SA Water

2020-24 Performance Report

Year 4

To 30 June 2024

Government of South Australia

Driving customer outcomes

Keeping water flowing to your taps	2020-21	2021-22	2022-23	2023-24
Volume of water supplied	205.1 billion litres	206.6 billion litres	193.6 billion litres	214.7 billion litres

Taking and treating your wastewater				
Average volume of wastewater collected per property	178 thousand litres	191 thousand litres	201 thousand litres	206 thousand litres

Providing you with safe, clean drinking water				
Compliance with *Safe Drinking Water Act 2011*	100%	100%	100%	100%

Water quality compliance is regulated by SA Health and reported monthly.

Driving customer outcomes

Investing to improve water network reliability	2020-21	2021-22	2022-23	2023-24	2024 Target
Number of customers with three or more unplanned interruptions	2,073	1,482	1,848	2,031*	<1,750
Temporary water supply interruptions					
Number of unplanned interruptions (per 1,000 properties)	161	160	170	182	
Average duration	3 hrs 21 mins	3 hrs 1 min	2 hrs 47 mins	4 hrs** 15 mins	

* An increased number of customers were impacted by 3 or more water service breaks in 2023-24 due to breaks occurring in long single feed pipes that impact many customers.

** The average duration of water supply interruptions for 2024-25 was impacted by a single water service interruption in Hallet Cove which impacted a large group of customers for an extended period.

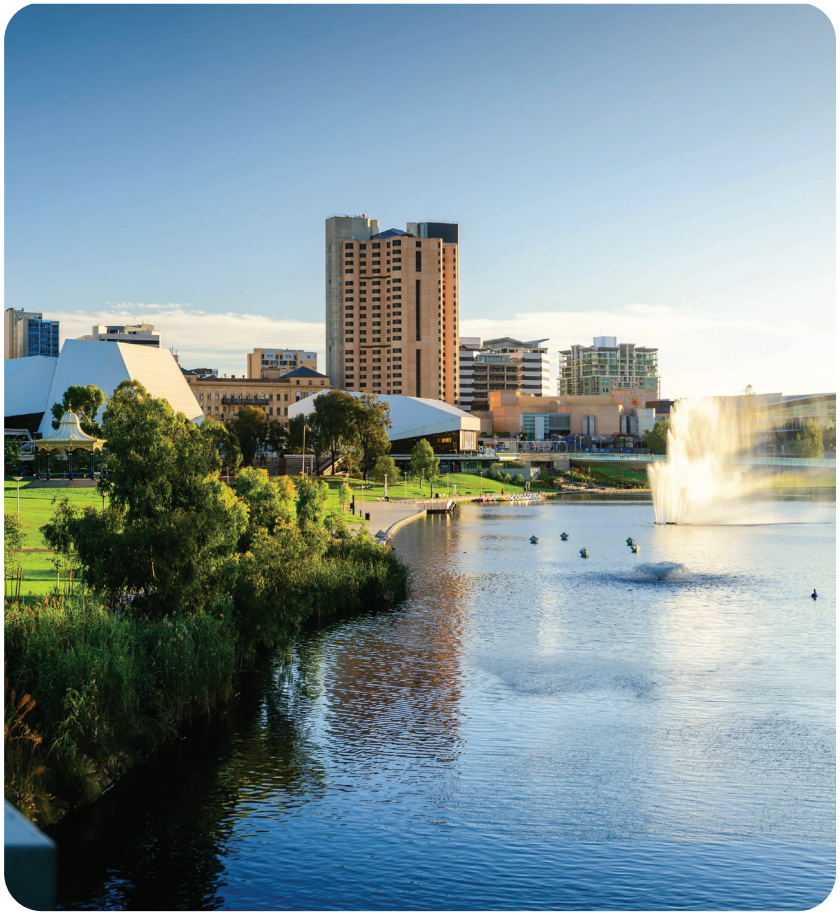
Driving customer outcomes

Paying taxes	2020-21	2021-22	2022-23	2023-24
Tax and tax equivalents paid	$25.7 million	$11.7 million	$18.8 million	$41.1 million*

Returning a dividend to the people of South Australia	2020-21	2021-22	2022-23	2023-24
Dividend paid	$82.1 million	$29.9 million	$49.8 million	$107.1 million*

