

4 Pricing

4.1 P8—Typical residential bill: water and sewerage (\$)

4.1.1 Introduction

The typical residential bills presented in this chapter are the sum of fixed charges and volumetric-usage charges for water (and sewerage in some utilities) that are billed to a residential customer. They are based on each utility's average annual volume of residential water supplied (Indicator W12). Prices, which are presented in real 2014–15 dollars, may be set by government or, in some jurisdictions, by a regulator, council, or utility.

While the size of a utility's customer base has some influence on bills, the geographical location and distribution of the customer base, the local topography, climate, available sources of water, and government policy and legislation all influence water bills.

The mix of fixed-and-usage charges and the level of water consumption also impacts on the typical residential bill. Therefore, when drawing comparisons between utilities, it is important to note that a change in the typical bill may be the result of both a change in average consumption and a change in the price of water.

Historically, residential water-bill pricing models have varied across the nation; however, with one exception, all utilities now have a water-supply pricing model based on a two-part structure, that is, a fixed component and a component based on volumetric usage. The exception is Townsville Regional Council, where ratepayers have a choice between a flat charge and a tiered structure.

Unlike residential water-supply pricing, the majority of utilities have a fixed price model for sewerage services. The exceptions are the Melbourne retailers; Byron Shire Council; and Unitywater, each of which have both a fixed and volumetric component in their sewerage charges.

Typical residential bill data for all utilities reporting Indicator P8 in 2014–15 can be found in [Table A3](#).

4.1.2 Key findings

A summary of the reported typical residential bill data, by utility group, is presented in Table 4.1.

The national median typical residential bill rose by 4 per cent in 2014–15 compared with the previous year. In the 10,000–20,000 group, 75 per cent of the utilities that reported in both years recorded an increase, as did 70 per cent in the 20,000–50,000 group. In the larger size groups, the typical residential bill rose by only 1 per cent.

Figure 4.1 shows a 'box and whisker' plot of typical residential bill data for all utilities reporting on the P8 indicator for a given reporting year from 2005–06 to 2014–15. The plot shows an increasing trend in the median typical residential bill over this period.

An increasing spread of values in the middle 50 per cent reflects a greater variance of typical bills in 2014–15. Eight new utilities reporting in 2014–15 all have typical residential bill values in the upper end of the dataset, extending the upper range of the distribution.

In each utility size group, Victorian utilities had the lowest typical residential bill. The Victorian State Government's Fairer Water Bills Initiative was a major driver of bill decreases statewide, whereby some Victorian utilities provided rebates and others passed on the savings through tariff reductions.

Table 4.1 Overview of results: P8—Typical residential bill: water and sewerage (\$)

Size group (connected properties)	Range		Number of utilities with increase/decrease from 2012–13		Median		Change in the median from 2014–15%
	High	Low	Increase	Decrease	2013–14	2014–15	
100,000+	1,591	906	6	7	1,162	1,156	-1
	Gold Coast	City West Water					
50,000– 100,000	1,871	891	5	6	1,252	1,239	-1
	P&W (Darwin)	Goulburn Valley Water					
20,000– 50,000	1,694	843	12	5	1,275	1,304	2
	Bundaberg	North East Water					
10,000– 20,000	2,022	957	15	5	1,325	1,370	3
	Central Highlands Regional Council	South Gippsland Water					
All size groups (national)	2,022	843	38	23	1,255	1,299	4
	Central Highlands Regional Council	North East Water					

Table note

The typical residential bill is calculated using data from all utilities supplying both water and sewerage services that reported data for P3 and P6 in both the 2013–14 and 2014–15 reporting years.

