



East Gippsland Water Price Submission **2018-2023**

OUR BUSINESS PLAN
What it means for you





Who is East Gippsland Water?

East Gippsland Water is a State Government-owned enterprise providing water and sewerage services to people living in towns across East Gippsland.

Our operations and services are funded by you, our customers (the public and local businesses), through quarterly water bills.

Money that we receive goes back into providing high quality services that our customers expect.

What is the Price Submission?

Water corporations across Victoria – including East Gippsland Water – are required to submit a plan to the Essential Services Commission (ESC) for review.

The ESC is our economic regulatory body and its role is to ensure we are spending your money wisely.

The plan, which is called the Price Submission, outlines the prices, service levels and infrastructure investments we propose to deliver over the next five years.

It details our business priorities, including where our money will be spent and how much we will invest in

services and capital projects. It also sets specific targets for us to meet.

We are currently developing our Price Submission for the five year period from 2018-2023.

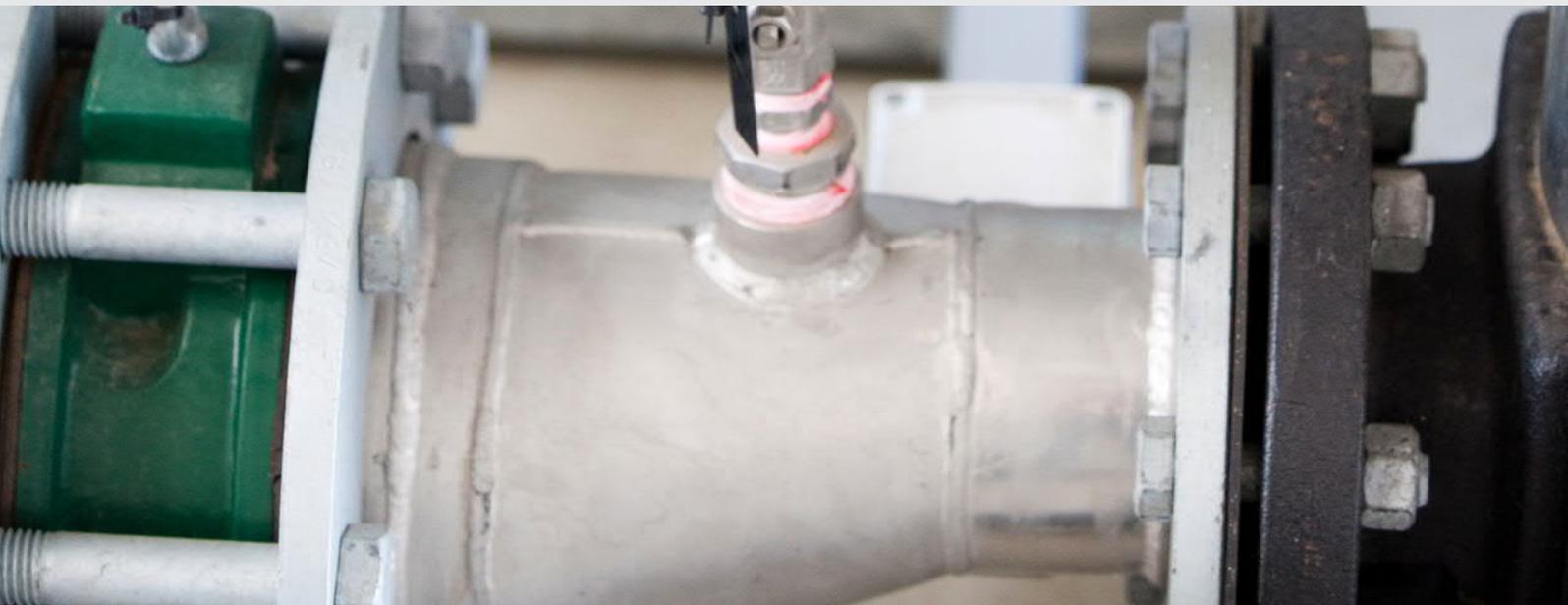
The money required to implement the plan determines the charges on your water and sewerage bill.

