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, affect 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 and Whitsunday Regional Council remain exceptions as ratepayers have a choice between a fixed allocation and a 2-part structure.[7]

Unlike residential water supply pricing, most utilities have a fixed price model for wastewater services. The exceptions are the Melbourne utilities[8], Central Coast Council and Unitywater. These utilities have both a fixed and volumetric component in their wastewater charges.

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

Typical residential bill (P8) data for all utilities reporting in 2023–24 is presented in Table A3, Appendix A.

4.1.1. Key findings

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

Nationally, median typical residential bills for water and wastewater services increased by 2% from 2022–23. This equates to a $33 increase in the median typical residential bill.

[7] https://www.whitsundayrc.qld.gov.au/our-council/about-council/rates-fees-and-charges/water-billing-options-and-water-tariff-calculator

[8] Greater Western Water, Yarra Valley Water and South East Water

Overall, the water and wastewater utilities in the Major utility group reported the highest increase of 10% from the 2022–23 median bill, compared with 2 to 3% in the other utility size groups. Almost 3 quarters of all utilities reported an increase in their typical residential bill from 2022–23 (52 out of 71 reporting utilities). Among all, 5 utilities reported an increase of 10% or more, with Central Coast Council (New South Wales) in the Major size group being the highest of those at 23.4%. Decreases in the typical residential bill (19 utilities) were all less than 5%, with the largest decrease of 4.5% reported by the Ballina Shire Council (New South Wales) in the Small size group.

Byron Shire Council (New South Wales) and Central Highlands Regional Council (Queensland), both in the Small size group, reported the highest ($2,354) and Goulburn Valley Water (Victoria) in the Large size group reported the lowest typical residential bill ($937).

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

Utility group	Range		No. utilities with increase/decrease from 2022–23		Median		Change in median from 2022–23 (%)
	High	Low	Increase	Decrease	2022–23	2023–24	
Major	1,797	990	12	3	1,123	1,235	10
	Gold Coast	South East Water					
Large	2,036	937	8	4	1,490	1,516	2
	P&W (Darwin)	Goulburn Valley Water					
Medium	2,131	1,096	14	6	1,584	1,635	3
	Gladstone	Lower Murray Water					
Small	2,354	1,101	18	6	1,818	1,857	2
	Multiple utilities	Mount Barker					
All size groups (national)	**2,354**	**937**	**52**	**19**	**1,558**	**1,591**	**2**
	Multiple utilities	**Goulburn Valley Water**					

Note: The typical residential bill in each year is calculated using data from all active 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. Following 2 successive years of decreases, the typical residential bill rose slightly in 2023–24. Despite increasing by 2%, the national median typical residential bill was the second lowest since 2013–14. The difference between the highest and lowest typical residential bill (the distribution in Figure 4.1) in 2023–24 was the largest since 2013–14.

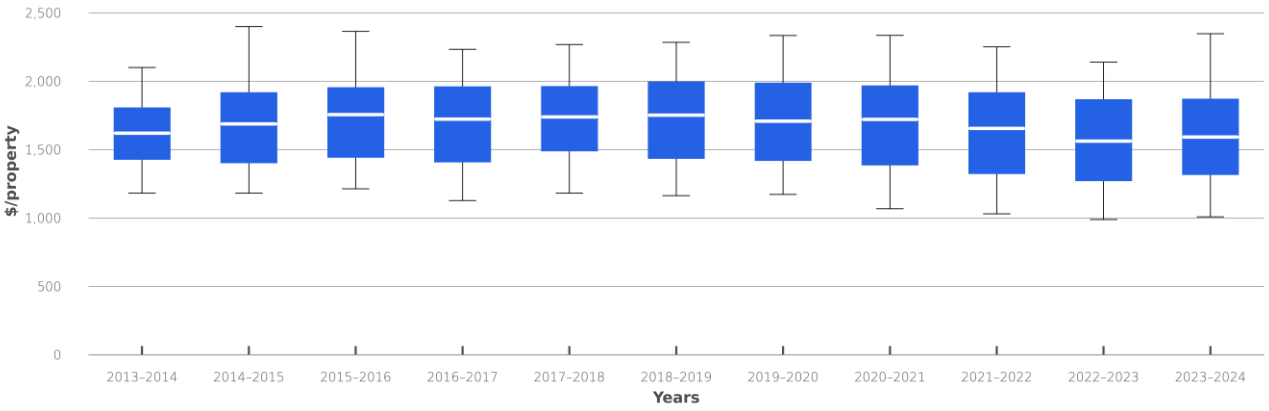

Figure 4.1 Typical residential bill: water supply and wastewater ($), 2013–14 to 2023–24

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 active utilities that have reported their information in 2023–24.

