

4 Pricing

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

The typical residential bill for water supply and sewerage (P8) is the sum of fixed charges and volumetric-usage charges for water and sewage billed to a residential customer. The typical bill is based on each utility's average annual volume of residential water supplied (W12) and its pricing structure (P1, P1.1–P1.7, P4.1–P4.3). Prices are set by government or, in some jurisdictions, by a regulator, council, or utility.

Water bills are influenced by a number of factors, including:

- the size of the utility's customer base;
- geographical location;
- distribution of the customer base;
- local topography;
- climate;
- available sources of water; and
- government policy and legislation.

The mix of fixed and usage charges, and the level of water consumption, affects the typical residential bill.

When drawing comparisons between utilities, it is important to note that changes in a typical bill may result from both changes to average consumption and changes to the price of water.

Historically, residential water bill pricing models have varied across the nation. The majority of utilities now have a water supply pricing model based on a two-part structure: a fixed component and a component based on volumetric usage.

Townsville Regional Council remains an exception: ratepayers have a choice between a flat charge and a tiered structure.⁴

Unlike residential water supply pricing, the majority of utilities have a fixed price model for sewerage services. The exceptions are the Melbourne utilities⁵, Byron Shire Council and Unitywater. These utilities have both a fixed and volumetric component in their sewerage charges.

Billing data are indexed using the consumer price index (CPI) to facilitate comparison in real terms.

Typical residential bill (P8) data for all utilities reporting in 2017–18 are presented in Table A3, Appendix A.

4.1.1 Key findings

A summary of the median typical residential bills, by utility group, is shown in Table 4.1.

49 utilities reported an increase in their typical residential bills; however, the majority of these were in the Small and Medium groups. Nationally the median typical residential bill remained stable in 2017–18 with a median increase of \$12 per annum from 2016–17 reported.

⁴ www.townsville.qld.gov.au/payments-rates-and-permits/rates

⁵ Western Water, Yarra Valley Water, South East Water, and City West Water.

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

Utility group	Range		No. utilities with increase/decrease from 2016-17		Median		Change from 2016-17 (%)
	High	Low	Increase	Decrease	2016-17	2017-18	
Major	1,577	930	9	6	1,158	1,169	1
	Logan	City West Water					
Large	1,820	926	8	1	1,328	1,348	2
	P&W (Darwin)	Goulburn Valley Water					
Medium	1,760	894	15	7	1,434	1,446	1
	MidCoast Council	North East Water					
Small	1,974	983	17	7	1,578	1,637	4
	P&W (Alice Springs)	South Gippsland Water					
All utility groups (national)	1,974	894	49	21	1,412	1,424	1
	P&W (Alice Springs)	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 2016-17 and 2017-18 reporting years.

Figure 4.1 shows a box-and-whisker plot of typical residential bills for all utilities reporting data in a given year.

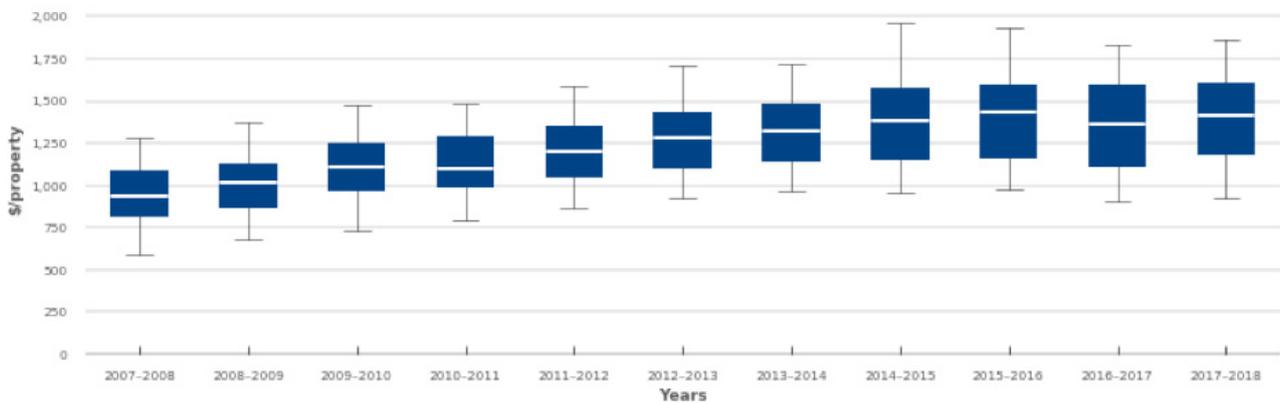


Figure 4.1 Typical residential bill: water supply and sewerage (\$), 2007-08 to 2017-18.