While much of our work is focussed on the basics of providing East Gippsland towns with high quality water and sewerage services, we also undertake related activities identified as priorities by our community.

This means our customers have helped determine our areas of focus as well as the level of charges for 2018-2023.

What is the Customer Committee?

This independent committee comprises customer representatives from across East Gippsland. Its role is to ensure customer views are carefully considered when East Gippsland Water sets future water and sewerage service priorities.



No increase to customer bills, except for inflation

For the last 12 months, East Gippsland Water has sought feedback from customers to help us set our priorities for the 2018-2023 period and determine the funding required.

We have listened to what you have told us. We are mindful that we need to provide high quality, reliable water and sewerage services that are as affordable to customers as possible.

We are therefore proposing to maintain current levels of service for the next five years and to absorb external business costs outside our control as much as we can, while ensuring there is no increase in the average customer bill, except for inflation.

The bill level we propose covers all our activities to be funded during the period - including infrastructure projects

and day-to-day operations - and will ensure the continued efficiency and reliability of our water and sewerage services.

In addition, the bill level covers the cost of delivering specific priorities identified by our customers during our extensive community engagement program, including:

- providing grants to local schools and community groups for environmental projects
- providing bill rebates to outdoor community groups.

We propose to maintain current levels of financial assistance to our customers experiencing genuine financial difficulty paying their water bills. This is in line with what you told us. We will also ramp up our public awareness campaign in relation to this service.



How your total bill will look over the period 2018-2023 (before inflation)

YEAR	CURRENT **2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Fixed sewerage availability charge (where each Equivalent Tenement Unit = 1 household)	\$660	\$660	\$660	\$660	\$660	\$660
Fixed water availability charge (20mm service)	\$202	\$202	\$202	\$202	\$202	\$202
Total water usage charge (based on using 145,000 litres*/year)	\$315	\$315	\$315	\$315	\$315	\$315
Total average bill	\$1,177	\$1,177	\$1,177	\$1,177	\$1,177	\$1,177

*Based on average residential water use over the last three years.

** Average customer bill after allowing for rebate

What YOU want matters

Over the past twelve months more than 1,400 customers across the region have identified specific areas of priority for East Gippsland Water for 2018-2023.

These areas of focus are: environmental sustainability, liveability, service levels, and assisting customers in genuine financial need.

Customer feedback was also sought in relation to price options in each of these areas, with any change absorbed in the overall charge to customers.

Recommendations made by East Gippsland Water's independent Customer Committee based on this broader customer feedback will be included in the Price Submission. The priorities to be implemented are:

Liveability

East Gippsland Water does not provide a bill rebate to outdoor, community-run recreation groups. The majority of customers want us to provide a rebate to these groups – worth at least 15% off the fixed charge component of their East Gippsland Water bill.

- **Customer Committee recommendation:**
That East Gippsland Water implements this rebate, with an additional 25 cents from every customer a year to help fund the initiative.

We offer community groups the opportunity to partner with East Gippsland Water to install drinking water fountains across the region, for the benefit of recreational users. The majority of customers want us to continue installing drinking water fountains around East Gippsland at the rate of three a year. This would require no additional money from customers.

- **Customer Committee recommendation:**
That this be implemented.

Environmental sustainability

East Gippsland Water is striving for a 21% reduction in our greenhouse gas emissions by 2025. The vast majority of customers surveyed support this target, which would be achieved in the cheapest way possible through electricity consumption efficiencies, renewable energy, tree planting initiatives, and other opportunities with regional and water industry partners. This would require no additional money from customers.

- **Customer Committee recommendation:**
That this be implemented.

We currently plant small pockets of native vegetation around our water and wastewater treatment plants. While half of customers want us to continue with this level of service, which would require no additional money, the other half would be willing to pay extra to expand the service provided.

- **Customer Committee recommendation:**
That East Gippsland Water extend the current service to also offer grants to local school and community groups to support native vegetation plantings and habitat creation throughout the region. This would mean an additional \$3.60 from every customer a year to help fund the initiative.

