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 to P1.7, P4.1 to 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
- 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. Most utilities now have a water supply pricing model based on a 2-part structure: a fixed component and a component based on volumetric usage.

Townsville City Council remains an exception: ratepayers have a choice between a fixed allocation and a 2-part structure.[5]

Unlike residential water supply pricing, most utilities have a fixed price model for wastewater services. The exceptions are the Melbourne utilities[6], Central Coast Council, Essential Energy, Queanbeyan–Palerang Regional Council, Shoalhaven City 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 2020–21 are presented in Table A3, Appendix A.

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

4.1.1 Key findings

Nationally, median typical residential bills remained almost unchanged for water and wastewater services with a decrease from 2019–20 of less than 1%. Nationally, this translated to a $6 decrease in the median residential bill. SA Water Corporation from the Major utility group reported a 17.1% decrease and Queanbeyan–Palerang Regional Council from the Medium utility group reported a 32.9% increase.

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

6 Western Water, Yarra Valley Water, South East Water 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 2019–20		Median		Change in median from 2019–20
	High	Low	Increase	Decrease	2019–20	2020–21	(%)
Major	1,647	903	3	12	1,189	1,100	-7
	Gold Coast	Central Coast					
Large	1,831	895	3	10	1,369	1,343	-2
	P&W (Darwin)	Goulburn Valley Water					
Medium	1,947	982	9	12	1,501	1,516	1
	Queanbeyan	Lower Murray Water					
Small	2,126	1,180	11	11	1,679	1,627	-3
	Central Highlands	Westernport Water					
All size groups (national)	2,126	895	26	45	1,449	1,443	-0.4
	Central Highlands	Goulburn Valley Water					

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 sixth consecutive year, residential bills have remained steady; the national median remained almost unchanged from 2019–20.

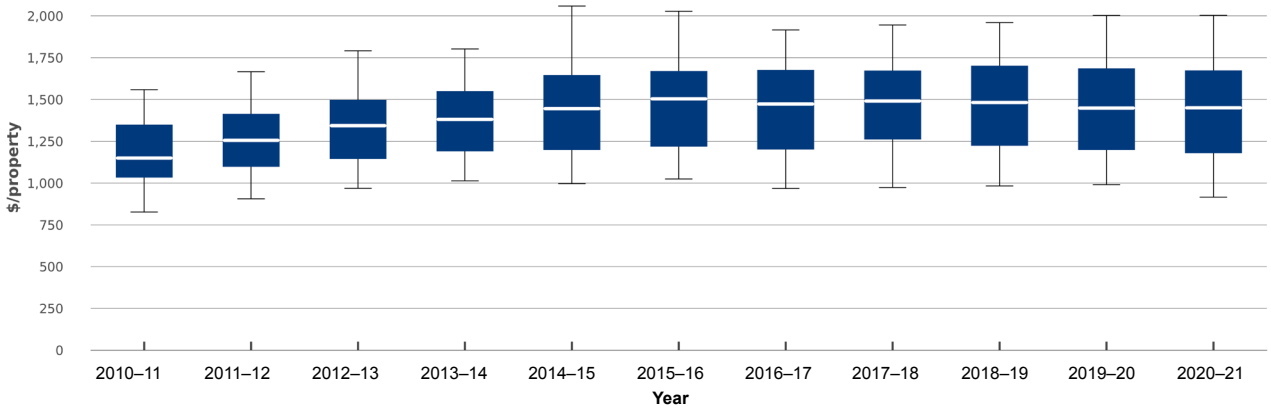

Figure 4.1 Typical residential bill: water supply and wastewater ($), 2010–11 to 2020–21

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 2016–17, typical residential bills for Central Coast Council customers have generally trended downwards; they decreased from $1324 in 2016–17 to $903 in 2020–21 and became the cheapest utility in the Major utility group. City West Water, which had previously been the cheapest utility, became the second cheapest in 2020–21.

City of Gold Coast, Water Corporation – Perth and Logan City Council remain the 3 most expensive retailers, consistent with previous years.

The variation in the typical residential bill for the Major utility group is larger than in previous years. The highest percentage increase (8.1%) was at Barwon Water and the greatest percentage decrease (17.1%) was at the SA Water Corporation.

