

## 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 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 residential water supply pricing, the majority of utilities have a fixed price model for sewerage 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 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 2018–19 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.

Nationally, there was a slight increase (1 per cent) in the typical residential bill for water and sewerage supply with 44 out of 70 utilities reporting an increase. This translated to an increase of \$13 nationally. The Small utility group reported the largest variation in price changes with Wingecarribee Shire Council reporting a 12.1 per cent increase and Gympie reporting a decrease of 9 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, 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 2017–18		Median		Change in median from 2017–18 (%)
	High	Low	Increase	Decrease	2017–18	2018–19	
Major	1,608	955	9	6	1,188	1,204	1
	Logan City West Water						
Large	1,862	950	7	2	1,380	1,370	-1
	P&W (Darwin) Goulburn Valley Water						
Medium	1,880	948	12	9	1,458	1,481	2
	MidCoast Council North East Water						
Small	2,014	1,001	16	9	1,659	1,622	-2
	P&W (Alice Springs) South Gippsland Water						
<b>All size groups (national)</b>	2,014	948	44	26	1,447	1,460	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.

Figure 4.1 shows a box-and-whisker plot of typical residential bills for all utilities reporting data in a given year. It shows that customers have experienced small increases over the last four years in the typical residential bill. This contrasts with the larger increases experienced from 2008–09 to 2014–15.

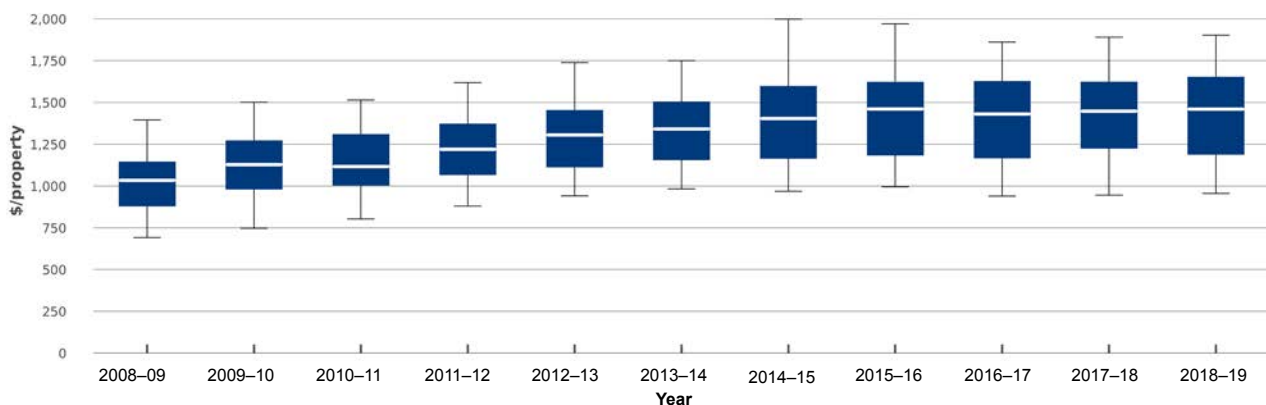


Figure 4.1 Typical residential bill: water supply and sewerage (\$), 2008–09 to 2018–19.

#### 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 highlights the water (P3) and sewerage (P6) components of the bill for each utility.

Unitywater has continued a trend of consecutive yearly reductions in their typical residential bills, although they remain in the top four most expensive retailers in the Major utility group, together with Logan City Council, City of Gold Coast, and Water Corporation – Perth. City West Water has continued to be the cheapest retailer in the Major utility group, with a typical residential bill of \$955.

The variation in the typical residential bill for the Major utility group is smaller than in previous years, with a highest increase of 3.9 per cent (Water Corporation – Perth) and a greatest decrease of 6.6 per cent (South East Water Ltd).

