



**Southern**  
Rural Water

# **Price Submission 2023-28**

*18 October 2022*

# Key Messages

**Profitability rather than affordability matters most to irrigator customers**

**Strong ongoing connection with our customers has underpinned our submission**

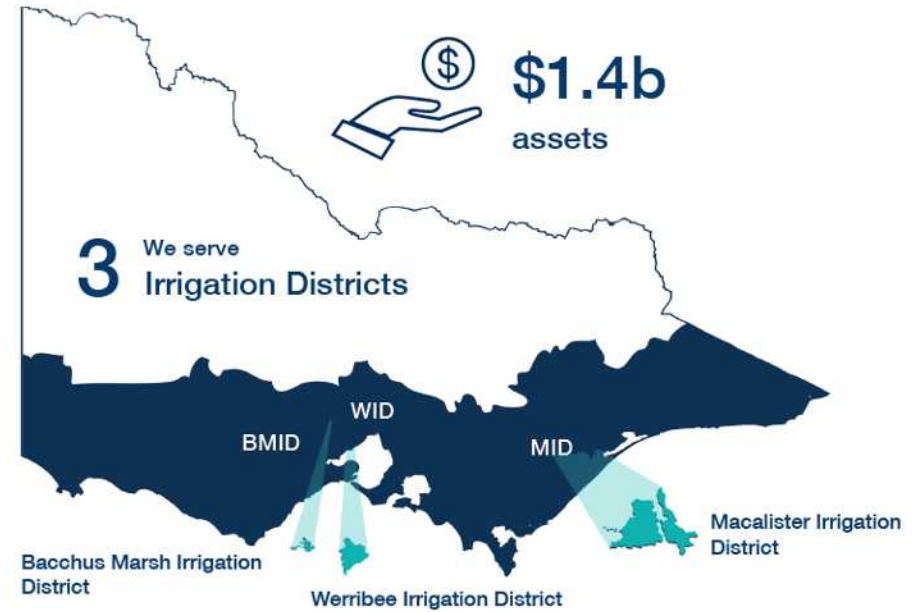
**We operate efficiently and tightly control our costs**

**We are investors in our customers profitability and success**

**Decisions on government grant funding were predicated on customer co-contribution via annual charges**

- **86% of customers price's capped at CPI**
- **the remaining experiencing increase of 1% to 1.5% plus CPI**

