

	WATER & SEWERAGE RETAIL SERVICES PRICING POLICY STATEMENT
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Statement Type	Governance		
Responsible Department	Office of the Chief Executive Officer		
Responsible Officer	Chief Executive Officer		
Related legislation	Water Industry Act 2012 Water Industry Guidelines No. 2 (WG2/01) Water Industry Regulations 2012 Water Retail Code – minor and intermediate retailers Australian Standards AS ISO 10002-2022		
Related Policies	Customer Hardship Policy – Water and Sewerage Services Water & Sewerage Enquiry, Complaints and Dispute Handling Management Guideline Debt Recovery Policy Water & Sewerage Retail Services – Customer Charter		
Date adopted	17 May 2022	Minute Number	2022.61
Version	Version 1		
Last reviewed			
Next Review date	2026		

1. Introduction

District Council of Elliston is a licensed minor sized retailer supplying water to residential and non-residential customers in Port Kenny and sewerage services to residential and non-residential customers in Lock.

This Pricing Policy Statement sets out how Council has determined its costs and developed prices for its regulated retail services.

2. Background

Economic regulation of retailers of water and sewerage services in South Australia was introduced via the *Water Industry Act 2012 (SA)* to provide mechanisms for the transparent setting of prices within the water industry and to facilitate pricing structures that reflect the true value of services provided by participants in this industry.

The *Water Industry Act 2022 (SA)* requires the Essential Services Commission of South Australia (ESCOSA) to adopt or apply the National Water Initiative (NWI) pricing principles when making a price determination for retail services. The NWI principles relate to cost recovery, pricing and transparency for water services.

All licensed entities are required to issue a Pricing Policy Statement that demonstrates how the NWI pricing principles have been applied in determining the costs and developing prices for its regulated water retail service.

3. Description of Regulated Retail Services

Council provides one (1) Community Wastewater Management Scheme (CWMS) in the township of Lock and one (1) drinking water supply scheme in the township of Port Kenny.

Water is supplied to residential and non-residential customers and Council reserve, providing improved amenities for the broader community.

4. Pricing Policy

Council's pricing policy is designed to ultimately achieve full cost recovery and return on capital investment. Within this context, the more important considerations in setting prices relate to the markets willingness to pay, the price of substitutes and pricing certainty for consumers.

Council's pricing is in line with a publication released by the Local Government Association – CWMS Accounting Principles, The Costing and Pricing of CWMS.

5. Pricing

The pricing schedule for the current financial year (including a comparison with those of the previous years) is provided in Appendix 1 attached.

Council adopted findings of a rating review undertaken by Water and Waste Innovations and the findings have been used as a basis to set the service charges. Those service charges for the provision of CWMS are set at cost recovery levels.

6. Principles set out in the Price Determination for Minor/Intermediate Retailers

- **Flexible Regulation:** Light handed and flexible regulation (including use of pricing principles) is preferable, as it is generally more cost-efficient than formal regulation. However, formal regulation (eg establishing maximum prices and revenue caps to address problems arising from market power) should be employed where it will improve economic efficiency.
- **Cost Allocation:** When allocating cost, a beneficiary pays approach, typically including direct user pays contributions, should be the starting point, with specific costs shared across beneficiaries based on the scheme's drivers (and other characteristics of the recycled water/storm water reuse scheme).
- **Water Usage Charge:** Prices to contain a water usage (ie volumetric) charge.
- **Substitutes:** Regard to the price of substitutes (potable water and raw water) may be necessary when setting the upper bound of a price band.
- **Differential Pricing:** Pricing structures should be able to reflect differentiation in the quality or reliability of water supply.
- **Integrated Water Resource Planning:** Where appropriate, pricing should reflect the role of recycled water as part of an integrated water resource planning (IWRP) system.

- **Cost Recovery:** Prices should recover efficient, full direct costs – with system-wide incremental costs (adjusted for avoided costs and externalities) as the lower limit, and the lesser of stand-alone costs and willingness to pay (WTP) as the upper limit. Any full cost recovery gap should be recovered with reference to all beneficiaries of the avoided costs and externalities. Subsidies and Community Service Obligation (CSO) payments should be reviewed periodically and, where appropriate, reduced over time. Direct costs include any joint/common costs that a scheme imposes, as well as separable capital, operating and administrative costs. This definition of direct costs does not include externalities and avoided costs.
- **Transparency:** Prices should be transparent, understandable to users and published to assist efficient choices.
- **Gradual Approach:** Prices should be appropriate for adopting a strategy of 'gradualism' to allow consumer education and time for the community to adapt.

7. Availability of Statement

This Statement is accessible on Council's website www.elliston.sa.gov.au.

Further information about this Statement can be obtained by contacting Council during office hours 9.00am to 5.00pm Monday to Friday on 8687 9177 or email dce@elliston.sa.gov.au
Faults and Emergencies: Call 8687 9177.

Version Control

Version no.	Date adopted by Council	Amendments Made	Prepared by:
Version 1	17 May 2022		Executive Assistant
		Updated 2022-2023 Pricing from the 2022-2023 Fees and Charges Schedule	Executive Assistant

APPENDIX 1
2021-2022 Pricing Schedule
Retail Services

		Unit of measurement	2021-2022 (\$/unit)	2020-2021 (\$/unit)
Sewerage & Trade Waste – Retail Services				
CWMS Lock	All connections		\$410	\$397
Drinking Water – Retail Service				
Potable water supply – Port Kenny	Connection		\$136	\$135
Potable water supply – Port Kenny	Kilolitre Usage		\$4.80	\$4.60

		Unit of measurement	2022-2023 (\$/unit)	2021-2022 (\$/unit)
Sewerage & Trade Waste – Retail Services				
CWMS Lock	All connections		\$431	\$410
Drinking Water – Retail Service				
Potable water supply – Port Kenny	Connection		\$143	\$136
Potable water supply – Port Kenny	Kilolitre Usage		\$4.80	\$4.80