The typical residential bill increased from 2022–23 for most of the utilities in the Major size group, with only South East Water Corporation (Victoria), Yarra Valley Water Corporation (Victoria), and Logan City Council (Queensland) reporting decreases of less than 5%. The increase in typical residential bill was largely driven by increases in the typical bills for water supply for all Major utilities, except for Urban Utilities (Queensland), which reported a decrease of less than 1% in its water supply bills. Typical residential bills for wastewater services also increased for 9 of the 15 Major utilities, while South East Water Corporation (Victoria) and Yarra Valley Water Corporation (Victoria) which had significant decreases of close to 23.5% were among the 6 utilities that reported a decrease in their wastewater bills in 2023–24.

The proportional change in typical residential bills from 2022–23 ranged from a decrease of 4.3% (Yarra Valley Water Corporation in Victoria) to an increase of 23.4% (Central Coast Council in New South Wales). City of Gold Coast (Queensland) reported the highest typical residential bill ($1,797/property) in the Major size group and was the highest for water supply ($1,073/property) while Water Corporation – Perth (Western Australia) had the highest typical wastewater bills ($928/property). City of Gold Coast (Queensland), Water Corporation – Perth (Western Australia), and Logan City Council (Queensland) remained the 3 utilities with the highest pricing (Table A3 in Appendix A).

Despite an increase in the pricing of water supply services, a reduction in the typical residential bill for wastewater resulted in South East Water Corporation (Victoria) reporting the lowest typical residential bill this year ($990/property).

