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ASSOCIATION

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Mr Sebastian Roberts  
General Manager, Network Regulation  
Australian Energy Regulator  
GPO Box 520  
Melbourne 3001

Sent by email to [SAelectricity2015@aer.gov.au](mailto:SAelectricity2015@aer.gov.au)

### **AOA Submission to SA Power Networks Revised Regulatory Proposal (2015 – 2020)**

On behalf of the Australian Olive Association and Olives South Australia I would like to thank the Australian Energy Regulator for allowing us to make a submission on the SA Power Networks Revised Regulatory Proposal 2015-2020.

Whilst many of our growers have been provided with a reliable service from SA Power Networks we are very concerned by the unsustainable price increase imposed on our growers over the last regulatory period. The cost of producing a food product in SA is huge and an unsubstantiated increase in power costs will only serve to send many producers broke and destroy jobs.

SA Power Networks revised proposal is inconsiderate to the needs of their customers. There appears to be little change to their original proposal which demonstrates that they have little regard for their customer's situation.

I am told that the attitude of TasNetworks is to be commended. They have accepted AER's decision and have significantly reduced expenditure and subsequent prices to their customers.

There is no justification to reinstate the programs from the original SA Power Networks' proposal that were rejected by the AER and were predicated on a flawed "push" consultation process.



Table 16.3 is evidence of the disregard that SA Power Networks have for their customers. This table demonstrates that in a time of static or declining demand their proposed expenditure over the period was as follows:

- Return on capital increasing by 28% (nominal)
- Regulatory depreciation increasing by 64% (nominal)
- Operating Expenditure increasing by 19% (nominal)
- Tax allowance increasing by 15% (nominal)
- Revenue increasing by 31 % (unsmoothed nominal)

Price increases of **23% in 2016/2017** and **12% in 2017/2018** as proposed by SA Power Networks are not sustainable in our current business climate. These prices will ensure that producers and manufacturers in SA are disadvantaged by having to price their outputs above their competitors to recoup costs.

The more businesses that fail the less jobs there will be in SA. Electricity is a basic need of every person and business and it is contemptible that SA Power Networks, who literally “have the power” to make or break business, are considering unsubstantiated and unnecessary price increases that seek to bolster their own profits at the expense of many hundreds of thousands of businesses that need affordable power to continue.

In order to ensure a fair and equitable system, we would encourage SA Power Networks to benchmark themselves against other networks internationally to ensure that they are the most efficient provider. These results should be made available to their customers.

Regards

Yours sincerely,  
AUSTRALIAN OLIVE ASSOCIATION LTD.



Lisa Rowntree  
**CHIEF EXECUTIVE OFFICER**