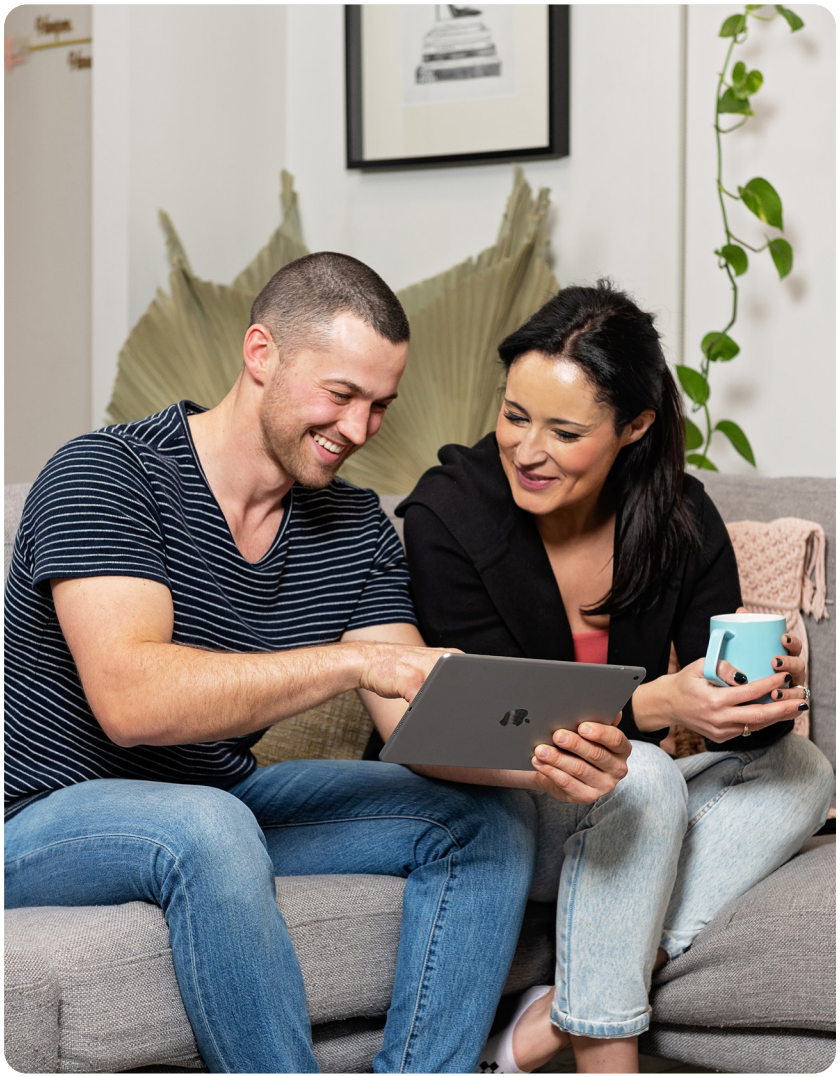
Our dividend contributes to the delivery of services by the Government of South Australia.

*The higher "Tax and tax equivalents" and "Dividend paid" amount for 2023-24 are primarily due to a rise in profit before tax, which is largely attributed to higher than budgeted water sales.



Driving customer outcomes

License fees	2020-21	2021-22	2022-23	2023-24
Economic regulation license fee (paid to the Essential Services Commission of South Australia)	$8.9 million	$8.3 million	$8.3 million	$8.3 million
Water planning and management charge (paid to the Department for Environment and Water)	$31.6 million	$32.3 million	$33.2 million	$34.0 million
Annual reimbursement of fees paid for valuation roll (paid to the Valuer-General)	$4.6 million	$4.8 million	$4.9 million	$5.4 million



Driving customer outcomes

Delivering low and stable prices

Revenue and prices

Every four years, with input from our customers, we submit a proposal to the Essential Services Commission of South Australia (ESCOSA), outlining the revenue required to operate and invest in our networks to deliver the services our customers value and are willing to pay for. The proposal also reflects our regulatory responsibilities.

Through this process, ESCOSA determines the maximum allowable revenue we can recover from our customers across each four-year regulatory period. Prices are then set each year within the allowable revenue.

