

**SOUTH AUSTRALIAN FEDERATION OF RESIDENTS
AND RATEPAYERS ASSOCIATIONS INC (SAFRRA)
P.O. BOX 520
TORRENSVILLE PLAZA SA 5031**

Contact Kevin Kaeding, President 8268 8058 or mobile 0429 696 324

20th December 2019

Essential Services Commission of South Australia

Attention: Amber Miller

Manager, Regulatory Policy

SA Water Regulatory Determination Review 2020

GPO Box 2605

ADELAIDE SA 5001

Téléphone 8463 4444 and email escosa@escosa.sa.gov.au

Dear Amber

SAFRRA INC., SUBMISSION

SA Water Regulatory Determination Review 2020

SAFRRA wishes to thank ESCOSA for the opportunity to comment regarding the 'SA Water Regulatory Determination 2020 - 1 July 2020 - 30 June 2024'.

Overview - SAFRRA Inc., submission of the "SA Water Regulatory Determination 2020 (SAW RD20)". SAFRRA Inc., strongly wishes to reinforce that most ratepayers and residents in South Australia are finding SA Water prices and the associated services charges are far too high. There are too many South Australian's in particular the low income families, self-funded retiree's, aged pensioners, single parents and those with disabilities who are ongoing under utilities' financial stress. We believe the recognition of SA Water customer's ability to pay the current water prices and service charges by the very many low income individuals and families are finding water prices unaffordable to these customers. We believe that SA Water implement with compassion, its ongoing hardship programs in conduction with the State Government / Federal Government funded support (concessions).

We believe the State and Federal Governments to be responsible body for concessions to vulnerable ratepayers and residents in this SA Water Regulatory Determination 2020, the 2020 – 2024 regulatory period and for the Government/s to have these concessions in place for pensioners, current concession holders and vulnerable SA Water customers. The residents of South Australia in particular have seen high rises in utility prices over a number of years (electricity, gas, water) and can no longer afford the sudden spikes (rises) in water prices. We accept that the business, manufacturing, mining and agricultural sectors must have water pricing that is affordable, competitive compared to the rest of Australia. Competitive SA Water prices for all these industries above to grow, expand and employ more South Australia's throughout this State, especially in some of the depressed employment regional areas of South Australia. We commend SA Water 'Project Zero' proposing to reduce electricity costs via the grid with more green energy projects in South Australia.

SAFRRA Inc., Submission

1. Pricing - SAFRRA Inc. believes SA Water must keep water prices as low as possible, keeping bills affordable to all South Australians. We commend SA Water better understanding of vulnerable customers especially with hardship policies that must remain at all times to support vulnerable customers.

We support SA Water, Project Zero to reduce electricity cost by via the grid. SA Water's 'Project Zero' as we have been told by SA Water will reduce electricity charges and lower water supply costs. SA Water's expenditure costs of this extensive infrastructure project we believe is missing in any real actual detail to the residents and ratepayers of South Australia.

The factored in savings by SA Water may not happen as quick as SA Water believe and water prices and service charges may increase before any savings are made. Project Zero infrastructure costs seems very likely to move into the next regulatory period. Has the opex savings been correctly considered by SA Water. There has been no market testing regarding the effects of this programme may have on the broader electricity market with the prospects of customer Water prices rising.

We believe SA Water's own research / workshops encourage participants to provide their willingness to pay for better services, environmental improvements and innovations. When presented to the broader community will the water customers in SA embrace increased water and sewerage costs?

The South Australian Government made a decision that they would open up reservoirs to the public. All infrastructure costs which we believe the government would pay SA Water may have to pay some of the infrastructure costs themselves which will increase the corporation's costs. These increased costs will affect customer's water prices. The public of South Australia had the belief the State Government would pay all costs regarding opening up reservoirs and associated areas to the public.

We recognise the plight of our Primary Producers with SA Water prices which are currently far too high for primary producers, associated businesses to survive. We encourage SA Water who is supplying our primary with potable, expensive drinking water quality which is not required for their business and non-potable water is sufficient. Why can't Primary Producers have non potable water supplied to them at a lower cost?