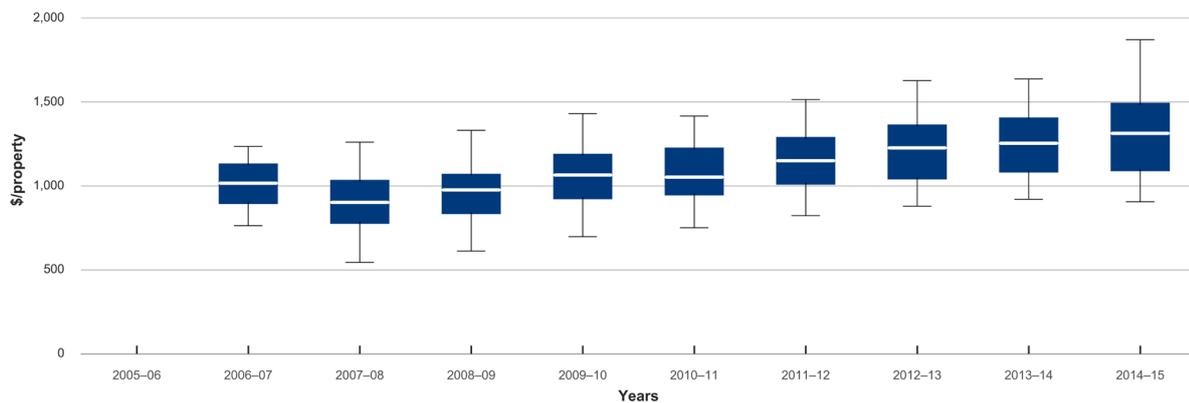


Figure 4.1 P8—Typical residential bill: water and sewerage (\$/property), 2005–06 to 2014–15

Note: P8 was introduced for the first time in the 2006–2007 reporting year.

4.1.3 Results and analysis—100,000+ group

A ranked breakdown of the typical residential bill for this group is presented in Figure 4.2. The figure highlights the component of water (P3) and sewerage (P6) cost for each utility in the group from 2011–12 to 2014–15.

Although recording a modest 1 per cent decrease in the median typical residential bill, the utilities in the 100,000+ group recorded significant variation in the reported bill values.

Within the group, Queensland's utilities remain amongst the most expensive; however, nationally, Gold Coast City and Logan City councils rank just inside the top ten, at nine and ten respectively.

Logan City Council joined City of Gold Coast and Unitywater at the top of the group (Figure 4.2) after a significant 27 per cent increase in its typical residential bill.

The Victorian State Government's Fairer Water Bills Initiative drove bill decreases for Melbourne's three major metropolitan retailers. Yarra Valley Water, South East Water, and City West Water all reported a significant decrease in typical residential bills (12 per cent, 11 per cent, and 11 per cent respectively).

