

CPI cap and residential bills

Water and wastewater bills are made up of two main types of charges—a bulk water charge and a distribution-retail charge. From 1 July 2011, a Consumer Price Index (CPI) price cap will apply to distribution and retail charges.

State Government charges

To supply drinking water to households, distributor-retailers buy treated water in bulk (wholesale) from State Government water entities. These State entities must pay for dams to store water, treatment plants to treat it, and large pipelines to transport it. The bulk water charge on a bill represents the customer's portion for these costs.

This part of a water bill is not CPI-capped.



The Queensland Government's bulk water price has been capped since 2008. The price increase for bulk water across south east Queensland is \$54 for 2011/12, or about a dollar a week.

Distribution and retail charges

After buying treated water from the State bulk water entities, the distributor-retailers maintain the quality of the drinking water in their reservoirs and reticulation systems and deliver it to homes and businesses. Distributor-retailers are also responsible for taking away sewerage and other wastes from homes and treating it so it can be safely discharged. The distribution-retail charges on a bill represent a customer's portion for these costs.

This part of a water bill is CPI-capped.



The distribution-retail charges have two components, both of which are CPI-capped. These components include a:

- 1 Water consumption charge which is for the amount of water used by a customer in the period before their bill was sent out. It is usually calculated in arrears, but in some cases may be based on estimated consumption.
- 2 Fixed access charge which is for access to the water and wastewater/sewerage networks. This charge is usually levied in advance.

The basis of calculating a consumption charge, that is the charge for each kilolitre used, has been CPI-capped. If a customer uses more or less water than in the previous year this will be reflected in their bill.

Description	Usage (kL)	Unit Cost	Total Cost
Total water used in 90 days was 50 kilolitres (1kL=1,000 litres)			
State Bulk Water Price (State Government Charges)			
State Bulk Water Charge	50	\$1.79	\$89.50
SEQ Pensioner Water Subsidy	1	-\$30.00	-\$30.00
Total State Bulk Water Charge			\$59.50
Local Government Distributor-Retailer Price (Distribution and Retail Charges)			
1 Water Usage Charges Period 1/7/2011 – 30/9/2011			
Tier 1 consumption	50	\$0.67	\$33.50
2 Fixed Access Charges Period 1/10/2011 – 31/12/2011			
Water Access Charge			\$42.00
Sewerage Access Charge			\$120.00
Other			n/a
Total Local Government Distribution and Retail Charges			\$195.50
Total Current Charges			\$255.00
This is based on a 3 person household using 200 kilolitres of water per year (with a quarterly bill).			
Note: Other charges which are not for access or consumption are not subject to the CPI price cap. In addition, some local councils have provided rebates or subsidies to distributor-retailer customers. If a council rebate provided in 2010-11 is removed or reduced after the price cap is introduced, the distributor-retailer must still ensure its charges do not exceed CPI.			