

## 4 Pricing

### 4.1 Typical residential bill: water supply and wastewater—P8

The typical residential bill (\$) for water supply and wastewater (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, P1.2–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:

- 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 City Council remains an exception: ratepayers have a choice between a flat charge and a tiered structure.<sup>3</sup>

Unlike for their residential water supply pricing, most utilities have a fixed price model for wastewater services. The exceptions are the Melbourne utilities<sup>4</sup>, Byron Shire Council and Unitywater. These utilities have both a fixed and volumetric component in their wastewater 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 2019–20 are presented in Table A3, Appendix A.

#### 4.1.1 Key findings

Table 4.1 presents a summary of the median typical residential bill by utility size group.

Nationally, there was a slight decrease (2 per cent) in the typical residential bill for water and wastewater services with 40 out of 71 utilities reporting a decrease. Nationally, this translated to a \$32 decrease in the median residential bill. The Medium utility group reported the largest variation in price changes: Gladstone Regional Council reported a 33.4 per cent increase and Dubbo Regional Council reported a decrease of 14.3 per cent.

<sup>3</sup> [www.townsville.qld.gov.au/payments-rates-and-permits/rates](http://www.townsville.qld.gov.au/payments-rates-and-permits/rates)

<sup>4</sup> Western Water, Yarra Valley Water Corporation, South East Water Ltd, and City West Water.

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

Utility group	Range		No. utilities with increase/decrease from 2018–19		Median		Change in median from 2018–19 (%)
	High	Low	Increase	Decrease	2018–19	2019–20	
Major	1,671	974	8	7	1,220	1,170	-4
	Gold Coast	City West Water					
Large	1,857	909	4	7	1,389	1,358	-2
	P&W (Darwin)	Goulburn Valley Water					
Medium	2,236	1,001	9	13	1,494	1,460	-2
	Gladstone	South Gippsland Water					
Small	2,011	1,056	9	13	1,673	1,652	-1
	P&W (Alice Springs)	Armidale					
<b>All size groups (national)</b>	2,236	909	30	40	1,458	1,426	-2
	Gladstone	Goulburn Valley Water					

**Table note**

The typical residential bill in each year is calculated using data from all utilities supplying both water and wastewater services in that year.

Figure 4.1 shows a box-and-whisker plot of typical residential bills for all utilities reporting data in a given year. For a fifth consecutive year, residential bills have remained steady with a national decrease of 2 per cent since 2018–19.

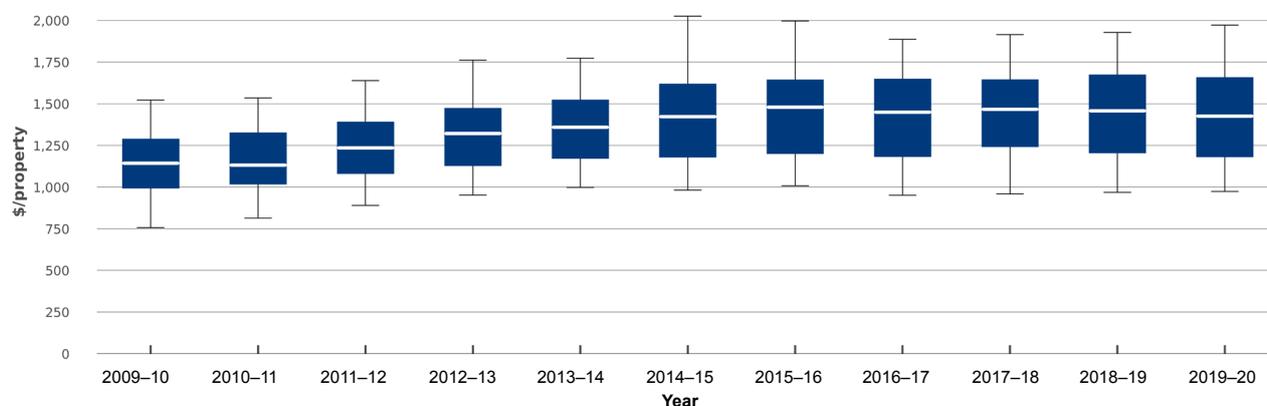


Figure 4.1 Typical residential bill: water supply and wastewater (\$), 2009–10 to 2019–20.