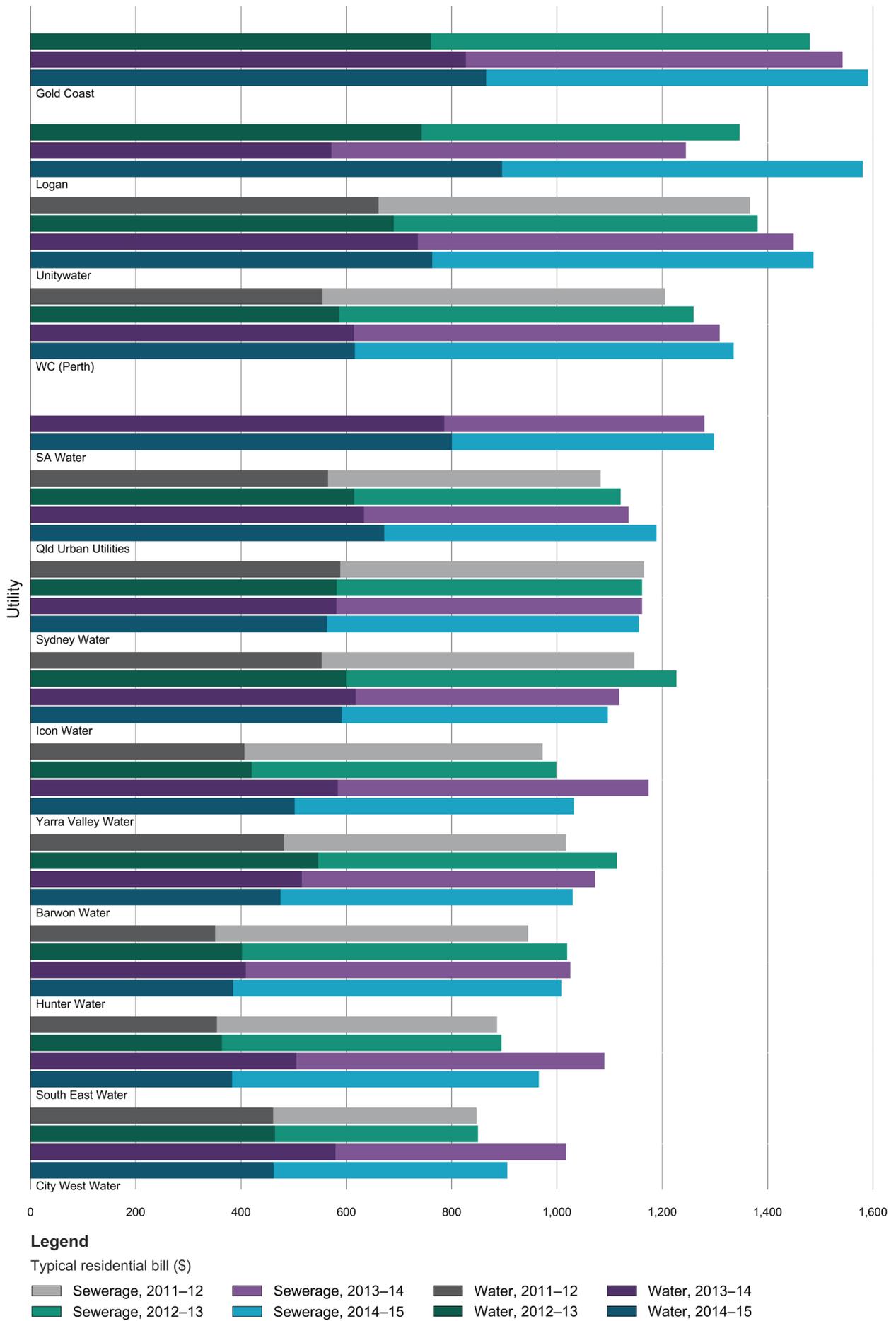


Figure 4.2 P8—Typical residential bill: water and sewerage (\$), 2011–12 to 2014–15, for utilities with 100,000+ connected properties

4.2 P7—Annual bill based on 200 kL: water and sewerage (\$)

4.2.1 Introduction

This indicator comprises the sum of P2 (Annual bill based on 200 kL: water) and P5 (Annual bill based on 200 kL: sewerage). It has many of the same drivers as P8 (Typical residential bill: water and sewerage). For these indicators, all utilities report the annual bill for a hypothetical residential customer using 200 kL per year. The use of 200 kL as the basis for the bill in part normalises the reported data by correcting for differences in the volumes of residential water supplied to customers.

The P7 indicator aids comparisons between the utilities' annual bills (for the particular usage volume of 200 kL) and improves the transparency of price increases; however, the P8 indicator (Typical residential bill: water and sewerage) remains the best guide to determining the impact of pricing on a utility's customers because it is based on the typical bill paid by those customers.

Residential bill data based on a use of 200 kL per year for all utilities reporting against the P7 indicator in 2014–15 can be found in [Table A4](#).

4.2.2 Key findings

A summary of the 200 kL per annum residential bill data, by utility group, is presented in [Table 4.2](#).

In real terms, the median residential bill based on a usage of 200 kL per annum remained unchanged in 2014–15. This was in contrast to a 4 per cent increase in 2013–14.

Table 4.2 Overview of results: P7—Annual bill based on 200 kL: water and sewerage (\$)

Size group (connected properties)	Range		Number of utilities with increase/decrease from 2013–14		Median		Change in the median from 2013–14%
	High	Low	Increase	Decrease	High	Low	
100,000+	1,748	1,079	9	4	1,289	1,251	-3
	Logan	Hunter Water					
50,000– 100,000	1,487	818	6	5	1,277	1,286	1
	Townsville Water	Goulburn Valley Water					
20,000– 50,000	1,693	735	14	3	1,279	1,290	1
	MidCoast Water	Lower Murray Water					
10,000– 20,000	1,827	960	18	2	1,324	1,401	6
	Eurobodalla	Bathurst					
All size groups (national)	1,827	735	47	14	1,301	1,302	0
	Eurobodalla	North East Water					

Table note

The 200 kL residential bill data for water and sewerage is calculated using data from all utilities who reported against the P2 and P5 indicators in both 2013–14 and 2014–15.

4.2.3 Results and analysis—100,000+ group

A ranked breakdown of the annual bill based on the supply of 200 kL is presented in [Figure 4.3](#). The figure highlights the component of water (P2) and sewerage (P5) cost for each utility in the group from 2011–12 to 2014–15.

Taking the volume of residential water supplied into consideration, Queensland's major urban utilities (Logan City Council, City of Gold Coast, and Queensland Urban Utilities) remain amongst the most expensive in the group. These utilities report that bulk water charges, set by the Queensland Government, are responsible for as much as 60 per cent of their residential bills. Price increases within the group were driven by a combination of increased bulk water prices in 2014–15, rising operating costs, and the need for continued investment in new and existing infrastructure.