2. Environmental – SAFFRA Inc., believes SA Water needs to be more articulate and visible regarding environmental issues which we have been led to believe they support. Less usage / reliance of Murray River water to our supply chain. It comes at a cost as Murray River water is a cheaper water resource to our customers and SA Water must factor into their business plan the costs of an alternate water source. We believe SA Water must collaborate more with the general public to help SA Water develop more innovative solutions.

We believe SA Water to date needs to have a visible environmental policy. Just words are not enough especially with no real visible action / costs of what they are doing regarding in the environmental sector. Show us the detail?

SAFFRA Inc. strongly supports SA Residents and Ratepayers who may be older members of the community who still have gardens in their front yards or in their back yards who are having difficulties affording watering their gardens. The high cost of water is causing major difficulties for residents and ratepayers maintaining their gardens financially. In very dry conditions plants / vegetables / fruit will die and their lawns turn brown which are unaffordable to maintain. Open space is so precise / scarce today in our cities and suburbs, keeping green gardens result in cooler homes, less expensive energy to cool, reduce homes developing cracks inside. Gardens attract bees, birds and wildlife to have a living environment to survive and migrate from built up urban infill areas.

The State Governments decision to open up reservoirs to the public but the safety and the environment must be foremost cared for. The camping, toilets, walking trails, recreation on the water and the associated pollution and litter problems must be taken into account. We believe there is more SA Water could do to help / assist customers to more actively manage their water usage at all times with more proactive education information being supplied to consumers.

3. Hardship Policies - SAFFRA Inc. believes that SA Water must keep and grow its hardship policies but not only accessible to the property owners but accessible to the occupiers / tenants who have been currently excluded from the hardship policies. These tenants on very low incomes / benefit payments are paying high market rental rents which in themselves are unaffordable. SA Water currently have a very high fixed supply charges and these customers on low or fixed incomes are finding it difficult paying their water and supply charges each quarter. We believe in affordable Water supply charges for all South Australians. South Australian Residents and Ratepayers may not have the ability to pay for water supply charges on their very low and fixed incomes.

4. Infrastructure– SAFFRA Inc. believes that we need a better understanding of infrastructure needs in the regional areas of South Australia, and we expect SA Water to be reducing carbon emissions today and in the future with ‘Project Zero’.

SA Water needs the right infrastructure to increase water pressure in high rise buildings, rural areas, towns and especially with global warming issues. We believe the importance to protect SA Water’s infrastructure to enable our fire fighters to be able to fight fires in a safe and effective manner. For example look at Kangaroo Islands desalination plant which was fire damaged in the recent bush fires with no effective fire breaks around the site. The Kangaroo Island desalination plant infrastructure do we know whether it was driven by business / commercial interest against KI’s wider (local) community. Then how much of the cost is being effectively paid for by the SA Water customers. Show us the detail. SAFFRA Inc. believes SA Water should liaise better with local councils when developing infrastructure infill and in greenfield sites. We expect the swift repairs / reinstatement of any council infrastructure repairs, when damaged.

What is SA Water infrastructure current responsibility regarding the managed / controlled releases of River Torrens water from major dams to prevent downstream flooding? We believe it is SA Water’s responsibility to extend potable water to small remote communities and the social obligation to provide safe clean drinking water to all South Australians. Safe drinking water, avoids major health issues for residents in these communities with non-potable water being supplied at the same cost as potable water. We believe it is the responsibility of the SA Government to fund in consultation with SA Water potable water to remote areas of South Australia. SA Water should not be expected to pay these extra costs in their own business structure for this social infrastructure.

With the Morgan – Whyalla Pipeline maintenance programme has this estimated expenditure in this regulatory period been costed correctly as it is an ongoing SA Water programme and will extend to other regulatory periods.