Following the decrease in typical residential bill in 2016-17 that reversed the upward trend of the past 9 years, the typical residential bill stabilised in 2017-18.

While nationally the typical residential bill was steady, dry and warm conditions are reflected in the typical residential water bills for NSW utilities where only two NSW utilities reported median bills lower than previous years. Only three NSW utilities reporting lower than their four-year average.

Victorian utilities remain among those charging the lowest typical residential bills in each utility group. This is due to a combination of the State's typically lower residential water use and downward pressure on bills through the Victorian State Government's Fairer Water Bills Initiative. Temperature and rainfall, as well as demand management, are key factors in the State's typically lower residential water usage.

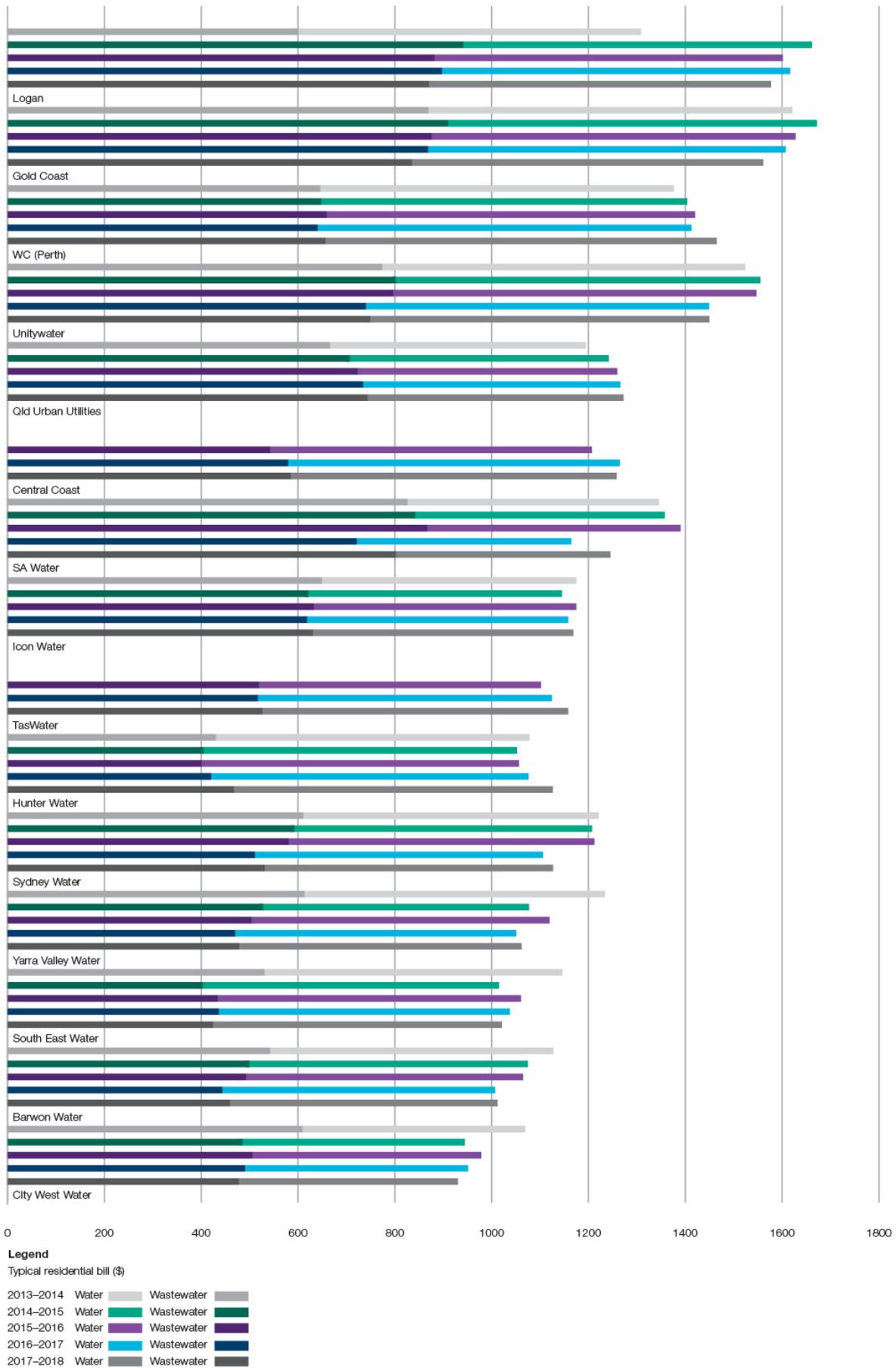


Figure 4.2 Typical residential bill: water supply and sewerage (wastewater) (\$)—Major utility group.

4.1.2 Results and analysis—Major utility group

A ranked breakdown of the typical residential bill for the Major utility group is presented in Figure 4.2. The figure highlights the water (P3) and sewerage (P6) components of the bill for each utility.

Gold Coast City Council have continued a trend of consecutive yearly reductions in their typical residential bills, although they remain the second most expensive retailers in the Major utility group.

The significant increase in typical residential bill for SA Water (7 per cent, or \$81 per annum), aligns with a significant increase in its average residential water supply (14.60 per cent), the largest increase across all utility groups, reflecting below-average summer rainfall recorded in 2017–18. Water demand for SA Water residential customers is driven by the summer rainfall.

