

What the Draft Determination means for residents?

SA Water submitted its Regulatory Business Proposal 2016 (RBP 2016) to the Essential Services Commission of South Australia (ESCOSA) in August 2015.

ESCOSA reviewed our proposal with expert consultants, and invited feedback from customers and stakeholders. They released their Draft Determination on 10 February 2016. This process allows ESCOSA to set 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.

The Draft Determination is one of the final steps of the independent review of the revenue SA Water requires to provide water and sewerage services in the second regulatory period, 1 July 2016 to 30 June 2020.

Through this process ESCOSA has determined the level of revenue required by SA Water in the second regulatory period roughly in line with that put forward by SA Water in our RBP 2016 proposal.

If this level is maintained for the Final Determination it would mean a reduction in SA Water's revenue of around three per cent – or \$160 million over four years. Although it is not possible to provide the exact pricing impacts until after ESCOSA releases its Final Determination on the total allowable revenue in June 2016, this revenue reduction would contribute to a combined bill reduction similar to that proposed by SA Water in its RBP 2016.

ESCOSA's Draft Determination allows for:

- a three per cent reduction to overall revenues
- one per cent lower operating costs
- Approximately five per cent 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.



This is largely in line with the outcomes for customers SA Water worked hard to achieve.

Regulatory Business Proposal 2016

Draft Determination

Delivering affordable services

RBP 2016 sets out SA Water's commitment to keeping our services as affordable as possible in the second regulatory period. It outlines 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 commended our approach and its Draft Determination supports SA Water on delivering its commitment.

Helping those needing payment assistance

In RBP 2016, we proposed to further support customers most in need of help with paying their bills through the expansion of SA Water's Customer Assist Program.

This program is designed to help residential customers who are experiencing payment difficulties due to financial hardship and it is important we continue to build on this program.

Over the next four years we are proposing to invest an additional \$2 million on new ways to assist customers with payment difficulties, including trialling a financial incentive scheme.

ESCOSA supported this and allowed our proposed expenditure.

Improving the customer experience

Through our largest ever customer engagement program, Your Say, SA Water customers told us they are satisfied overall with the services currently provided but they wanted an improvement in their service experience.

SA Water proposed to make it easier for customers to do business with us by:

- continuing to operate an Adelaide-based customer service centre where customers can speak to a local person every time
- introducing a Customer Relationship Management (CRM) system to allow SA Water staff to provide better service at the first point of contact with customers
- providing more information and education for customers about our services and charges
- increasing community education and information forums, including at major regional centres
- offering more options to be involved in decision-making and providing feedback on services.



Regulatory Business Proposal 2016

Draft Determination

SA Water has also proposed to put digital technology in place to meet increasing customer expectations for online services. This technology will provide SA Water customers with:

- online service options for simple transactions including updating contact details, lodging application forms, paying bills and checking water use and account history
- more ways to report a fault or leak online, pay a bill or apply for a service/permit
- 24/7 access to online services and new service channels such as web chat and SMS.

ESCOSA commended SA Water's customer consultation and for working to understand their needs.

Providing a reliable water and sewerage service

During Your Say, customers told us they care about the reliability of the water and sewerage service delivered through pipes and local infrastructure. They value timely investment in projects that minimise the costly repair of failed infrastructure. In particular, customers are keen for SA Water to reduce bursts and water loss from the network.

Listening to this, SA Water proposed to install additional pressure reducing valves in high pressure areas to reduce pressure issues and the potential for bursts. We will also continue to improve our pipes and infrastructure assessments to determine timely refurbishments and replacements. SA Water proposed to invest \$675 million in water infrastructure and \$480 million in sewerage infrastructure across the state. 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.