

# Regulatory Business Proposal 2016

## Draft Determination

### What the Draft Determination means for businesses

ESCOSA reviewed our proposal and released its Draft Determination on 10 February 2016. The Draft Determination sets SA Water's allowable revenue (the amount of money SA Water can receive from customers) for the four year regulatory period commencing on 1 July, 2016. A Final Determination is expected in June 2016 after a six-week consultation process.

ESCOSA's Draft Determination is roughly in line with our RBP 2016 proposal and allows for:

- a three per cent reduction to overall revenues
- one per cent lower operating costs
- approximately 5 percent lower capital expenditure
- a service standard framework to ensure levels of service received by customers in the first regulatory period are maintained in the second regulatory period.

RBP 2016 was based on our customers' views and expectations and our business needs. It explained how SA Water proposed to operate and invest in infrastructure and services in the interest of our customers over the upcoming four-year period. It acknowledged water is fundamental to a healthy economy and SA Water has an important role in supporting local business and in the growth of the state.

SA Water is committed to working closely with businesses and industry to help South Australia prosper.

#### Ensuring services are affordable

RBP 2016 sets out our commitment to keeping our services as affordable as possible in the second regulatory period. It outlined our plan to reduce bills in the first year of the regulatory period, while continuing to efficiently deliver the services our customers need and expect.

ESCOSA's Draft Determination supports SA Water in meeting its commitments and supports our approach.



For more information,  
please call us on 1300 650 950  
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Government  
of South Australia





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### **Supporting business customers**

SA Water has a dedicated Business Relations team that supports our major customers by providing a central point of contact for all SA Water-related enquiries.

The Business Relations team instigates actions to meet businesses' water, sewerage and trade waste requirements, enabling business growth and development. The team also provides technical support and information forums to customers aimed at helping them get the most out of the products and services SA Water provides. SA Water is committed to continuing this support for its major business customers.

### **Supporting economic development**

Over the second regulatory period, we will seek opportunities with clear medium- or long-term benefits for customers, including alternative funding arrangements to support the state's development. We will only pursue opportunities where there is a clear benefit to customers and where these benefits add to the community as a whole. We will also work closely with industry and other stakeholders to align to *South Australia's Economic Priorities*.

### **Investing in assets**

To ensure reliable services are provided to business customers, a high level of reliability is required from SA Water's assets. In RBP 2016 we proposed to invest \$675 million in water infrastructure and \$480 million in sewerage infrastructure. This included expenditure on assets such as our pipes and pumps.

ESCOSA largely supported SA Water's proposal, making some minor adjustments and reinforcing an understanding that SA Water will be expected to save about five per cent of its capital allowance over the second regulatory period by delivering its capital investments more efficiently.