan we have today, with the consultation conducted being the most comprehensive program to date.

Key Customer Conclusions

- Planning for the future is key and planning for medium level of climate change is considered prudent.
- South Gippsland Water should go 'above and beyond' to avoid leaks and interruptions.
- It is expected South Gippsland Water will maintain service standards and customers support investment into aging infrastructure.
- Customers believe a higher volumetric component of their bill could provide them with greater control and support change, while recognising the need to balance the needs of vulnerable customer groups.
- Customers value protecting the environment and support the proposed investment in this area.

Delivering Services to Customer Expectations

Throughout the consultation South Gippsland Water has worked with customers, utilising all the feedback provided, to identify 6 key areas of focus to create statements that outline the expectations of customers over the next 5 years.

- "Be reliable, minimise unplanned interruptions to services and commit to communicating well with customers"
- "Partner with community, local government and business to plan for future years"
- "Provide safe, clean drinking water for the benefit of our customers and communities"
- "Provide a safe wastewater service that contributes to the health and liveability of our communities and environment"
- "Be environmentally responsible, sustainable and adapt to a future impacted by climate variability"
- "Treat all customers/community with honesty, respect and strive to balance affordability, value for money and fairness"

What the proposed plan means for customer prices 2018-2022

The Corporation is committed to efficiently delivering services; aiming to drive a 1% efficiency, more than \$2.7M, in operating efficiencies over the next 5 years.

South Gippsland Water has delivered the lowest prices possible to our customers over the last 10 years, with only a 4% real price increase during this time. To ensure the organisation can deliver to customer expectations regarding reliability and service standards, prices will need to rise over the next 5 years. The average (real) bill will rise from \$968 per year to \$1,196 per year in 2023. An increase of approximately \$230 or \$46 each year. We recognise that this is a significant rise, however customer consultation has supported price increases to address ageing infrastructure needs in order to maintain standards of service.

Recouping funds earlier in the pricing period reduces overall borrowings by the Corporation and limits the long term impact interest repayments have on prices. As a result, the Corporation is proposing to impose a higher price rise for year 1 of the plan (2018) at 8% and then a smoothed path at 3.5% each year after that (excluding CPI).

Proposed Water Tariffs

Customers want more control over their bill. As a result and subject to Board approval, fixed water charges will start to form a smaller portion of overall bills, while the water volume portion will start to increase. Customers can have a greater influence on their total bill through water efficient behaviours.

To provide increased customer support programs the discounted rate for Water by Agreement and not for profit properties (halls/churches etc.) will be removed and replaced with one uniform Water Service Fee.

Proposed New Commercial Wastewater Tariff Model

South Gippsland Water is looking to amend its commercial wastewater tariff model and replace cistern fees and cistern volumetric fees for businesses and non-residential properties. The new commercial wastewater tariff model will place a greater emphasis on 'user pays' and those who discharge a higher volume of wastewater into the sewer system. This will be done through a lower fixed wastewater service charge and higher volumetric charge from July 1 2020. Domestic properties will have no change to their wastewater tariff model.

Want More Information?

For further information on the pricing review process and our plan, please visit the South Gippsland Water website www.sgwater.com.au/projects/pricing-review South Gippsland Water will submit its pricing review to the Essential Services Commission in late September 2017 and will receive a determination before new prices come into effect on 1st July 2018.



Our 5 Year Plan at a Glance

\$174M Investment Over 5 Years to Maintain Service Standards

\$0.6M for **increased customer support** programs

\$2.5M for **increased maintenance** programs

\$4.7M to **renew 52km of water pipes** to address some of the 30% of pipes that are more than 50 years old

Invest \$2.6M to **reduce carbon emissions by 15%** by 2025 and save over \$630K

\$8.3M expansion of sewer pipes and \$7.2M for sewer pump stations for our **growing region**

Secure water supplies for 60% of our customer base; \$2.75M to purchase water entitlements for Lance Creek



\$4.3M to **replace and re-line 35km of ageing sewer pipes** to address blockages, sewer spills and improve reliability

Reuse 100% of bio-solids and reduce stockpiles at a cost of \$1.8M

\$2.6M to **replace approximately 550 sewer manholes**

\$1.75M to replace covers and liners of treated water storages and \$3M in treatment plant renewals to **keep water clean and safe to drink**

\$2.1M for a new treated water storage tank at Lance Creek to **keep pace with regional growth**

\$1.5M to renew pipes and pumps at the **most economical time**

\$2.2M to **reduce leakage** in the Fish Creek water pipe network to address supply capacity and **future growth**

Drive a **1% efficiency** - \$2.7M, in operating efficiencies over the next 5 years