### 4.1.2 Results and analysis—Major utility group

Figure 4.2 presents a ranked breakdown of the typical residential bill for the Major utility group. The figure shows the water (P3) and wastewater (P6) components of the bill for each utility.

Since 2015–16, typical residential bills for Unitywater and Logan City Council customers have generally trended downwards, although they remain in the top four most expensive retailers in the Major utility group, together with City of Gold Coast, and Water Corporation – Perth. City West Water continued to be the cheapest retailer in the Major utility group with a typical residential bill of \$974.

The variation in the typical residential bill for the Major utility group is larger than in previous years. The highest percentage increase was 4.8 per cent (Urban Utilities) and the greatest percentage decrease was 16.8 per cent (Central Coast Council).

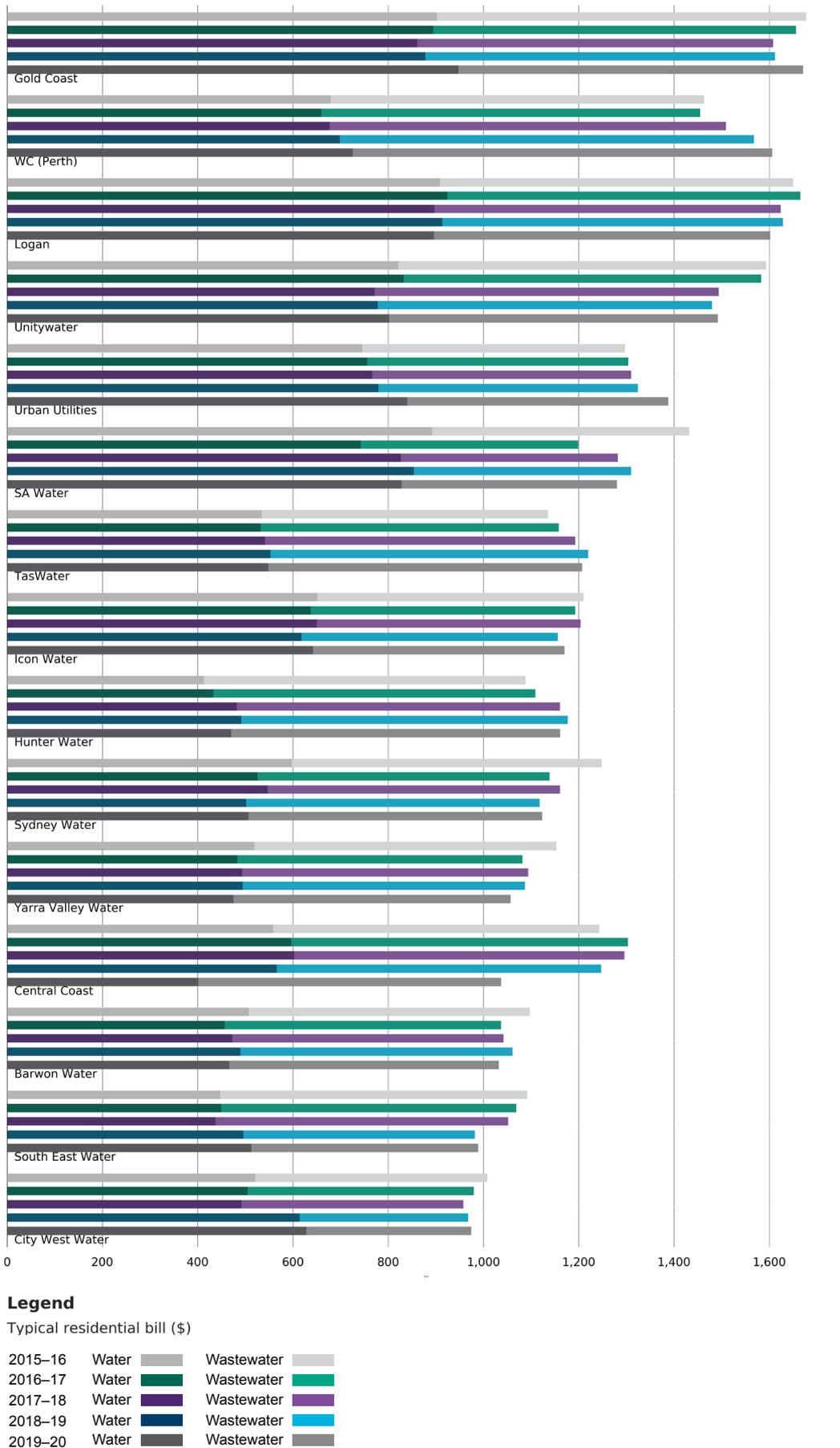


Figure 4.2 Typical residential bill: water supply and wastewater (\$)—Major utility group.

## 4.2 Annual residential bill based on 200 kL per annum: water supply and wastewater—P7

The annual bill (\$) based on 200 kL for water and wastewater 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 wastewater 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 volume 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 wastewater) data for all utilities reporting in 2019–20 are presented in Table A4, Appendix A.

### 4.2.1 Key findings

Table 4.2 presents a summary of the median 200 kL/annum residential bill data by utility size group.

**Table 4.2 Overview of results: Annual residential bill based on 200 kL per annum: water supply and wastewater (\$).**

Utility group	Range		No. utilities with increase/decrease from 2018–19		Total		Change from 2018–19 (%)
	High	Low	Increase	Decrease	2018–19	2019–20	
Major	1,813	1,112	8	7	1,266	1,257	-0.7
	Logan	Barwon Water					
Large	1,717	837	5	7	1,402	1,382	-1.4
	Toowoomba	Goulburn Valley Water					
Medium	2,043	786	13	8	1,446	1,455	0.6
	MidCoast Council	Lower Murray Water					
Small	2,059	1,225	16	6	1,606	1,600	-0.4
	Kempsey	Essential Energy					
<b>All utility groups (national)</b>	2,059	786	42	28	1,448	1,462	1.0
	Kempsey	Lower Murray Water					

