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03 September, 2014 (revised on 10 September, 2014)

Nathan Petrus, Director, Pricing and Analysis  
 Stuart Peavor, Manager, Pricing and Access  
 The Essential Services Commission of South Australia  
 Level 1, 151 Pirie Street  
 Adelaide, SA, 5000

**RE: Submission to the Draft Inquiry Report into the Reform Options for SA Water's Drinking Water and Sewerage Prices**

Coca-Cola Amatil Limited (CCA) is one of the largest bottlers of non-alcoholic ready-to-drink beverages in the Asia Pacific region. In Australia, the business operates production facilities in each of the major states. Our South Australian (SA) production facility is located at Thebarton and employs approximately 250 South Australians just in its manufacturing operations. It has been in operation for over 75 years and has a proud history of responsible and innovative beverage manufacturing. Increasing the efficiency of our operations to minimise our environmental footprint, whilst maintaining focus on meeting stakeholder expectations for safety, quality and value, is core to CCA's business strategy.

The fundamental economical premise for successful manufacturing within CCA is that each operation must remain viable and competitive in its own right. While CCA supports the continuing transition to a more equitable waste water system in SA, we are unable to support an unreasonable increase in cost inputs to our manufacturing operations in South Australia. Utility pricing is an important consideration when assessing the viability of local manufacturing and with volumes traditionally lower in states with smaller populations such as South Australia, utility pricing structures that are not competitive with the Eastern States particularly, will add an incremental burden to the economic viability of supplying South Australians with products manufactured by South Australians.

We have reviewed the draft report in full and have been alarmed particularly by the recommendation on trade waste water charges. We note the draft report recommends trade waste water be charged at Full Long Run Marginal Cost (LRMC) and that the implications of this recommendation have been calculated out by The Essential Services Commission of SA (the Commission) to a 434% increase in trade waste water charges. For a business of our size this increase translates to an incremental cost in the vicinity of \$400,000 to \$500,000 annually.

In addition, we have been advised that Trade Water charges are to increase by 9% in 2015, 9% in 2016 and a further 10% in 2017; increases well over the rate of inflation, and increases that will add an incremental cost burden to our business.

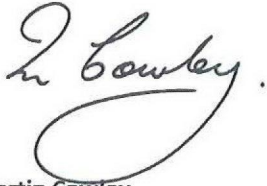
In highlighting the dollar cost associated with utility pricing recommendations and plans, CCA is seeking to provide the Commission with the information necessary to understand the

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potential impact of decisions on the economic viability of manufacturing in our state. We ask the Commission to adopt only recommendations that maintain a level playing field for South Australian industry, and to also consider the interplay between recommendations and other movements in utility pricing to minimise any increase to the cost of doing business locally.

If you wish to discuss this submission in more detail, please contact me direct on 0409 899 345. I will be following this issue with great interest.

Yours sincerely,

A handwritten signature in black ink, appearing to read "M Cowley". The signature is fluid and cursive, with a large loop at the end.

**Martin Cowley**

**Supply Chain General Manager, South Australia / Northern Territory**  
Coca-Cola Amatil (Aust) Pty