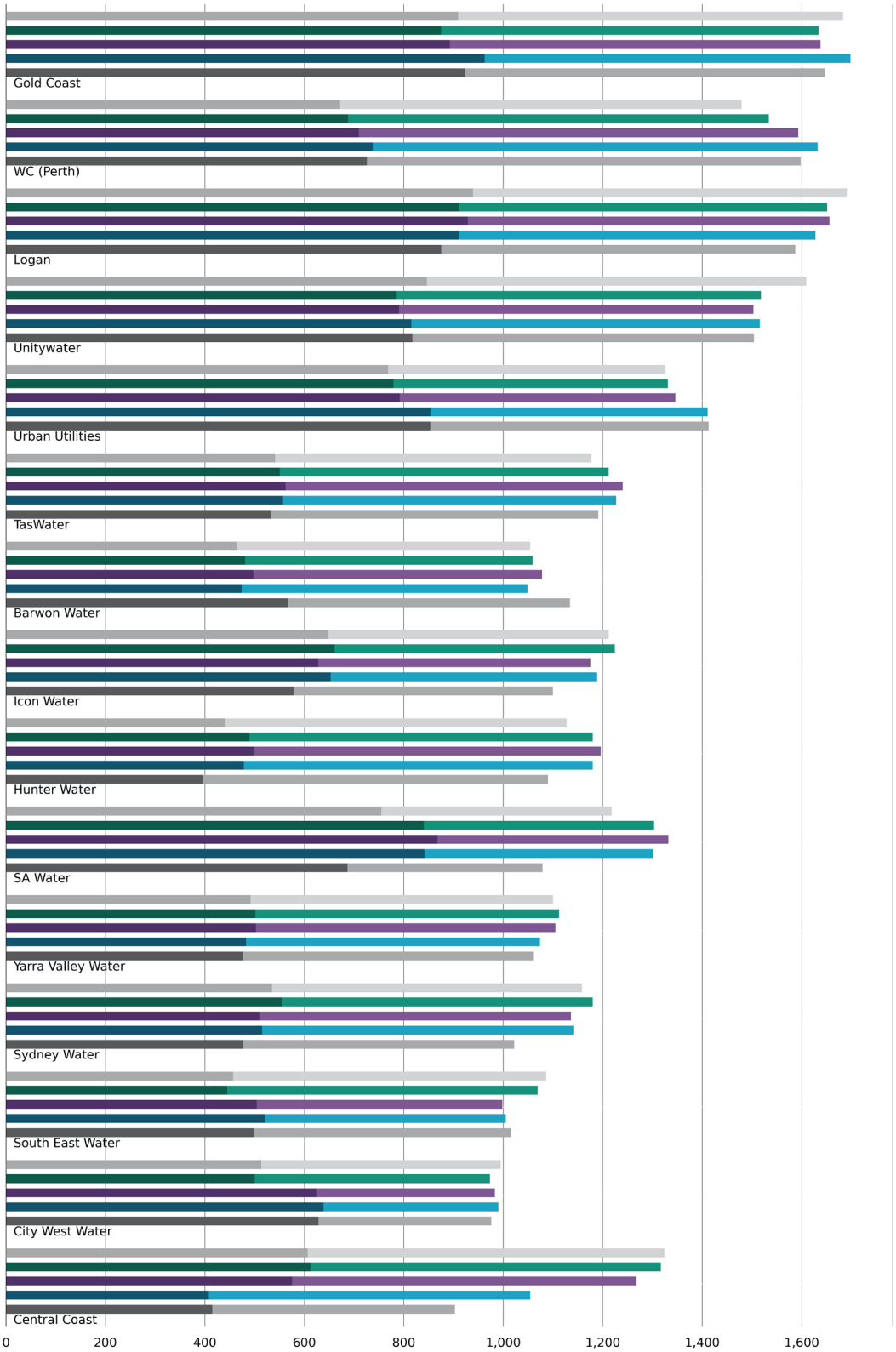

Figure 4.2 Typical residential bill: water supply and wastewater ($) – Major utility group

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 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 wastewater) data for related utilities 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 2019–20		Total		Change in median from 2019–20
	High	Low	Increase	Decrease	2019–20	2020–21	(%)
Major	1,840	989	2	13	1,277	1,211	-5
	Logan	Central Coast					
Large	1,770	826	4	9	1,382	1,359	-2
	Toowoomba	Goulburn Valley Water					
Medium	3,036	791	11	9	1,478	1,499	1
	Tweed	Lower Murray Water					
Small	2,112	1,252	14	8	1,626	1,645	1
	Bega Valley	Essential Energy					
All utility groups (national)	3,036	791	31	39	1,478	1,518	2
	Tweed	Lower Murray Water					

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 in 2020–21 was a slight (2%) increase from 2019–20. The Major and Large utility groups had decreased by 5% and 2% respectively while all other utility groups had a small increase (1%) compared to 2019–20. The Small utility group had a large variation in changes, from an 20.8% increase by Armidale Regional Council to a decrease of 2.1% by Water Corporation – Australind/Eaton.