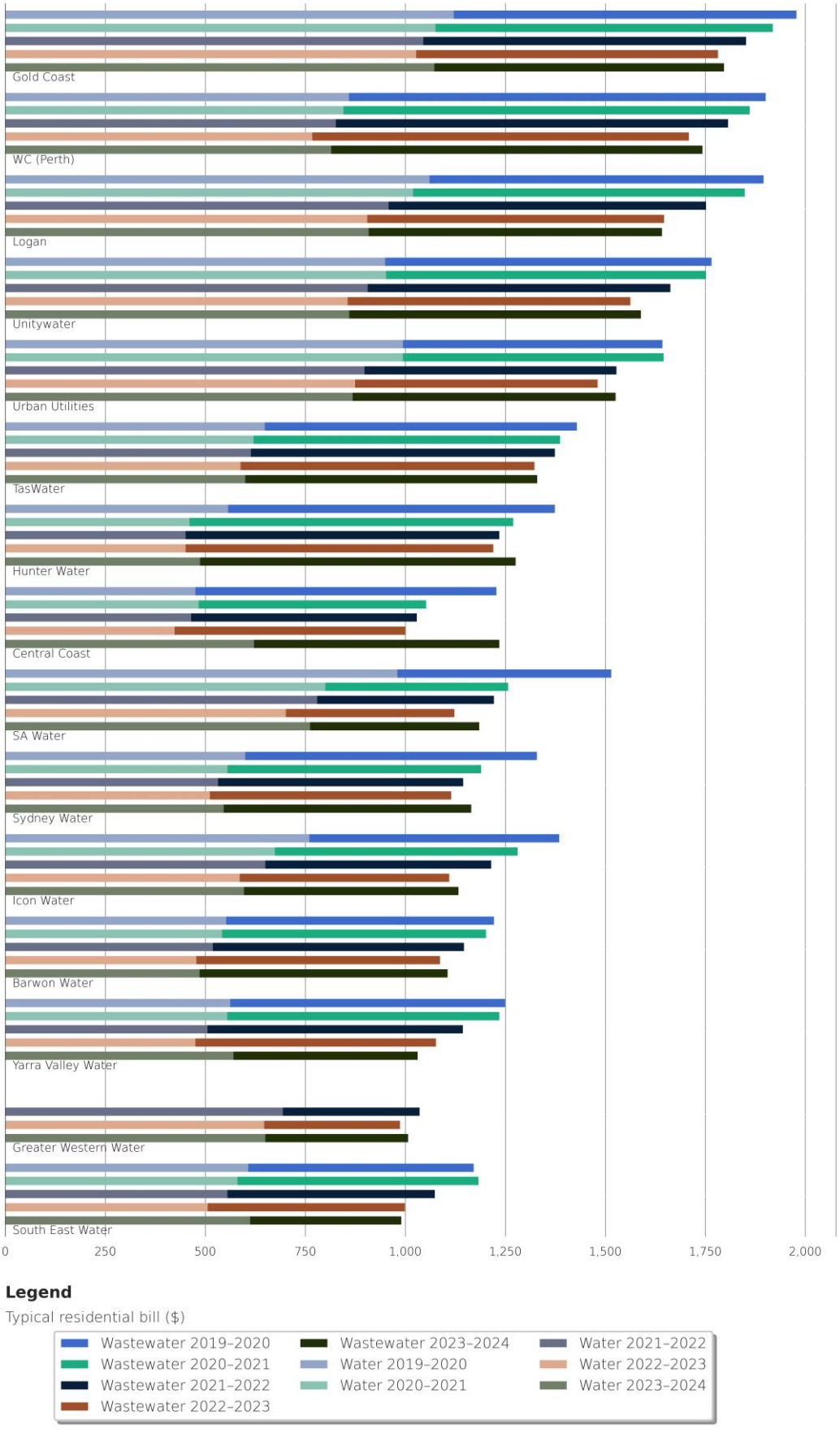

Figure 4.2 Typical residential bill: water supply and wastewater ($) – Major utility group

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 basis of 200 kL for the bill partially normalises the data, correcting for differences in the volumes of water supplied and providing insight into price variations.

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

The annual bill based on 200 kL (water supply and wastewater) data for related utilities is shown 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 2022–23		Median		Change in median from 2022–23 (%)
	High	Low	Increase	Decrease	2022–23	2023–24	
Major	1,937	1,200	9	6	1,274	1,345	6
	Gold Coast	SA Water					
Large	1,955	885	6	6	1,504	1,513	1
	Toowoomba	Goulburn Valley Water					
Medium	2,460	881	10	9	1,637	1,606	-2
	Tweed	Lower Murray Water					
Small	2,569	1,101	14	10	1,828	1,860	2
	Kempsey	Mount Barker					
All size groups (national)	**2,569**	**881**	**39**	**31**	**1,639**	**1,634**	**0**
	Kempsey	**Lower Murray Water**					

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

On a 200 kL/annum basis, the national median bill in 2023–24 was similar to the 2022–23 median bill.

The Major size utility group reported the highest change (6% increase) in the median annual residential bill based on 200 kL/annum, while there was 2% or less difference from 2022–23 in the other size groups. A little over half of all utilities reported an increase in 2023–24 (39 out of 71 reporting utilities, with Coffs Harbour City Council in New South Wales reporting no change).

Kempsey Shire Council (New South Wales) in the Small size group had the highest normalised annual residential bill for the year at $2,569/property. In previous years, Tweed Shire Council (New South Wales) had been significantly higher than all other utilities in this bill category but reported a 25.4% decrease in 2023–24 (the largest decrease in the Medium size group), largely driven by a significant drop (48.6%) in its normalised wastewater bills.

Lower Murray Water (Victoria) in the Medium size utility group reported the lowest annual residential bill based on 200 kL/annum at $881/property and together with Goulburn Valley Water (Victoria), were the only 2 utilities lower than $1000/property in 2023–24.

Orange Shire Council (New South Wales) reported the highest increase in annual residential bills based on 200 kL at 36.7% from 2022–23 which raised it into the top third of utility bills in the Small sized group.

4.2.2. Results and analysis – Major utility group

Figure 4.3 shows a ranked breakdown of the annual residential bill based on 200 kL for the active utilities within the Major size utility group that have reported their information in 2023–24.

The majority of utilities in the Major size group reported less than a 2% change in the combined water and wastewater annual residential bill based on 200 kL in 2023–24. Hunter Water Corporation (New South Wales), Sydney Water Corporation (New South Wales), and Icon Water Limited (Australian Capital Territory) all reported slightly higher increases of between 3% and 4%, while Central Coast Council (New South Wales) had the largest increase of 20.4%.

While South East Water Corporation (Victoria) and Yarra Valley Water Corporation (Victoria) both had increases of more than 20% in the water component of the normalised residential bill, this was offset by an approximately similar decrease in the wastewater services bill resulting in a small overall decrease in the combined bill in 2023–24.

The City of Gold Coast (Queensland) had the highest combined annual residential bill based on 200 kL ($1937/property), with 2 other Queensland utilities, Logan City Council and Unitywater, making up the top 3, largely due to notably higher wastewater bills. Figure 4.3 shows that Water Corporation – Perth (Western Australia) had high normalised wastewater service bills compared with the other Major utilities due to a 2.5% general price increase and an increased average wastewater bill resulting from the revaluation of the Gross Rental Value by Landgate. South Australian Water Corporation (South Australia) had the lowest normalised bill at $1200/property, however, South East Water Corporation (Victoria) and Greater Western Water (Victoria) were just less than $3 higher than that.