East Gippsland Water provides information and education about water efficient products and water efficiency measures. The majority of customers want us to continue with this service, which would require no additional money from customers.

- **Customer Committee recommendation:**
That this be implemented.



Service levels

Customers receive a paper copy of their bill in the post unless they opt for email billing. The majority of customers want to receive their bill by email. Those billed via email would receive an incentive rebate of \$7.60 a year. Customers would be able to continue receiving a paper bill if they wish, with no additional charge for postage.

- **Customer Committee recommendation:**
That this be implemented.

Customers who do not pay their bill by the due date may receive a reminder and final notice. The majority want to continue with this process which would require no additional money from customers to maintain.

- **Customer Committee recommendation:**
That this be implemented.

Forms to change account details and general information enquiries can be completed by customers online, with these emailed to staff for action. The majority of customers want to continue with the current procedure, which would require no additional money to maintain.

- **Customer Committee recommendation:**
That this be implemented.

East Gippsland Water notifies customers of planned interruptions to services at least two business days in advance through the mail. We also publish planned and unplanned interruptions on our website and social media channels. The majority of customers want to continue with the current procedure, which would require no additional money to maintain.

- **Customer Committee recommendation:**
That this be implemented.

Customer financial assistance program

We have a range of financial assistance programs available to support customers experiencing genuine difficulty paying their East Gippsland Water bills. Such difficulty may be due to loss of income, new additions to the family, illness, or family violence.

Support available includes payment plans, payment extensions, incentive plans, Centrepay payments, Utility Relief Grants and free financial counselling.

Financial assistance is capped at \$500 per customer, per year. The majority of customers want us to continue with this level of assistance, with no additional money required from them to support the program.

- **Customer Committee recommendation:**
That this be implemented.

In addition, based on customer feedback we will increase community engagement and education about our services and hardship program to increase knowledge and understanding.

For more details on what customers told us, please visit the Price Submission section of our website www.egwater.vic.gov.au.



Major projects

Taking on board regulatory requirements, customer feedback, and long-term projections for population growth and climate change, we propose to invest about \$62 million in a major works program over the next five years.

The program will involve replacing or upgrading ageing infrastructure to maintain high quality, reliable water supplies and sewerage services to customers.

This will ensure we continue to provide efficient and reliable services that are affordable and represent good value. At the same time, we are able to realise efficiencies and cost advantages from new technology.

Some of the key projects proposed by East Gippsland Water over the next five years include:

- **\$10 million** to complete a program of upgrades to the Wy Yung water storage facility near Bairnsdale. This facility receives and stores water from the water treatment plant at Woodglen, for supply to 19,000 households along the Mitchell River supply system between Lindenow and Nowa Nowa - including Bairnsdale, Paynesville, Bruthen and Lakes Entrance
- **\$3.5 million** to improve water quality - at Mallacoota and Lindenow by replacing the current clay lined, shade cloth covered basins with new tanks and constructing a new raw water storage for the Buchan water treatment plant
- **\$2 million** to commence refurbishment and upgrade work to the 850 million litre water storage at Woodglen
- **\$3.5 million** to carry out upgrades to the Paynesville wastewater treatment facility to provide additional storage of treated sewerage during winter and to increase the amount we can irrigate
- **\$3 million** to upgrade 3.1 kilometres of main water supply pipeline between the Sarsfield water storage tanks and Johnsonville
- **\$2 million** to replace sections of main water supply pipelines between Bairnsdale and Eagle Point and between Swan Reach and Lakes Entrance
- **\$2.3 million** to double the drinking water storage capacity at Sarsfield, with the addition of a further six million litre water storage tank
- **\$1.8 million** to upgrade the water recycling site at Dinner Plain to provide additional storage for treated sewerage during winter
- **\$0.7 million** to improve odour control at the Lakes Entrance wastewater treatment plant.

Day-to-day running costs

You have told us you want East Gippsland Water to maintain current levels of service over the next five years.

To do this, we propose to spend about \$19 million a year between 2018 and 2023 to continue to maintain and operate our existing water and sewerage infrastructure.

