



## **COMPASS SPRINGS PRICING POLICY STATEMENT**

Robusto Investments Pty Ltd (trading as Compass Springs) (Compass Springs) acquired a drinking water business from Hillrise Investments Pty Ltd in 2016. At the time the water business served approximately 165 water customers in part of the Mount Compass SA township (adjacent the Mount Compass Golf Course).

The private water network was developed as part of a residential subdivision in parallel with development of the golf course in the late 1990's. The water network infrastructure that Compass Springs acquired was / is in fair to poor condition generally. Frequent maintenance and emergency repair work is required. Some significant infrastructure elements are near the end of their working life.

The customer water supply contracts established at the time of commencement of the business were tied to SA Water's pricing – with water supply rates being identical to SA Water's charges and water consumption rates that were limited to SA Water's tiered pricing plus 15%. This pricing structure had and has no relationship to the actual operating costs of the business. Perhaps as a consequence, the previous business operator spent very little on maintenance and made no provision for long term upgrade works despite the infrastructure being 25 - 30 years old at the time of sale.

When Compass Springs was issued its water retail license by ESCOSA it was required to change all of its customer contracts to a Standard Water Contract – a process that took two years to negotiate with ESCOSA. The new contracts took effect in September 2018 when published in the State Government Gazette.

Compass Springs reviewed its pricing in line with the National Water Initiative Pricing Principles (NWIPP) with a view to determining a price structure that would ensure the ongoing viability for the business and compliance with the Code, the Act and the Regulations.

A Pricing Submission was lodged in March 2017 with ESCOSA. Compass Springs sought to amend the pricing in line with the NWIPP.

ESCOSA delayed and disputed elements of the Pricing Submission and subsequent clarifications made by Compass Springs in its attempts to establish a NWIPP compliant pricing model that sustains the business.

Subsequent to the March 2017 Pricing Submission, over the ensuing 5 years, in response to various requests and rejections by ESCOSA, additional information was provided by Compass Springs to ESCOSA to support and clarify its Pricing Submission with a view to having ESCOSA confirm compliance with the NWIPP.

ESCOSA persistently rejected or refuted the submission and subsequent responses and clarifications which resulted in a unilateral Price Determination being made by ESCOSA in May 2021. This was subsequently reviewed (by ESCOSA as it was required to do under the Act) in August 2021, several times since and most recently for 1 July 2024.

Compass Springs is of the view the May 2021 Price Determination and its subsequent variations do not comply with the NWIPP. As a result we referred the matter to the South Australian Civil and Administrative Tribunal (SACAT) for review as well as the Supreme Court of South Australia. We await a decision from those bodies.

Further to this Compass Springs contends that ESCOSA has failed to properly discharge its duties as a Regulator under the Act.



Despite these disputes Compass Springs has elected to observe the pricing issued by ESCOSA in its various determinations since 2018.

Our network has been progressively extended so that we now serve 209 customers in the Mount Compass area.

Details on our pricing for the current financial year as nominated in the 1 July 2024 Price Determination are as listed on the following sheet.