5. Innovation - SAFFRA strongly believes in green energy – ‘Project Zero’ SA Water is investing in its own energy infrastructure rather than using some of the existing energy infrastructure in the market place. In South Australia SA Water has the monopoly for water and sewerage services and with that in mind should they have a role in water policy setting? SA Water we believe should invest in best practice electronic tools for communicating with customers: - faults, burst mains, new connections, and other services it provides. We believe the delivering of profitable growth with more SA Water Innovations can be achieved but not the justification to increased water pricing supply and high service charges to make large profits, resulting in too high water prices for SA consumers.

6. Smart Meters – SAFFRA Inc. believes SA Water should make smart meters readily available to customers if not free, at a modest fee, when they choose this service. We believe when new housing estates are planned and are being built that smart meters be installed by the contractor or at SA Water’s expense but not for the customers to pay for this innovation. Some water and sewage supply areas we have been led to believe there is a cost advantage for SA Water to install smart meters which are cost efficient, especially when replacing damaged or old redundant meters. We believe in the future, smart meters will be more acceptable to most customers and will be rolled out in most areas. SAFRRA Inc. would like more detailed costings to be made available regarding smart meters and how SA Water can bring down the costs to their customers connecting to smart meters.

7. The Process (An inclusive process) – SAFRRA Inc. believes that SA Water model best practises for customer and community engagement, to be more transparent, open and inclusive to the customer. SA Water should engage the wider community and must not only engage SA Water customers. We see Digital services as “the way of the future”, being more convenient, accessible and easier to use. SAFRRA believe these services (digital) should be a part of the existing service costs and SA Water should not increase costs to their customers for these future digital services in their networks for the customers. South Australia Multicultural Communities must be supported by SA Water addressing the many different needs of culturally and linguistically diverse (CALD) customers in all aspects of SA Water’s business. SAFRRA Inc. strongly supports a better understanding of specific community needs as consumers and the better ways with education pathways by SA Water for these communities and individuals. Those customers who are experiencing ‘water poverty’ is still very unclear and we believe SA Water develop the technology / metrics to access ‘water poverty’ customers. SA Water needs to develop a better understanding of the needs of their customers with disabilities. SA Water should contribute more as a service provider to greater water policies debates in the community residential and regional.

8. SA Water’s Accountability – SAFRRA Inc. believes it still not clear enough regarding some aspects of SA Water’s accountability: - proposed expenditure to be taken into account the changes in the local and international financial markets. A lack of transparency on what SA Water as a corporation which is owned by the people of South Australia can and can’t be responsible for. What are the incentives for SA Water to be more efficient (salary wise) such as performance bonuses for staff and is SA Water’s own administration top heavy, with executives / administration staff paid very high salaries. SA Water talks about avoiding water price spikes but we are not confident with the information they have supply us to whether this will be achieved. SA Water tells us that all customers would like ‘flat line price’ for water, opposed to a drop in water prices. How will SA Water then justify increasing water prices in the future and in this regulatory period?

Summary

SAFRRA Inc. encourages ESCOSA to make sure as an independent body regarding water prices / services to SA Water consumers will not be overinflated. We believe in affordable water pricing for all South Australians even if it means a lower cost / pricing structure for water and supply charges for the most vulnerable water customers.

We expect Water prices / innovations within the SA Water Business such as Project Zero Infrastructure via the grid in South Australia for South Australia's to achieve affordable water / infrastructure which we have been told will reduce SA Water's costs and we believe the reduction of SA Water's, water and servicing prices for all South Australian water customers. Will it?

We believe SA Water's, 'Project Zero' Infrastructure costing details are missing, showing how it is to be achieved, the costings in this regulatory period and the real savings to reduce the corporation's costs. SA Water believes 'Project Zero' will result in lower costs delivering cheaper water and service charges to the customer. Transparency is in the detailed, audited costing information, which has not been supplied to us to make the correct judgement.

Thank you.

Yours sincerely

Kevin Kaeding,
President
South Australian Residents and Ratepayers Associations Inc.