



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 business 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 are committed to delivering over the five years 2018-2023.

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.

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 will 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 the average customer bill, except for inflation

Over a period of more than two years we 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 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 committed to maintaining 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.

Excluding inflation, the average residential customer, using 146kL (146,000 litres of water a year), will see their combined bills for water and sewerage decrease by \$5 over the 2018/19 financial year and no bill increase from 1 July 2019 to 30 June 2023.

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 will be maintaining 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 be ramping up our public awareness campaign in relation to this service.



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

YEAR	*2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Total bill for the year for the average residential customer (based on using 146,000 litres/year)	\$1,189	\$1,184	\$1,184	\$1,184	\$1,184	\$1,184

**Average customer bill after allowing for rebate*

What YOU want matters

During 2016 and 2017 more than 1,400 customers across the region identified specific areas of priority for East Gippsland Water.

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 have been included in the Price Submission. The priorities to be implemented are:

Liveability

- East Gippsland Water will provide a bill rebate to eligible outdoor, community-run, not-for-profit recreation groups. This is worth at least 15% off the fixed charge component of their East Gippsland Water bill.
- 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. We will continue installing drinking water fountains around East Gippsland at the rate of three a year.

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 will 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.
- We have an ongoing program planting small pockets of native vegetation around our water and wastewater treatment plants. We are extending this to also offer grants to local school and community groups to support native vegetation plantings and habitat creation throughout the region.
- East Gippsland Water will continue providing information and education about water efficient products and water efficiency measures.

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 will receive an incentive rebate of \$7.60 a year. Customers can continue receiving a paper bill if they wish, with no additional charge for postage.



- Customers who do not pay their bill by the due date will continue to receive a reminder and final notice.
- Forms to change account details and general information enquiries can be completed by customers online, with these emailed to staff for action.
- East Gippsland Water will continue to notify customers of planned interruptions to services at least two business days in advance through the mail. We will also publish planned and unplanned interruptions on our website and social media channels.

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. This level of assistance is being continued. 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 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 will be investing around \$62 million in a major works program over the period 2018-2023.

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 over the next five years include:

- **\$10 million** to progress 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 will spend around \$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 selected **six** 'guaranteed service levels' (GSL) - or targets - for the organisation; and appropriate customer compensation, or other remedy, where these are not met.

These guaranteed service levels form an integral part of East Gippsland Water's Price Submission for 2018-2023.

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.





For more information

If you would like to know more about East Gippsland Water's 2018-2023 Price Submission, please visit our website:

www.egwater.vic.gov.au

and the Essential Services Commission website:

www.esc.vic.gov.au

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