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 as in previous years, but it also demonstrates the decreasing trend over the last 5 periods by Central Coast Council and SA Water Corporation. This decrease was also reflected in the typical residential bill (P8).

Urban Utilities had the highest percentage increase in annual residential bill based on 200 kL in this utility group (1.3%). SA Water Corporation had the largest annual percentage decrease (17.4%).

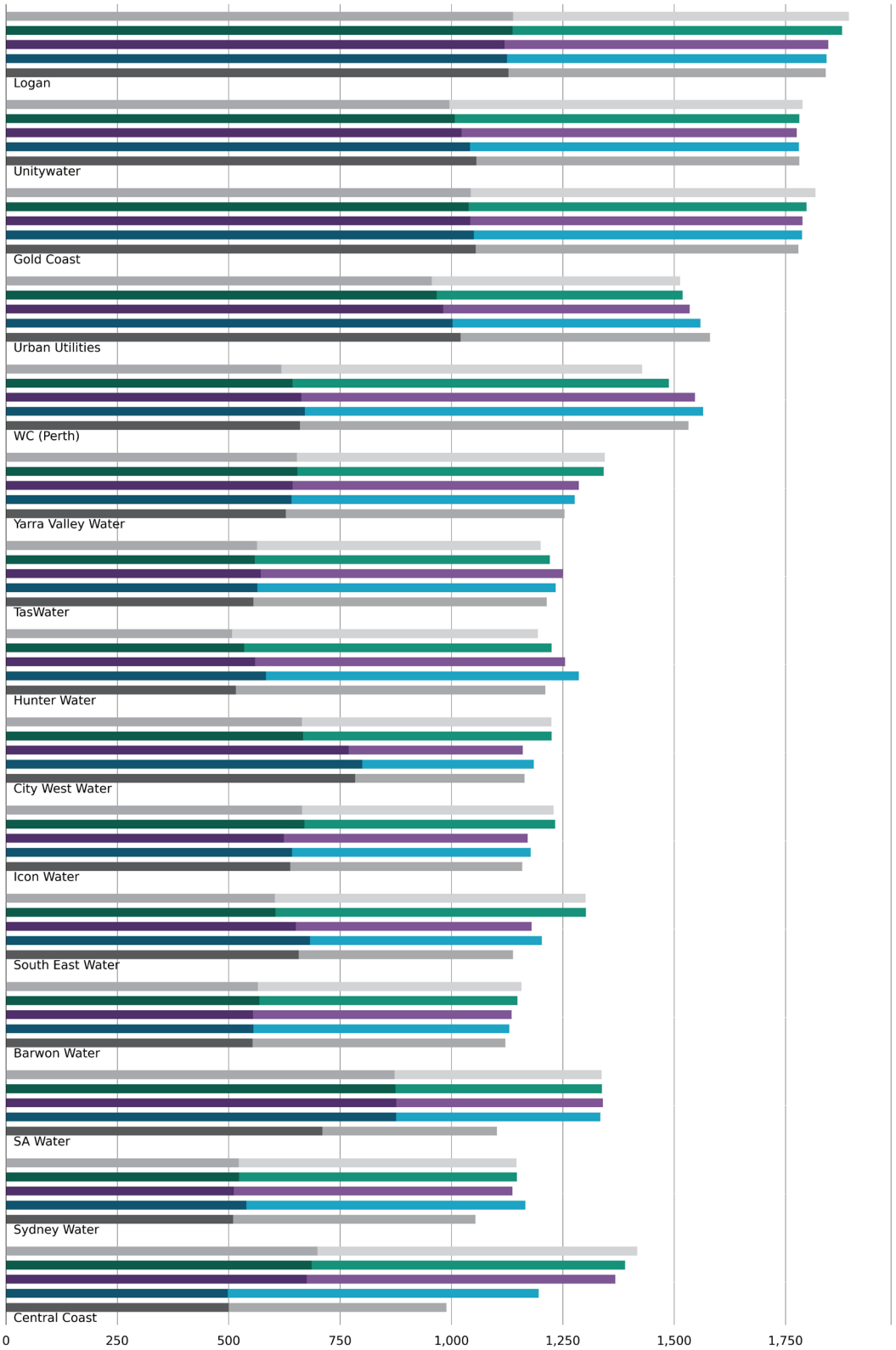

Figure 4.3 Annual bill based on 200 kL: water supply and wastewater ($) – Major utility group