When setting prices, based on our allowable revenue, we consider a range of factors including:

- anticipated weather conditions and patterns
- forecasts of how much water we are going to supply
- forecasts of how many customers we are going to have
- current and predicted economic conditions
- pricing structures
- how much different customers pay (for example, water use prices for residential customers, business customers etc).

Weather and other variables can mean that actual revenue may differ from forecast revenue during the four-year period. ESCOSA calculates revenue adjustments at the end of each four-year regulatory period to carry forward any significant differences in actual revenue earned (over or under).

In 2020-21 we delivered significant price reductions to all our customers which led to a $200 annual bill saving for the average residential customer, while an average business customer received savings of around $1,300 per year.

In 2021-22, water use pricing for residential and business customers and minimum sewerage access charges for all customers increased by 1.1%, aligned with the Consumer Price Index (CPI).

In 2022-23, the average price increase to water and sewerage was below CPI with an increase of 3.2% (compared to a CPI increase of 5.1%).

In 2023-24, the average price increase to water and sewerage was below CPI with an increase of 4.8% (compared to a CPI increase of 7.0%).

Statewide pricing means the majority of our customers pay the same price per kilolitre of water, no matter where they live or the actual cost of supplying that location. Sewerage prices are based on the capital value of customer properties and are designed so that average bills are as consistent as possible across the state. The rates used to calculate sewerage charges are updated every year and take into consideration the general movement in the property market. This process ensures we do not achieve a windfall revenue gain through increasing property values, and that prices are as consistent as possible across the state.

Driving customer outcomes

Delivering low and stable prices

Revenue and prices

Water	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Estimate
Allowed revenue ($ millions, including inflation)	$694.4	$705.3	$744.8	$800.6
Actual / forecast revenue ($ millions, including inflation)	$732.2#	$735.0#	$735.8##	$827.9###
Revenue from fixed supply charge ($ millions, including inflation)	$231.6	$233.3	$242.8	$256.9
Revenue from variable water use charge ($ millions, including inflation)	$491.0	$492.0	$483.0	$560.1
Other water revenue ($ millions, including inflation)####	$9.6	$9.8	$10.0	$10.9
Price change				
Fixed supply charge	-10.0%*	1.1%	3.2%^	4.8%^^
Variable water use charge	-18.7%**	1.1%	3.2%^	4.8%^^

Weather conditions resulted in higher-than-forecast water use in 2020-21, 2021-22 and 2023-24 and in turn resulted in higher-than-allowed revenue in these years. This revenue variance was factored into ESCOSA's 2024-28 Final Determination through their demand/revenue adjustment mechanism, and so any over collection of revenue will be passed back to customers in the following regulatory period.

Revenue forecast is below allowance due to less than CPI price increase in the year 2022-23 and 2023-24.

Estimate as at 30 June 2024 due to meter reads and billing cycle.

Other revenue includes shared asset revenue and community concession-Community Service Obligation revenue.

* Additional reductions applicable to water supply charges for commercial customers (removal of property-based charges for property values < $10 million).

** Additional reductions applicable to residential customers due to increased tier one threshold allowance (additional 54.8 litres per day compared to 2019-20 threshold).

^ Below Consumer Price Index of 5.1 per cent.

^^ Below Consumer Price Index of 7.0 per cent.

Wastewater	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Allowed revenue ($ millions, including inflation)	$329.5	$336.4	$357.0	$385.7
Actual / forecast revenue ($ millions, including inflation)	$329.0	$337.4	$353.0#	$371.8#
Price change				
Minimum charge	-10.0%	1.1%	3.2%^	4.8%^^
Residential property rate	-13.3%	1.1%	3.2%^	4.8%^^
Business property rate	-10.0%	1.1%	3.2%^	4.8%^^

Revenue forecast is below allowance due to less than CPI price increase in the year 2022-23 and 2023-24.

^ Below Consumer Price Index of 5.1 per cent.

^^ Below Consumer Price Index of 7.0 per cent.

Driving customer outcomes

Demand forecast

The amount of water we are forecasting to sell

	2020-21	2021-22	2022-23	2023-24
Forecast volumes (billions of litres)	194.0	194.5	195.0	195.5
Actual billed volumes (billions of litres)	204.5*	202.6*	194.9	214.0#*

* Actual volume above forecast due to below average summer rainfall.

Estimate as at 30 June 2024 due to meter reads and billing cycle.