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

The annual bill based on 200 kL for water and sewerage services (P7) is the sum of the annual bill for the supply of 200 kL of water (P2) and the annual bill for the provision of sewerage services for a residential customer using 200 kL of water (P5).

While the typical residential bill (P8) is the best guide to determining the impact of pricing on customers, the annual bill based on 200 kL aids comparisons between utilities. Adopting a consistent 200 kL as the basis for the bill partially normalises the data, correcting for differences in the volumes of water supplied and providing insight into price variations.

Billing data are indexed using the consumer price index (CPI) to facilitate comparison in real terms.

Annual bill based on 200 kL (water supply and sewerage) data for all utilities reporting in 2017–18 are presented in Table A4, Appendix A.

4.2.1 Key findings

A summary of the median 200 kL/annum residential bill data, by utility group, is presented in Table 4.2.

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

Utility group	Range		No. utilities with increase/decrease from 2016–17		Median		Change from 2016–17 (%)
	High	Low	Increase	Decrease	2016–17	2017–18	
Major	1,793	1,096	9	5	1,277	1,278	0
	Logan	Sydney Water					
Large	1,536	850	6	3	1,364	1,366	0
	Toowoomba	Goulburn Valley Water					
Medium	1,951	771	11	10	1,425	1,430	0
	MidCoast Council	Lower Murray Water					
Small	1,949	1,121	15	7	1,526	1,537	1
	Eurobodalla	Bathurst					
All utility groups (national)	1,951	771	42	24	1,391	1,401	1
	MidCoast Council	Lower Murray Water					

Table note

The 200 kL residential bill data for water supply and sewerage are calculated using data from all utilities reporting against the P2 and P5 indicators in both 2016–17 and 2017–18.