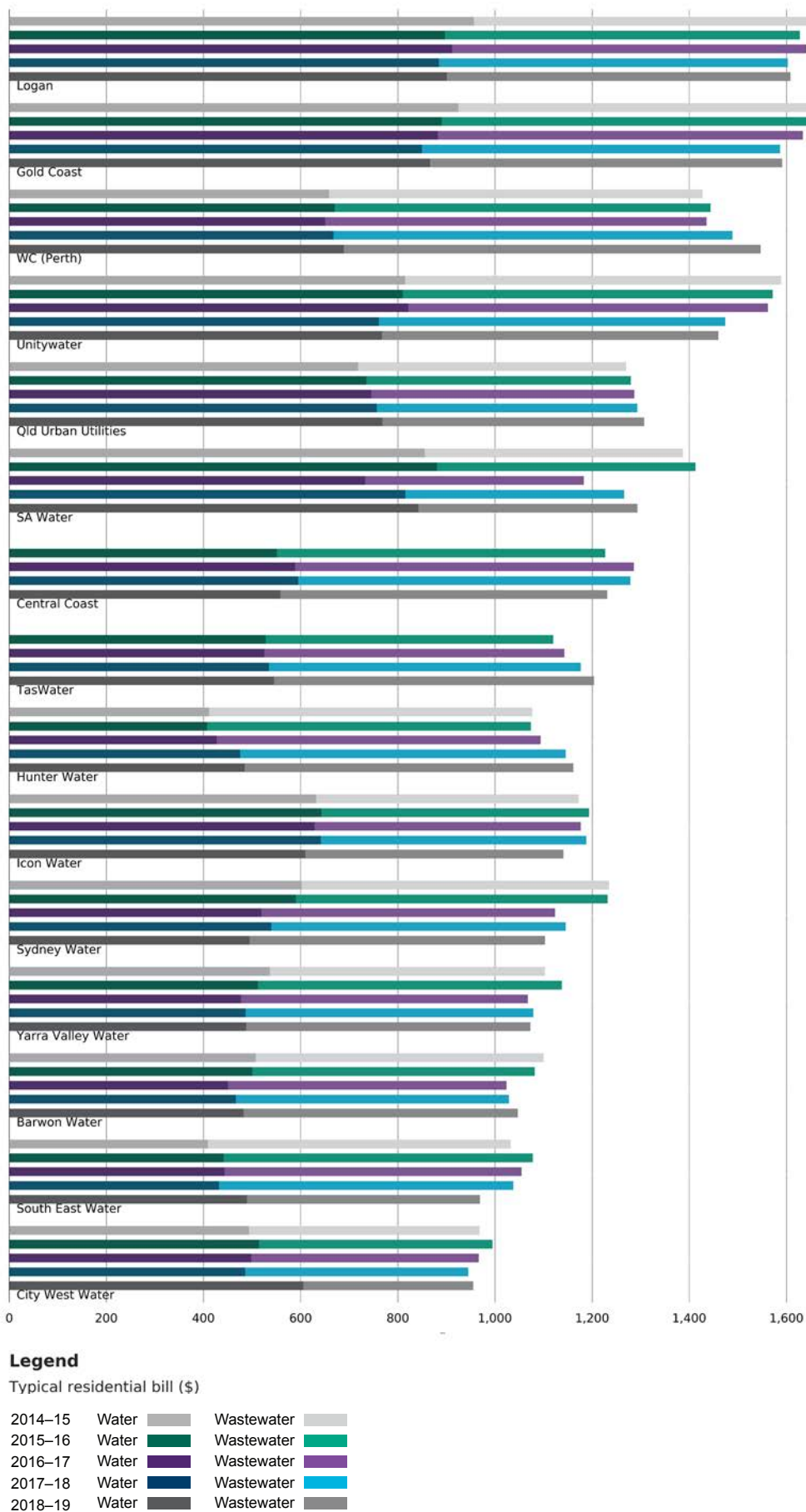


Figure 4.2 Typical residential bill: water supply and sewerage (\$)—Major utility group.

## 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 2018–19 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 group.

