

Wednesday 20<sup>th</sup> June 2018

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### Water Prices to Hold Steady

South Gippsland Water has now received the final Pricing Determination from the Essential Services Commission. The determination by the Essential Services Commission will see water prices in South Gippsland hold stable with only CPI to be applied for the next two years.

As a result, the average residential water customer in South Gippsland will continue to pay some of the lowest rates in the country for water and sewerage services. For an owner occupier receiving water and sewerage services and using an average of 118kL of water per year, their annual bill will be \$996, an increase of only \$18 for the year, representing CPI. This is on par or lower than most Melbourne customers and between \$89 and \$800 less than water bills received in major capital cities and territories across the country in 2016/17.

South Gippsland Water's Managing Director Philippe du Plessis said that, "Benchmark reporting has placed South Gippsland Water as one of the lowest charging water utilities in Australia. In real terms, South Gippsland Water prices have increased by only 4% over the last 10 years".

Mr du Plessis continued, "In the context of customer affordability and a two year price period, South Gippsland Water has given a commitment to hold prices stable and only apply CPI for the next two years. South Gippsland Water is a state owned Corporation with prices charged to meet capital and operating costs, not to generate profits for private investors. South Gippsland Water invests money into infrastructure for the benefit of our local communities".

In developing its Pricing Submission South Gippsland Water conducted extensive customer consultation and the Corporation remains committed to delivering on the customer needs and expectations canvassed during consultation. However, the Corporation has been concerned regarding the impact increased tariffs may have to the broader customer base.

Mr du Plessis went on to say that, "South Gippsland Water remains committed to delivering a 1.5% efficiency target which was accepted by the Commission. The Corporation will also continue to focus on assisting customers who may have difficulty paying their accounts. To this end, the Corporation is implementing support programs to identify and support our customers who may be experiencing difficulty in paying their water bill".

As part of the Pricing Review process, the Essential Services Commission have completed a wide ranging analysis of South Gippsland Water's business and have accepted there was a number of unavoidable operating costs. These include expenditure associated with the Lance Creek connection, Licence fees, Bulk Water entitlements and environmental contributions.

South Gippsland Water will invest some \$32M in capital expenditure over the next two years. Key infrastructure investments proposed by South Gippsland Water over this period include:

- \$7.56M for completion of the Lance Creek Water Connection project which will support regional growth, water security and strong communities.
- \$3.45M to renew and upgrade sewer pump stations in Yarram and Wonthaggi which will improve environmental outcomes and replace aging assets.
- \$2.03M for the Wonthaggi sewer mains augmentation a key project to support growth and development of Wonthaggi.

- \$2.57M for renewal and upgrade of the Wonthaggi water supply, this will assist in avoiding supply interruptions and replace aging assets.
- \$2.25M for the Inverloch sewer system expansion, supporting regional growth and development.
- \$2.10M for disinfection upgrades at a number of water treatment plants to meet contemporary standards.

In closing Mr du Plessis said, “We are committed to making our region more secure and sustainable in the long term, with investment into infrastructure being balanced against long term financial sustainability. We remain dedicated to delivering customer outcomes and service standards and will work with our stakeholders to achieve these, whilst keeping prices low and affordable for our customers”.

New water tariffs to come into effect from July 1, 2018. South Gippsland Water will need to provide the Essential Services Commission with an updated Pricing Submission in about two years. To prepare this submission the Corporation will be reviewing the business and expenditure plans to determine how customer service standards can be maintained while balancing affordability and financial sustainability.  
**[END]**

**Source: National Performance Report – Urban Utilities 2016/17**

Page 19: [http://www.bom.gov.au/water/npr/docs/2016-17/nationalPerformanceReport2016\\_17UrbanWaterUtilitiesHigherRes.pdf](http://www.bom.gov.au/water/npr/docs/2016-17/nationalPerformanceReport2016_17UrbanWaterUtilitiesHigherRes.pdf)

**Table 2.5 Typical residential bill: water and sewerage (\$)**

Major urban centre	2012–13	2013–14	2014–15	2015–16	2016–17	Change from 2015–16 %
Adelaide	1,468	1,345	1,367	1,393	1,165	-16
Canberra	1,265	1,153	1,131	1,152	1,136	-1
Darwin	1,914	1,872	1,930	1,914	1,796	-6
Melbourne	955	1,142	1,009	1,045	1,003	-4
Perth	1,299	1,350	1,377	1,393	1,386	-1
South East Queensland	1,314 <sup>a</sup>	1,342 <sup>a</sup>	1,417	1,410	1,408	0
Sydney	1,197	1,198	1,192	1,189	1,085	-9

**Table notes**

<sup>a</sup> Redland did not report against this indicator in 2012–13 and 2013–14

Melbourne and South East Queensland figures are the weighted average of the retail utilities (i.e. P3/C2—Connected residential properties: water supply and P6/C6—Connected residential properties: sewerage).

The figures exclude bulk utilities as they do not supply to customers.