Customer growth forecast

The number of customers we forecast to have

	2020-21	2021-22	2022-23	2023-24
Water customers				
Forecast	801,599	809,245	816,967	824,763
Actual**	802,580*	797,743	804,493	811,387
Wastewater customers				
Forecast	627,693	633,809	639,985	646,222
Actual**	628,101*	629,566	632,661^	640,476

* Higher than forecast customer growth driven by the Australian Government's Home Builder initiative.

** To ensure consistency in the approach to property valuations and charges, living units within retirement villages were amalgamated in 2021-22 which reduced the total number of customer accounts in our billing system (approximately 12,000 water accounts) from 2021-22 onwards resulting in why customer numbers are lower than forecast in 2021-22, 2022-23 and 2023-24.

^ In 2022-23, approximately an additional 4,600 customers became SA Water wastewater customers due to the transition of the Tea Tree Gully community wastewater management scheme to SA Water.

Driving customer outcomes

Delivering low and stable prices

Residential customer annual billing

Value of a residential water bill based on 200kL per year of water consumption

	2020-21	2021-22	2022-23	2023-24
Metropolitan	$710	$718	$741	$777
Regional	$710	$718	$741	$777

Value of a typical residential sewerage bill based on average property value

	2020-21	2021-22	2022-23	2023-24
Metropolitan	$399	$404	$412	$432
Regional	$333	$337	$339	$352

Driving customer outcomes

Business customer annual water and sewerage billing for 2022-23*^

Metropolitan	Minimum charge ($348,302)	Low property value ($540,000)	Median property value ($960,000)	Average property value ($1,796,000)	High property value ($5,275,000)	Very high property value ($9,75,000)
No water use	$615	$790	$1,173	$1,937	$5,113	$9,221
Low water use - 26 kL per year	$694	$869	$1,252	$2,015	$5,192	$9,300
Median water use - 103 kL per year	$927	$1,102	$1,486	$2,249	$5,425	$9,534
Average water use - 983 kL per year	$3,598	$3,773	$4,157	$4,920	$8,096	$12,205
High water use - 2,864 kL per year	$9,307	$9,482	$9,866	$10,629	$13,805	$17,914
Very high water use - 11,533 kL per year	$35,617	$35,792	$36,176	$36,939	$40,116	$44,224

Regional	Minimum charge ($226,819)	Low property value ($260,000)	Median property value ($430,000)	Average property value ($808,000)	High property value ($2,550,000)	Very high property value ($6,500,000)
No water use	$615	$661	$900	$1,430	$3,872	$9,410
Low water use - 26 kL per year	$694	$740	$979	$1,509	$3,951	$9,489
Median water use - 103 kL per year	$927	$974	$1,212	$1,742	$4,185	$9,722
Average water use - 983 kL per year	$3,598	$3,645	$3,883	$4,413	$6,855	$12,393
High water use - 2,864 kL per year	$9,307	$9,354	$9,592	$10,122	$12,564	$18,102
Very high water use - 11,533 kL per year	$35,617	$35,664	$35,902	$36,432	$38,875	$44,412

* Excludes commercial customers on water property based charges (property value of more than $10 million).

^ Valuer-General of South Australia adjusts property valuations annually.

Driving customer outcomes

In each year of each regulatory period, ESCOSA allows expenditure for us to operate and invest in our water and wastewater networks, to deliver the services our customers value and are willing to pay for.

Operating expenditure

The cost of running our business, including electricity, treatment processes, labour and license fees.

Water	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Allowance (millions)	$365.2	$368.8	$388.1	$412.4
Actual/Forecast (millions)	$379.5	$402.3	$423.4	$442.4
Variance (millions)*	$14.3	$33.5	$35.4	$29.8

Wastewater	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Allowance (millions)	$140.3	$140.6	$149.9	$161.1
Actual/Forecast (millions)	$155.2	$158.6	$165.5	$177.1
Variance (millions)*	$14.9	$17.9	$15.6	$16.0

* Higher operating costs have primarily been due to higher metropolitan contract costs, contractor costs, electricity prices and labour costs. Additionally, higher operating costs were incurred in 2022-23 due to the River Murray flood event.

Capital expenditure

The cost to invest in our infrastructure, including items like trunk main renewals and upgrades to treatment plants. Net capital expenditure equates to capital expenditure, less any capital contributions.