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

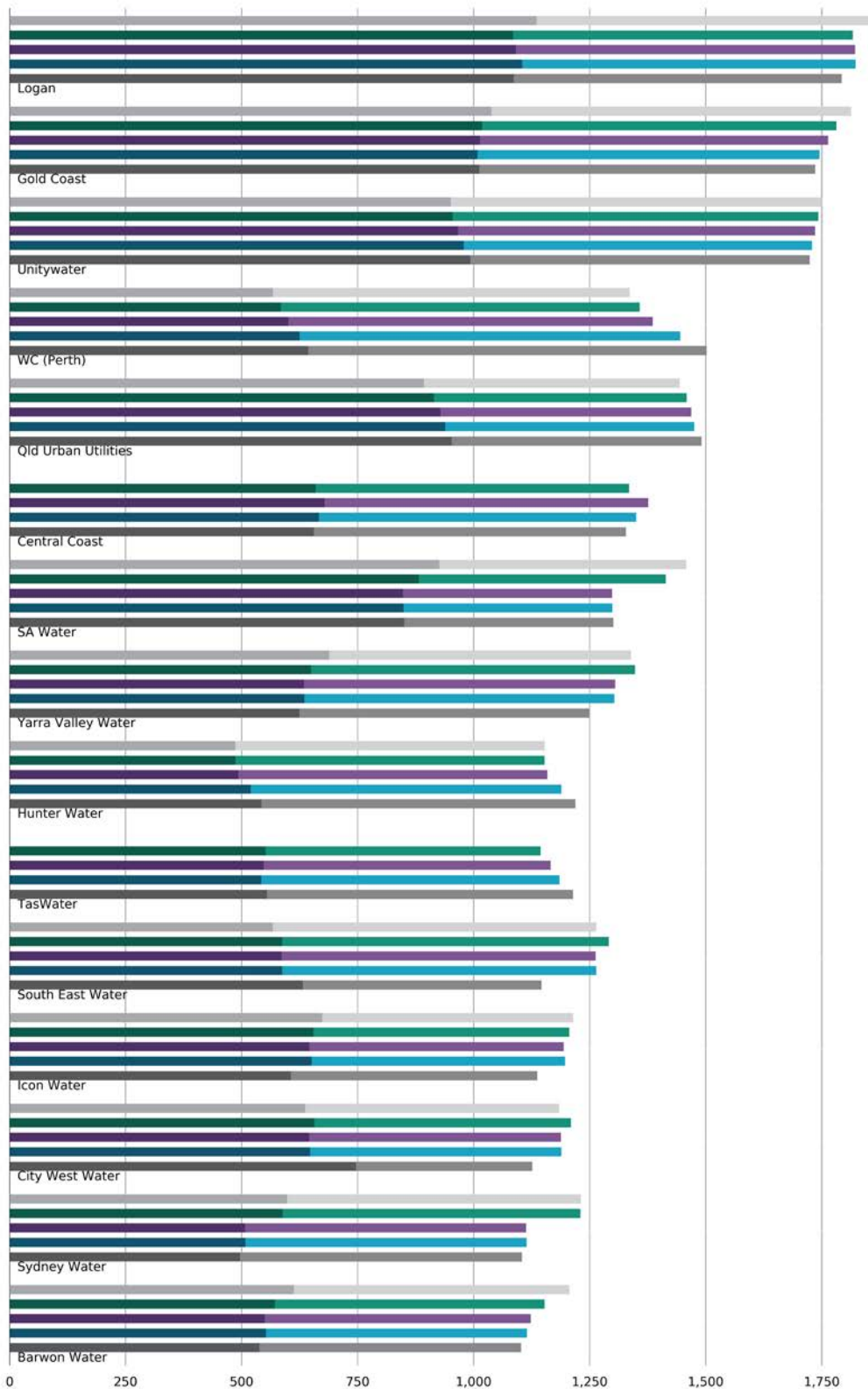
Utility group	Range		No. utilities with increase/decrease from 2017–18		Median		Change in median from 2017–18 (%)
	High	Low	Increase	Decrease	2017–18	2018–19	
Major	1,793	1,102	5	10	1,299	1,249	-4
	Logan	Barwon Water					
Large	1,657	849	3	7	1,402	1,383	-1
	Toowoomba	Goulburn Valley Water					
Medium	2,043	783	12	8	1,434	1,429	0
	MidCoast Council	Lower Murray Water					
Small	2,012	1,145	19	6	1,538	1,547	1
	Lismore	South Gippsland Water					
<b>All size groups (national)</b>	<b>2,043</b>	<b>783</b>	<b>39</b>	<b>31</b>	<b>1,414</b>	<b>1,479</b>	<b>5</b>
	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.

On a 200 kL/annum basis, the national median bill increased by 5 per cent from 2017–18 with the majority of the increase coming from the Small utility group. The Small utility group had a large variation in changes, from a 13.1 per cent increase by Wingecarribee Shire Council to a decrease of 7.5 per cent by Gympie Regional Council.

Both the Major and Large utility groups reported decreases in the median annual residential bill based on 200 kL/annum, of 4 per cent and 1 per cent, respectively. Toowoomba was a noticeable increase, compared to its peers in the Large utility group, reporting 6.1 per cent.



**Legend**

Annual bill based on 200kL (\$)

2014-15	Water	Light Grey	Wastewater	Light Grey
2015-16	Water	Dark Green	Wastewater	Dark Green
2016-17	Water	Purple	Wastewater	Purple
2017-18	Water	Dark Blue	Wastewater	Light Blue
2018-19	Water	Dark Grey	Wastewater	Dark Grey

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

#### 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 last four periods by City of Gold Coast and Unitywater. This was also reflected in the typical residential bill.

Water Corporation – Perth had the highest increase in annual residential bill based on 200 kL in the Major utility group (3.9 per cent). South East Water Ltd, City West Water, Icon Water Limited, and Yarra Valley Water Corporation all reported noticeable decreases compared to their peers in the Major utilities group: 9.3 per cent, 5.3 per cent, 5 per cent, and 4.1 per cent, respectively.