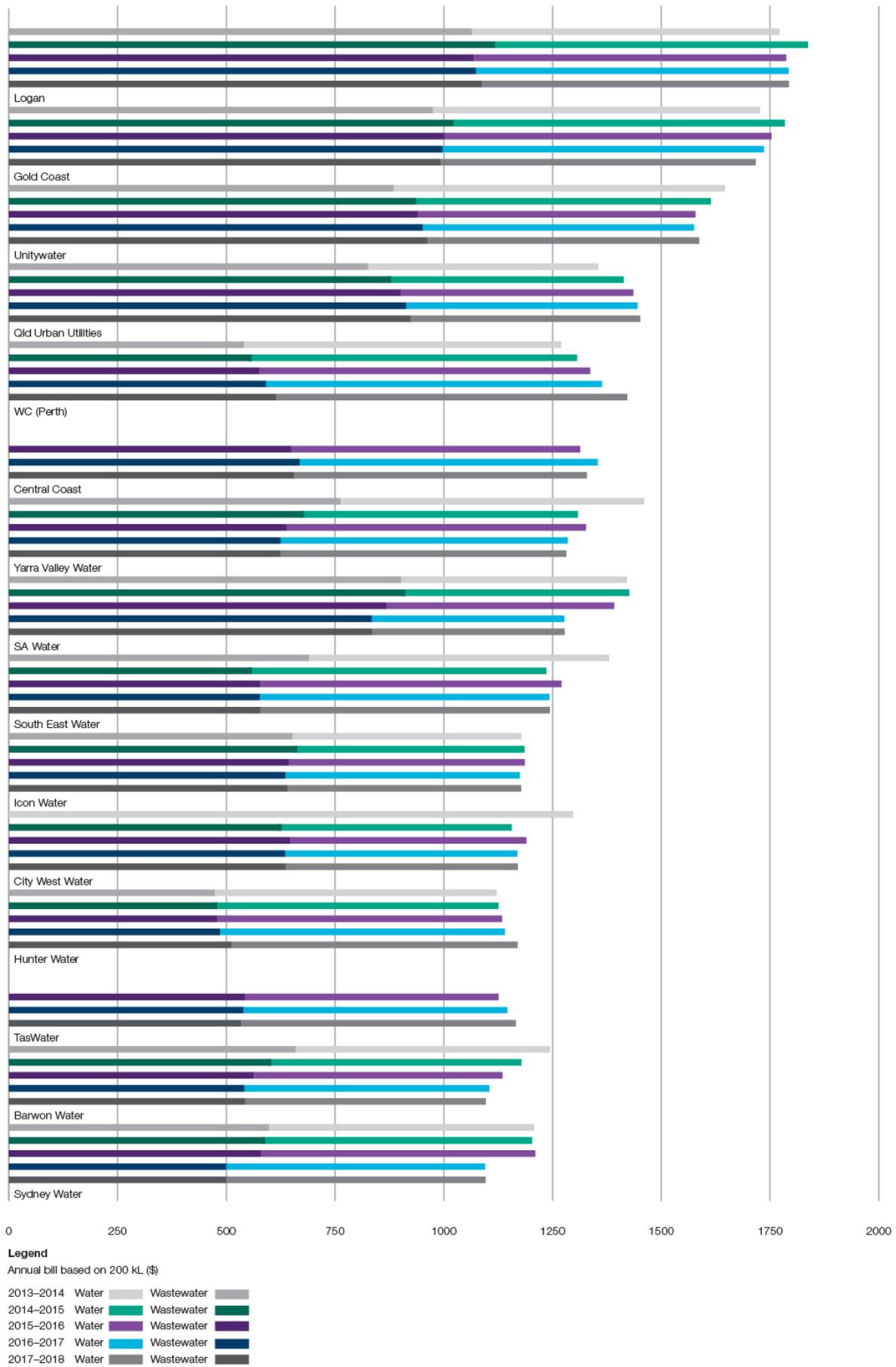


Figure 4.3 Annual bill based on 200 kL: water supply and sewerage (wastewater) (\$)—Major utility group.

On a 200 kL/annum basis, the national median bill remained essentially unchanged from 2016–17. Similarly, each utility size group remained unchanged from the previous year.

National medians for both typical residential bill and annual bill based on 200 kL were unchanged from 2016–17, reflecting the overall stability in pricing across each size utility group.

4.2.2 Results and analysis—Major utility group

A ranked breakdown of the annual residential bill based on 200 kL for the Major utility group is presented in Figure 4.3. The figure highlights the water (P2) and sewerage (P5) components of the bill for each utility. The figure reinforces the higher volumetric pricing of water by Queensland's Major utilities.

Water Corporation—Perth had the highest increase in annual residential bill based on 200 kL in the Major utility group (4.3 per cent) and similarly had one of the highest increases in typical residential bill (3.7 per cent). However, there was no significant change in residential water supply, with a minor reduction from 2016–17 (1.7 per cent). The increases in pricing indicators for Water Corporation—Perth are probably due to the Western Australian State Government's decision to increase water, sewerage and drainage charges.