Water	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Net allowance (millions)	$344.9	$253.5	$291.2	$311.7
Actual/Forecast (millions)	$165.7	$242.0	$311.3	$404.1
Variance (millions)*	-$179.2	-$11.5	$20.0	$92.4

Wastewater	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual
Net allowance (millions)	$80.1	$148.5	$194.9	$168.6
Actual/Forecast (millions)	$102.1	$127.2	$161.7	$200.6
Variance (millions)**	$22.1	-$21.3	-$33.2	$32.0

* Annual variances in water capital expenditure have occurred due to rephasing of works. The large variance in 2021-22 was mainly due to environmental approvals that caused delays in construction of the desalination plant at Kangaroo Island and the Morgan Whyalla pipeline. Over the four-year regulatory period water capital expenditure was within 93% of the 2020-24 capital allowance, with some timing differences on major projects resulting in carryover into the subsequent regulatory period. Namely timing differences (compared to the RD20 original allowance) related to projects including Eyre Peninsula Desalination Plant, Morgan Whyalla Pipeline and Mount Bold Dam Safety Project. These projects will continue into RD24.

** Annual variances have occurred due to rephasing of work. Over the four-year regulatory period, capital expenditure has been within 99.9% of the regulatory allowance.

Water for the future

Maintaining diverse water sources	2023-24 total
Surface water (reservoirs, River Murray)	244,511 million litres
Groundwater (bores)	12,342 million litres
Seawater (desalination plant)	4,945 million litres
Total volume of water sources	261,798 million litres

Use of recycled water	2023-24 total
Volume	29,125 million litres
Portion of wastewater recycled	24%

By treating wastewater and delivering it through a recycled water network, it can be safely reused.

Healthy communities

Making drinking water accessible in public	2023-24 total
New drinking fountains installed	7

Drinking fountains installed across the state provide free drinking water with a bottle refill and bubbler. Some also have an in-ground dog bowl.

Drinking fountains in BYOB app	1,304

Our bring your own bottle (BYOB) work supports our customers and community to choose tap water, bringing benefits for their health, their wallet and our environment.

Supporting our BYOB initiative are Miss Isla (a refurbished 1960s caravan) and our Quench Benches, which are mobile water trailers out and about at community events to keep people cool and hydrated.

	2023-24 total
The Well student participants	5,116
Education programs delivered	144

The Well is our education program which gives life to the story and value of water in our community. It encourages students from reception to university to explore, interact and learn about water and wastewater processes through tours, workshops, presentations and education materials.

Healthy communities

Buying goods and services from South Australian businesses	Achieved in 2023-24
Portion of total goods and services obtained from local businesses	96%

In 2023-24, we spent more than $12.95 million with Aboriginal businesses.

Providing open spaces for public access	Achieved in 2023-24
Number of reservoir reserves open for public access	10
Number of visitors to our reservoir reserves	412,393

Proactive environmental leadership

Water resources

	2023-24 total
Volume of water from the urban water supply system returned to surface water and groundwater	63,481 million litres

Reducing greenhouse gas emissions

Total net greenhouse gas emissions	174,653 tonnes of CO_2

We have an ambitious and proactive environmental commitment, including net zero emissions by 2030.

Proactive environmental leadership

Reusing waste from our operations	2023-24 total
Biosolids reused	68,666 dry tonnes
Portion of biosolids reused	189%*

We are committed to net zero waste by 2040.

Generating renewable energy for our operations	2023-24 total
Energy produced from renewable sources	178,189 megawatt hours
Portion of energy produced from renewable sources	33%

Our base load requirements will be operating on 100 per cent renewable energy by 2030.

* Portion of biosolid reused is greater than 100% due to reducing existing stockpiled biosolids in addition to 2023-24 volumes.

Our people for the future

Our team, across South Australia	2023-24 total
Our people	1,680
Our metropolitan-based people	1,141
Our regionally-based people	539

Training and development for our people enables our business to be safe, innovative and agile to deliver on our customers' expectations.

Diversity of our people	2023-24 total	Target
Women in leadership	46.56%	50.00%
Aboriginal and Torres Strait Islander employment	1.84%	3.00%

We strive for a strong and inclusive workplace that embraces and celebrates diversity.