

# Water Advisory Services

## Economic & Financial Consulting

Tackling Australia's water security, affordability and resilience requires critical thinking by policymakers, regulators and water businesses. FTI Consulting's water advisory team helps clients navigate these challenges to deliver effective solutions to complex water problems, develop best practice water policy and to meet community expectations.

### WHY FTI CONSULTING?

#### Extensive water sector expertise

Our water advisory team has strong experience and knowledge of the Australian and international water sector.

#### Independent and multidisciplinary team

We are independent and free from audit-based conflicts and restrictions. Our team includes experts from various fields such as finance, strategy, engineering and economics.

#### Comprehensive service offering

Our water sector services include regulatory strategy and pricing, commercial advice, corporate governance and performance, due diligence and transaction advisory, as well as disputes and litigation support.

#### Access to a pool of global experts

We leverage our global network of water experts to remain ahead of the market and adopt innovative approaches to complex issues.

### Our offering

Our team includes specialist expertise spanning the water sector across disciplines including economics, finance, strategy, engineering, and environmental science.

Our experts have several decades of collective experience working in government, regulatory bodies, executive leadership of water businesses and academia. This breadth of experience extends across both Australian and international landscapes, offering a diverse perspective to address emerging challenges in the water sector.

Our clients seek our advice on delivering innovative solutions to complex commercial, regulatory and policy issues.

### Our services and experience



#### Regulatory strategy

##### Services

- Regulatory framework design, reform and strategy
- Evidence based regulatory submissions
- Consultation responses for regulated businesses
- Independent assessments of water business expenditures
- Regulatory financing, including capital cost estimates

#### Case study

##### Essential Services Commission – Assessment of water businesses' expenditure proposals

FTI Consulting was engaged to assess the capital and operating expenditure forecasts for 16 Victorian water businesses as part of the 2023 and 2024 water price reviews. Our approach involved developing an assessment framework, reviewing the businesses' regulatory pricing submissions and engaging with the businesses to seek additional information to support our assessment.

**Outcome:** Our expert assessments confirm the prudence and efficiency of water businesses' planned expenditure over the next five years. The Commission accepted our adjustments, resulting in lower bills for customers.



### Commercial advice

#### Services

- Financial modelling and options analysis
- Cost benchmarking analysis
- Market analysis and market sounding
- Peer review of modelling

#### Case study

##### Gladstone Area Water Board (GAWB) – Economic efficiency of dam infrastructure

FTI Consulting assisted GAWB in developing a submission to the Queensland Competition Authority (QCA) on the economic efficiency of existing customers contributing to dam augmentation costs. Our advice leveraged experience with efficient pricing and investment principles, assessing benefits for current users.

**Outcome:** We provided a comprehensive report to support GAWB’s submission to the QCA.



### Corporate governance and performance

#### Services

- Governance framework assessments
- Decision-making process reviews
- Corporate strategy development
- Identifying framework and process gaps
- Roadmap development

#### Case study

##### Major NSW water utility – Business systems and process review

FTI Consulting undertook a strategic review of a major NSW water utility’s capital and operational planning, business systems and processes. We assessed the decision-making maturity, system robustness for asset management, and potential for achieving business performance.

**Outcome:** Our advice helped the utility identify opportunities to enhance its systems and processes.



### Due diligence and transaction advisory

#### Services

- Financial, commercial, regulatory and reputational due diligence on major transactions
- Modelling financial options and associated risk
- Cost benefit analysis

#### Case study

##### Abu Dhabi water desalination business – Commercial and regulatory due diligence

FTI Consulting was engaged to provide detailed commercial and regulatory due diligence on the sale of a water desalination business in Abu Dhabi. We reviewed relevant regulatory and commercial documentation for the proposed sale, and developed a Maximum Allowable Revenue forecast to assess detailed revenue components and key drivers.

**Outcome:** We presented our findings to the investment committee, which led to the approval of the merger valued at \$7.5 billion.



### Disputes and litigation

#### Services

- Dispute and valuation advisory
- Assessment of claims
- Quantifying loss and damages
- Independent expert reports

#### Case study

##### Victoria Civil and Administrative Tribunal (VCAT) – Impacts on retail water prices

FTI Consulting advised three metropolitan Melbourne water retailers on a VCAT pricing dispute for a multi-dwelling residence. Our advice included extensive consultation with the Department of Environment, Land, Water and Planning and legal experts.

**Outcome:** We contributed to a successful outcome and highlighted the necessity for ongoing regulatory framework reform regarding pricing for multi-dwelling residences.

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