#### Table note

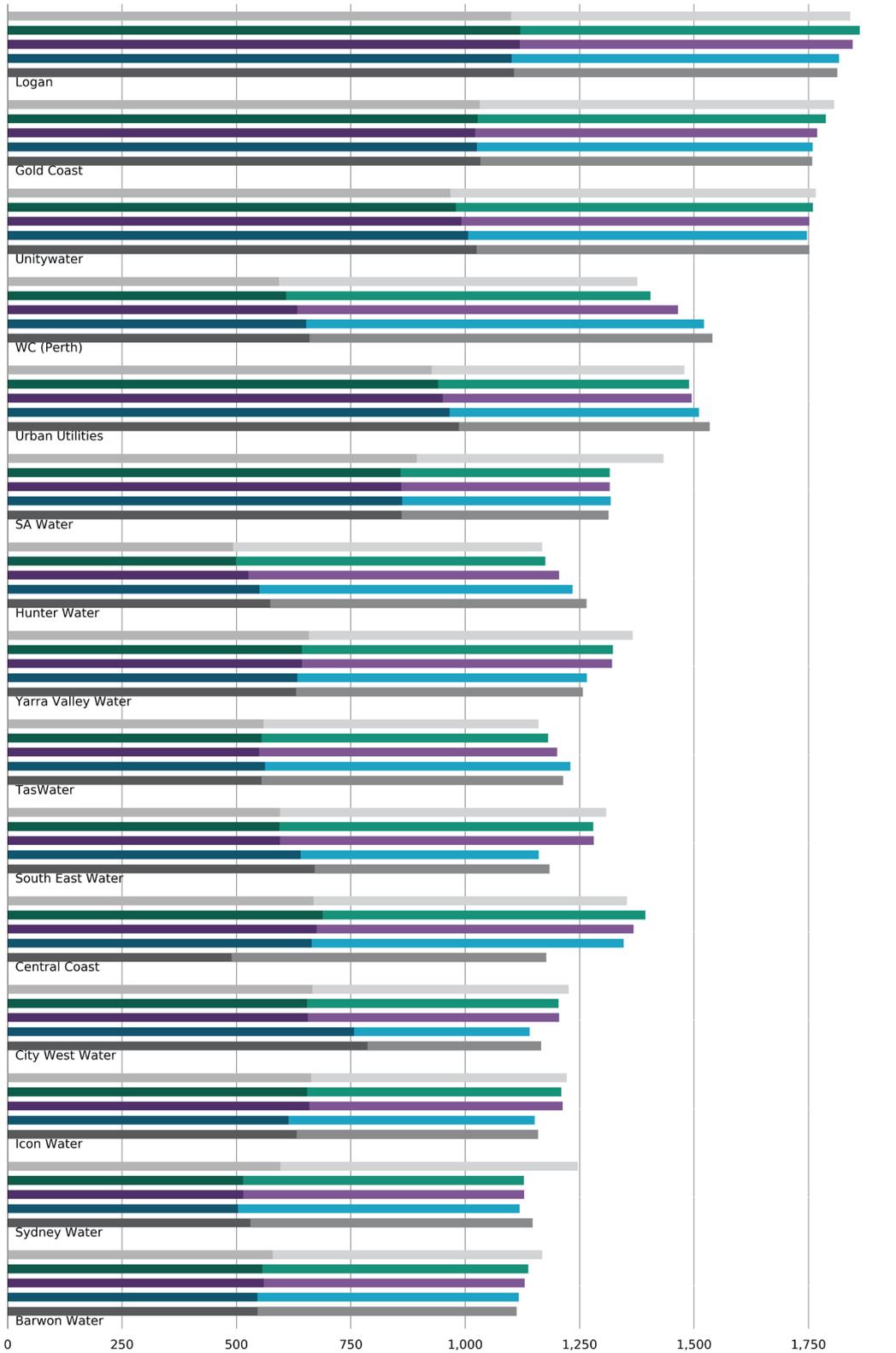
The 200 kL residential bill data for water supply and wastewater for each year are calculated using data from all utilities reporting against the P2 and P5 indicators in that year.

On a 200 kL/annum basis, the national median bill was a slight (1 per cent) increase from 2018–19. The Medium utility group had a small increase (0.6 per cent), while all other utility groups had small decreases compared to 2018–19. The Medium utility group had a large variation in changes, from a 5.6 per cent increase by Coffs Harbour City Council to a decrease of 17.3 per cent by Queanbeyan–Palerang Regional Council.

### 4.2.2 Results and analysis—Major utility group

Figure 4.3 presents a ranked breakdown of the annual residential bill based on 200 kL for the Major utility group. The figure reinforces the higher volumetric pricing of water by Queensland’s Major utilities, but it also demonstrates the decreasing trend over the past five reporting periods by City of Gold Coast and Unitywater. This decrease was also reflected in the typical residential bill (P8).

Sydney Water Corporation had the highest percentage increase in annual residential bill based on 200 kL in the Major utility group (2.5 per cent). Central Coast Council had the largest annual percentage decrease (12.6 per cent).



**Legend**

Annual bill based on 200kL (\$)

2015-16	Water	█	Wastewater	█
2016-17	Water	█	Wastewater	█
2017-18	Water	█	Wastewater	█
2018-19	Water	█	Wastewater	█
2019-20	Water	█	Wastewater	█

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