

To: CEO, Essential Services Commission of SA (ESCOSA)
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From: Steve Gee & Bev Measures,

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Submission on the ESCOSA draft documents:

Reference: Robusto Investments Pty Ltd: Drinking Water

Draft Regulatory Determination

We have lived in our current home, ██████████ Mount Compass for over 20 years. We never had an issue with our water supply or the company that operated the water supply. As soon as the new owner took control... PROBLEMS!

For two and a half years our water meter was never read by Compass Springs (from 1 April 2017 to 1 July 2019). Instead, Compass Springs "estimated" the meter reading. One day a lady from Compass Springs knocked on our door and asked where our water meter was located. We told her "right by the front gate where it has always been". Shortly after this time we were sent a bill for over \$2,000 for excess water. Prior to this event, we had complained to Compass Springs regarding our faulty water meter. Each time we were told there was "nothing wrong with our meter". We were told the water leaking from the water meter was not our problem because that water was on the "Compass Springs" side of the meter and would not affect our readings. We have disputed this. But this has fallen on deaf ears. After numerous requests for Compass Springs to fix our leaking water meter we finally asked an independent plumber to check the leaking meter (at our cost) who stated the meter is faulty. Poor communication, lack of responses and unexplained billing... we are not happy! As stated before we never once had a problem with the previous owner. New Owner... PROBLEMS.

Compass Springs currently charge property owners on average \$900 pa (SA Water approx. \$765 pa). Compass Springs want to increase this to \$3,300 pa for the 2020-21 year and ESCOSA have suggested a \$1,089 pa. charge. This makes a mockery of Premier Stephen Marshall's announcement in June 2020 that ALL South Australians will pay on average, \$200 pa less for their water.

We believe the Price Determination, which has taken over three years to reach this stage, is totally at odds with community expectations. Not only are the proposed charges excessive, but it will also make a mockery of good regulation because ESCOSA will be unable to administer it in practice and is therefore an invitation for Compass Springs to operate as a monopoly, to do as they please. This is no way to administer an essential service. We are very disappointed. It appears ESCOSA lacks the will and capacity to deliver a determination that provides certainty to residents in relation to a fair and equitable pricing schedule which should be in line with that provided by SA Water.

The original owner, water retailer and developer of the Golf Course Estate had a charging regime that he based on SA Water but at rates about 10-15% below. He specifically stated this in his application documents. We signed a document which, at the time (we were told) would be locked in for life. When we signed this document we were told we were agreeing to only receive water from this source and in return we would not be allowed to drill a personal bore for our property.

On the sale of the golf course and the water supply system in 2016, the new owner (Compass Springs) introduced a totally different charging regime. Charges were increased immediately 10-15% above SA Water rates, [REDACTED] charges.

ESCOSA regarding The Compass Springs Price Increase Proposal have stated:

There are inconsistencies about the costs in Compass Springs submissions.

Compass Springs overstated their costs by almost 50%

Questions whether the costs of water to the golf course and land development are being included with the current water retailing to the households.

Compass Springs have exaggerated annual depreciation and the process used for calculating it.

Compass Springs are using differing asset valuations for different submissions.

Compass Springs are claiming a capital expenditure of \$1.5 million is required without any justification (ESCOSA suggest only about a third of this).

Compass Springs have overstated the requirement for a 15% rate of return and exaggerated costs of finance by almost 300%.

The operating costs of Compass Springs are well above any other similar sized private water company.

Questions the claim by Compass Springs that much of the infrastructure is at or near the end of its functional life and a complete overhaul of the system would be required in the very near term.

Compass Springs has significantly exaggerated the future investment required for water mains, pipes, meters and storage tanks.

We think that the whole issue of depreciation being considered by Compass Springs and by ESCOSA is significantly flawed because unlike a business owning and supplying its equipment and infrastructure and depreciating this in the charging regime, this is not the case in relation to the water supply infrastructure in the Mount Compass Golf Course Estate.

In Compass Springs' calculation, the annual depreciation is \$88,300 pa which represents an annual additional charge of \$507 for each of the 174 customers. We totally reject the assertion that the infrastructure has a value that can be depreciated and should therefore not be a consideration in the charging determination.

There have been numerous reports of low water pressure by customers initially because of a lack of back up capacity when the power supply breaks occur and the pumps are not able to operate. This has been an ongoing issue.

Residents of the Mount Compass Golf Course Estate have been subjected to this issue for over four years and it has had a significant detrimental health effect on a lot of us. The essential service of water is being held to ransom by a [REDACTED] [REDACTED]. Having to continuously deal with Compass Springs on billing has been debilitating and it is about time that government stepped in and resolved this matter.

What is the cost for supplying water to the Golf course and the Restaurant?

Is this a separate from the charging regime for the residential customers?

Are we, the residents of the Mount Compass Golf Course Estate subsidising the restaurant and golf course businesses?

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