This will ensure customers continue to receive reliable, efficient water and sewerage services as we look after the day-to-day operation of more than 900km of water pipeline and 700km of sewer pipeline, along with numerous treatment plants, pump stations and pumps.

Key areas for day to day operating expenditure include:

- repairs to burst and leaking water mains, and blocked or damaged sewer pipelines
- maintenance and repairs to water and sewerage pumps
- high pressure cleaning sections of water pipeline to maintain and improve drinking water quality and pipeline reliability, as well as to prevent blockages
- high pressure cleaning sections of sewer pipeline to prevent blockages, reduce odour issues, improve their efficiencies and reduce energy consumption
- using CCTV and sonic detection equipment to inspect sewer mains following blockages or routine cleaning to identify and rectify any ongoing issues
- inspecting sections of sewer pipeline to detect and seal points where stormwater infiltrates the sewer network – for example leaking services or non-compliant stormwater pipe connections
- ongoing costs associated with running treatment plants, pump stations and pumps, taking into account forecast increases in the cost of electricity
- ongoing development of remote monitoring, increased security and operation of treatment plants and pump stations
- desludging sewage lagoons to ensure the effective treatment of sewage
- regulatory and statutory obligations to provide safe drinking water and sewerage services
- comprehensive independent sampling and analysis of drinking water and recycled water
- administration and management to meet regulatory and statutory compliance requirements.

Guaranteed Service Levels

To help ensure customers receive high standards of service, East Gippsland Water's independent Customer Committee has proposed **six** 'guaranteed service levels' (GSL) - or targets - for the organisation; and appropriate customer compensation, or other remedy, where these are not met.

The guaranteed service levels will form an integral part of East Gippsland Water's long-term business plan (Price Submission) for 2018-2023. The proposed GSLs are:

Bill payment difficulties*

1. East Gippsland Water will not restrict a residential customer's water supply or take legal action against the customer before all reasonable efforts have been made to contact them and outline help available under our Customer Financial Assistance Program.

If East Gippsland Water fails to do this a rebate of \$300 will be applied to the customer's account.

**This is defined by the Essential Services Commission – the water industry economic regulator.*

Sewage spill

2. In the event of a sewage spill within a customer's house, which is caused by East Gippsland Water, there will be a \$1,000 cash payment to the home-occupier affected.

Planned interruptions to the water supply

3. East Gippsland Water will notify customers of planned interruptions to their water supply at least 48 hours in advance. If the organisation fails to do this a rebate a \$65 will be applied to the accounts of affected customers.
4. In the event a planned water supply interruption exceeds the period specified in the notice, affected customers will have a \$65 rebate applied to their account.

Environmental sustainability

5. East Gippsland Water is striving for a 21% reduction in greenhouse gas emissions by 2025 and will provide a six-monthly update on progress to the community. There will be a written public apology if this is not provided.
6. The corporation has committed \$90,000 each year over the period of the Price Submission, to support local school and community groups with grants for native vegetation planting and habitat creation projects across the East Gippsland region. The allocation of funds for this program will be reported on at least annually. Any unspent money will be safeguarded for use only on the program.



Next Steps

Your feedback will be considered by the East Gippsland Water Customer Committee in early September 2017. The recommendations will then be submitted to the Board of East Gippsland Water prior to the draft final submission being submitted to the Essential Services Commission by 29 September 2017.

The Essential Services Commission will then review the plan and invite further feedback in the coming months from interested parties on the proposals prior to making a decision.

The endorsed plan will commence on 1 July 2018.

Development of the Price Submission involved extensive engagement of customers throughout the region over a two year period.

Your feedback is valuable

East Gippsland Water is seeking your feedback before a final decision on these areas of our service is made and included in our 2018-2023 Price Submission.

For every submission we receive, we will plant a native tree or shrub as our commitment to the environment.

How to make a submission:

Email: pricesub@egwater.vic.gov.au

Mail: Price Submission Feedback
East Gippsland Water
PO Box 52
Bairnsdale
Vic 3875

The closing date for East Gippsland Water to receive submissions is 10 September 2017.



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 East Gippsland Water

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