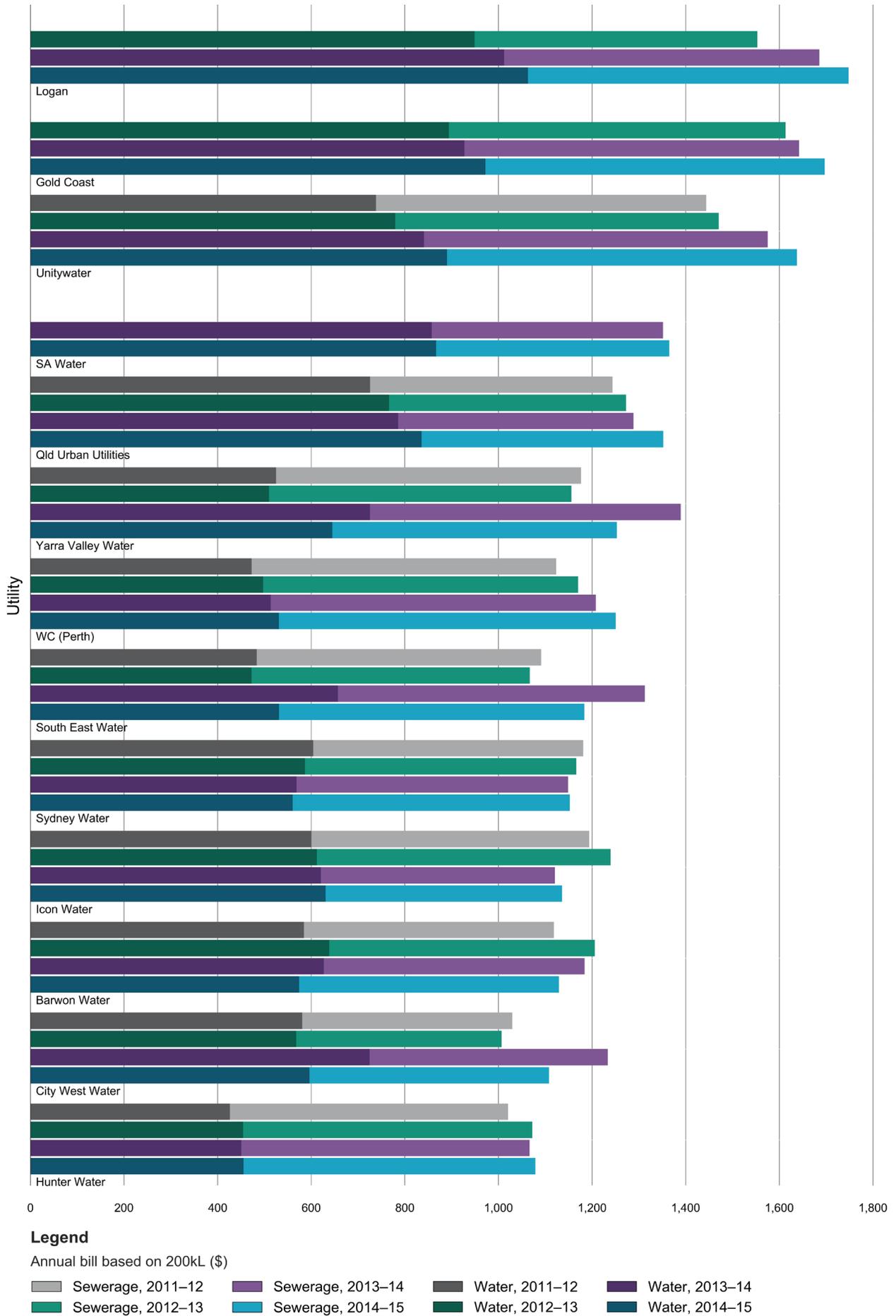


Figure 4.3 P7— Annual bill based on 200 kL: water and sewerage (\$), 2011–12 to 2014–15, for utilities with 100,000+ connected properties

Following increases in the order of 20 per cent in 2013–14, Victoria's major metropolitan utilities in the 100,000+ connected properties group all reported a 10 per cent decrease in their annual residential bill, based on the supply of 200 kL per annum. As observed in [section 4.1.3](#), the Fairer Water Bills Initiative was the main reason for bill reductions. The initiative sought wide-ranging cost saving measures across the utilities in order to lower bills by around \$100 per annum.