

MEDIA RELEASE

ESCOSA plans to reduce average water prices



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South Australian water bills would fall from 1 July under a Draft Revenue Determination for SA Water revenues released today by the Essential Services Commission of SA (ESCOSA).

ESCOSA CEO Dr Paul Kerin said “The average revenue caps contained in the Determination would reduce average real water prices (before inflation) by 5.4%”.

“The overall average real reduction in water and sewerage prices combined would be about 3.3% after allowing for a 1.7% increase in average real sewerage prices,” he said.

“Following the 1 July adjustment, ESCOSA does not expect to change average real water and sewerage prices during the next three years”.

Dr Kerin continued: “ESCOSA will set nominal (inflation-adjusted) revenue caps each year by adjusting for CPI movements. However, as inflation is relatively low, we expect to reduce average nominal prices for water and for water and sewerage combined from 1 July”.

“The main driver of these planned reductions is the substantial operating expenditure savings that ESCOSA has determined. Over the three-year period, ESCOSA has allowed \$136.8 million (9.5%) less operating expenditure than SA Water proposed”.

The Draft Revenue Determination was released today for public consultation and ESCOSA will release its Final Revenue Determination in May this year.

Dr Kerin said that while ESCOSA’s Final Revenue Determination will cap average revenues that SA Water can derive from its total customer base, SA Water will be responsible for setting specific prices (such as supply and usage charges) for residential and non-residential customers; however, those prices must comply with ESCOSA’s average revenue caps.

ESCOSA became the independent economic regulator of SA Water following the passage of the Water Industry Act in 2012. The revenue caps to apply from 1 July will be the first that have been set for water and sewerage in SA by an independent economic regulator.

Further information about the Draft Revenue Determination can be found on the Commission’s website at www.escosa.sa.gov.au.

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The Essential Services Commission is the independent economic regulator of essential services in South Australia. The Essential Services Commission’s primary objective is the protection of the long-term interests of South Australians.

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