

Year 4 of Water Plan 2008-2013

Who determines prices?

Every five years Coliban Water develops a Water Plan in consultation with our stakeholders and customers. It includes the cost of maintaining and operating our system, investing in necessary new infrastructure, maintaining and improving customer service standards in line with customer expectations and our anticipated revenue based on water availability and customer use.

The Water Plan is reviewed by the Essential Services Commission (ESC). As the industry regulator the ESC determines if our Water Plan is appropriate and fair. The ESC determines our prices for the five year regulatory period.

All prices are based on the ESC determination and the Consumer Price Index (CPI) for 2011/12 of 3.33%

Who is the Essential Services Commission?

The Essential Services Commission (ESC) is the independent organisation who checks that our expenditure is justified, prices are fair and key drivers and obligations are deliverable over the five year regulatory Water Plan period.

Why are prices going up?

We have pre-approved price increases for the five year period of our 2008/13 Water Plan. These pricing changes occur each year on 1 July and have been approved by the water industry regulator - the ESC

Some of the things that influence our pricing are; cost of operating our system, maintaining and improving services to customers, investing in new infrastructure, and the anticipated revenue.

The 2011/12 financial year is the fourth year of our five year Water Plan, so the final price increase for this Water Plan period will be next year on 1 July. Next year the price increase will be similar to this year.

Prices went up so much last year, why is another price rise needed?

Price increases were brought forward last year as part of our pricing review. We applied to the ESC to review our pricing structure to allow us to move to a more financial sustainable pathway after years of drought and large scale investment in water security infrastructure resulted in significant annual financial losses.

Last year (2010/11) prices increased 17% including CPI (inflation). This year the overall price increase is 5%

Why is the price increase different each year?

The price rises were higher in the first few years of the Water Plan due to the large capital projects planned for that period. The ESC approves the prices for each year to meet the business costs for that year.

How are prices related to the Water Plan?

The Water Plan sets out how we will deliver secure, high quality services to our customers over a five year period. This includes all projects we are going to complete, their costs and their impact on prices.

We have a \$214 million capital works program to maintain and improve services to customers for our current Water Plan, of which we have spent in excess of 27 million on assets and infrastructure in the last 12 months.

Are prices just being raised to make Coliban more money?

No. Prices rise to allow Coliban to invest in water and sewer infrastructure across our region, secure water supplies, ensure we are on sustainable financial pathway and accommodate the annual rise of CPI.

What do customers get for the price rise?

Pricing is directly linked to the cost of supply and treatment. It costs more to supply customers where we pump water than those located on river systems.

Projects completed or underway in the current Water Plan include building pipelines to improve water security, making improvements to water quality in small towns, reducing the number of sewer blockages and upgrading sewer pump stations across our region.

Why are some charges less than they were last year?

The aim of our pricing structure is to allow customers to have more control over their water bill. As a result of this, the fixed charges of customer bills are reducing by a small amount whilst the usage (consumption) charge sees the greatest increase overall.

Does the tariff change affect everybody?

Yes, prices across our region will be impacted.

Will prices continue to rise in the future?

It is inevitable that as we continue to invest in water and wastewater infrastructure that prices will rise in the future. The extent to which this may happen will depend on the extent of the capital works program and future water purchases and treatment costs to further improve security of supply if and when needed.

Next year's price rise (2012/13) will be similar to this year's. It is expected that overall household bills will rise by 2.23 per cent plus inflation.

How will customers learn about the new tariffs?

Full page advertisements will begin appearing in all regional papers in our area from Friday 1 July. Customers will be also sent information in the first quarter of the financial year (between July and September). Customers can also access information from our website www.coliban.com.au

Will there be discount for HealthCare Card Holders and Pensioners?

Concessions are available to eligible concession and HealthCare Card holders. Customers need to contact Coliban Water for further information or to register for concession.

For 2011/12, concession card holders can receive 50% off their water and sewerage bill to an annual maximum rebate of \$270.20. If the customer only has water connected, the annual maximum rebate is \$135.10.