# Southern Rural Water



## We manage...



## We supply...



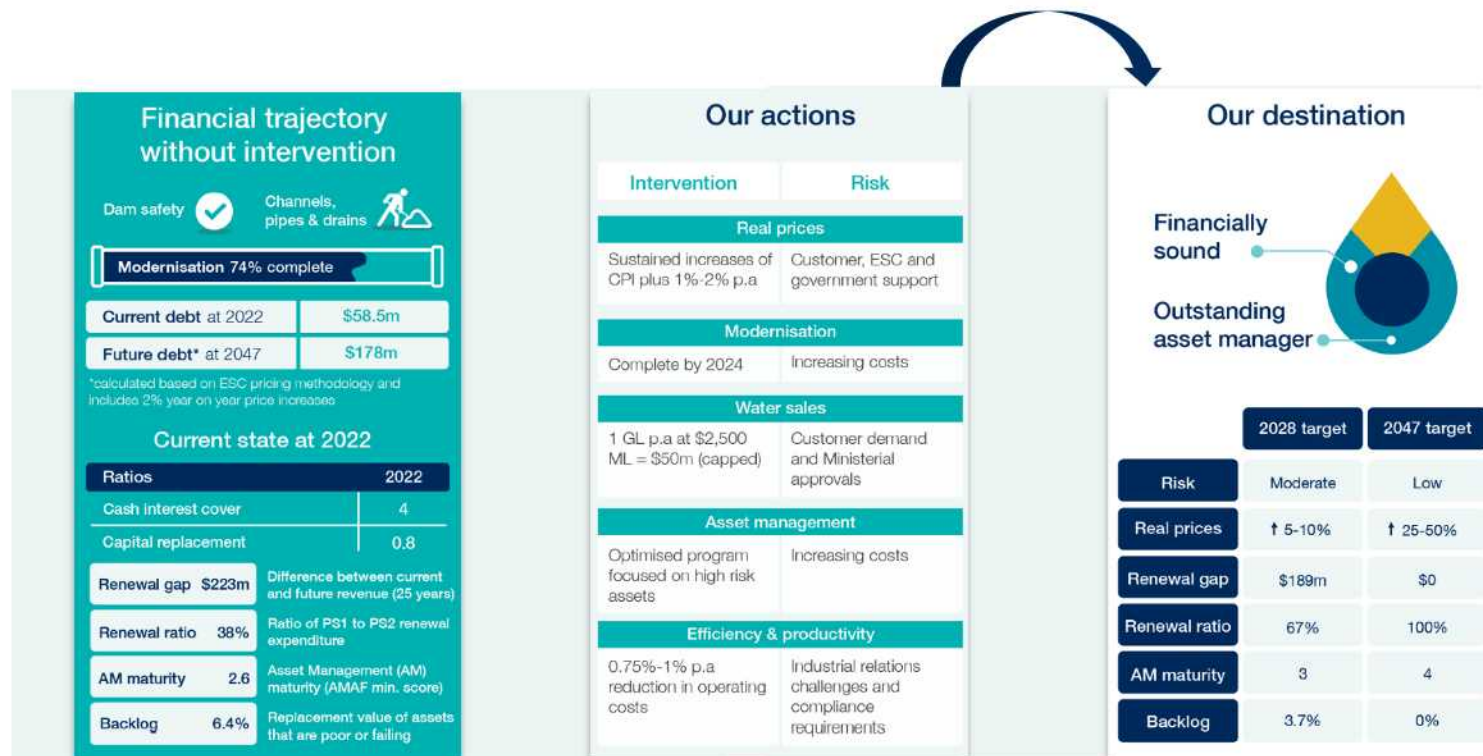
# Pathway to financial sustainability



25 year risk based prioritised capital plan

Renewal gap closed over 25 years

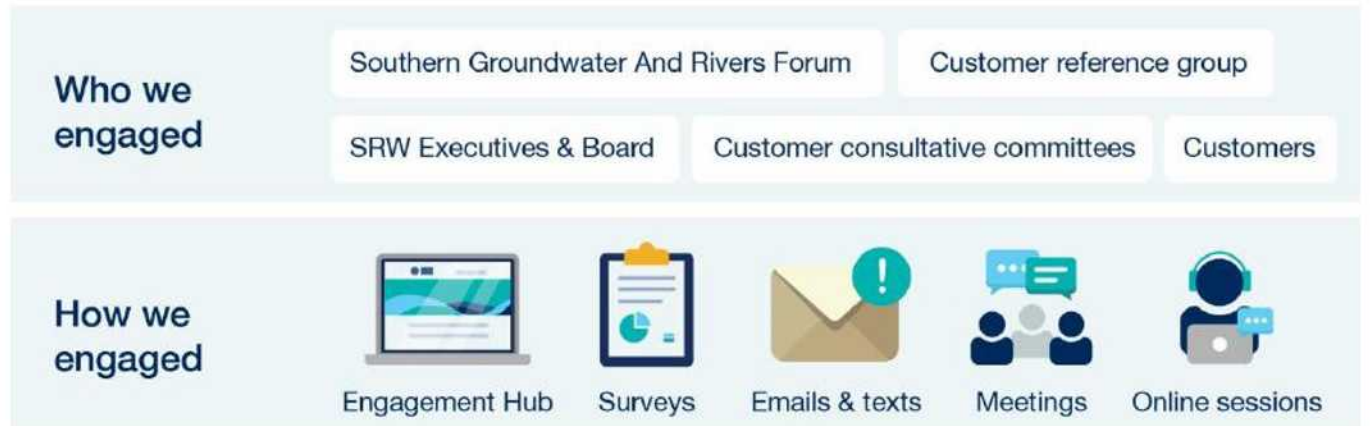
Reliability of supply aligned to customer outcomes



# Who are our customers

Our customers are primarily business enterprises focussed on *profitability* rather than *affordability*.

We have long standing and deep relationships which have been strengthened through the pricing process.



## Customer outcomes:

- Fair and reasonable prices
- Reliable water supply
- Great service
- Sustainable water
- Valued community member

# Capital expenditure

2018-23 CAPEX  
\$163.5m



2023-28 CAPEX  
\$125.1m

- Top 10 projects – 45% of total
- Other funding sources:
  - \$19m government grants
  - \$13m water sales.
- \$93m sought through pricing.



Completion of two decade long strategy of modernisation

- \$218m total spend
- \$123m funded by state and federal government
- \$95m customer contributions

# Funding recreation facilities



Policy –  
Water for Victoria

*Water corporations will maintain infrastructure and facilities to support recreational objectives at their water storages under existing arrangements.*

Current model

Funded through population apportionment model.  
Gippsland Water levied 96% of costs in east.

What we heard

Gippsland Water customers:

*“We believe that the cost of maintaining these facilities should be charged between all bulk entitlement holders including Gippsland Water, irrigators and power generators”*

Power Companies and irrigators oppose change.

*“AGL oppose any change to the disbursement of recreation fees which would shift costs to our business or other power companies in the region.”*

*“the proposed reimbursement charge is without precedent in Victoria. Fees for other like recreational facilities are funded by the relevant Local Domestic Water Authority.”*

Outcome

Given the feedback we reviewed and adopted:

- Adjustment of allocation of corporate costs
- Reduction of operational costs by 10%
- Maintaining the same population apportionment model

# PREMO RATING

## OVERALL

very confident that our submission is at the higher end of **standard**, where:

## ENGAGEMENT

satisfied that our engagement rating is **advanced**.

## PERFORMANCE

very confident that our performance rating is **standard**.

## MANAGEMENT

very confident that our management rating is **standard**.

## RISK

very confident that our risk rating is **standard**.

## OUTCOMES

satisfied that our outcome rating is **advanced**.