

Strategic Plan

2017-2020

The Essential Services Commission of South Australia is an independent statutory authority with regulatory functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and a general advisory function on regulatory and economic matters.

escosa.sa.gov.au



The background of the slide features a blurred night photograph of a large stadium, likely the Adelaide Oval, with its lights reflecting on a body of water in the foreground. A semi-transparent grey triangle is positioned on the right side of the image, partially overlapping the stadium and water.

The Commission's primary objective under the Essential Services Commission Act is the protection of the long-term interests of South Australian consumers with respect to price, quality and reliability of essential services.



The Commission acknowledges Traditional Owners of Country throughout South Australia and recognises the continuing connection to land, waters and community. We pay our respects to Aboriginal and Torres Strait Island cultures; and to Elders both past and present.

Enquiries regarding the Strategic Plan should be addressed to:

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Chairperson's message

On behalf of the Commissioners, I am pleased to present the Essential Services Commission (Commission) 2017 - 2020 Strategic Plan.

The Commission has an important role in South Australia, as the independent economic regulator for essential services in the water and sewerage, electricity, gas, maritime and rail industries. These key regulatory functions drive our significant statutory work program, which focusses on adding value for South Australians.

The role and functions with which the Commission is charged are of importance to the economy of this State and to the wellbeing of South Australians. Our primary regulatory objective is to protect consumers' long-term interests with respect to the price, quality and reliability of the services we regulate; we are well placed to meet this important objective.

Along with its regulatory role, the Commission also has an important Inquiry and advisory role. The Government, or the Commission, can initiate public Inquiries on regulatory and economic matters, which can set regulatory arrangements or priorities and can inform public debate. The Commission can also provide independent advice on regulatory or economic issues that have potential to impact on the State.

In this role, the Commission can make a significant contribution, with a key strength being our independence and ability to provide advice impartially. In 2016, two Inquiries commenced - an Inquiry into regulatory arrangements for small-scale and off-grid water, gas and electricity services, and an Inquiry into licensing arrangements for inverter-connected generators.

Our Strategic Plan acknowledges that we operate in a dynamic environment and that we must be well-informed about current economic, social and environmental policy, and technological influences and directions. We must ensure that the Commission remains at the leading edge of regulatory design and practice, to continue to deliver more effective outcomes for South Australians.

To achieve this, the Commission will continue to have a strong focus on engagement with our stakeholders. We will consult widely and genuinely to ensure the work that we do is informed by the views of stakeholders.



Brett Rowse
CHAIRPERSON

Our Commissioners



Mr Brett Rowse
CHAIRMAN

Mr Rowse was appointed as Chairperson of the Commission in July 2016.

Mr Rowse has worked for 35 years in Treasury and Finance Departments at both the national and state level. He provided broad policy guidance, with a particular focus on economic and financial management. He has chaired the South Australian Financing Authority Board and was also a board member of the Adelaide Festival, Motor Accident Commission and Funds SA.



Dr Lynne Williams AM
COMMISSIONER

Dr Williams was appointed as a Commissioner in September 2013 and as Acting Chairperson in September 2014.

Dr Williams has worked as an economist in the public sector for over 30 years. She is currently on a number of boards related to public policy and is a Fellow of the Institute of Public Administration Australia (IPAA) and of St Hilda's College (University of Melbourne), and a member of the Australian Institute of Company Directors.



Professor David Round AM
COMMISSIONER

Professor Round was appointed as a Commissioner in May 2014.

Professor Round is an Adjunct Professor in the School of Commerce at the University of South Australia, and is a member of the Australian Competition Tribunal.

Professor Round previously taught at the University of Adelaide, Macquarie University, and several Universities in the United States and at Canterbury University NZ.



Ms June Roache
COMMISSIONER

Ms Roache was appointed as a Commissioner in May 2014.

Ms Roache is an independent Director with extensive business experience having held several senior executive roles and a number of governance roles including internationally.

Ms Roache currently holds multiple board positions and is a Fellow of the Australian Institute of Company Directors, CPA Australia and the Australian Institute of Management.



Mr Geoff Knight
COMMISSIONER

Mr Knight was appointed as a Commissioner in October 2014.

Mr Knight has served the South Australian public sector in diverse range of Chief Executive, senior policy, finance, and other leadership roles over three decades.

Mr Knight is a member of the Board of Renewal SA and in 2014 was a recipient of the Institute of Public Administration Australia (IPAA) National Fellow Award.

Our leadership team



Adam Wilson
CHIEF EXECUTIVE OFFICER



Linda South
DIRECTOR, CORPORATE SERVICES



Nathan Petrus
DIRECTOR, CONSUMER PROTECTION
AND PRICING



Natasha Cheshire
DIRECTOR, LICENSING, MONITORING
AND REPORTING

Our values

Our values are the foundation of how we work

In achieving the Commission's primary objective, we are guided by a set of six corporate values. We have all committed to the Commission's corporate values, and hold ourselves, and each other, accountable to them.

The Commission's values are:

Independent: We act impartially.

Consultative: We engage and consult with the community and consider all views on issues relevant to our decisions.

Ethical: We act honestly, fairly and with integrity.

Professional: We make our decisions with discipline and rigour, based on logic and evidence.

Accountable: We take responsibility for our actions.

Transparent: We make our decisions clear by explaining the reasons for those decisions.

The Commission's corporate values complement the values of the South Australian Public Sector.

Our culture

Our culture embodies who we are

The Commission has a highly-engaged workforce with an organisational culture that embraces and encourages agility, innovation and best practice.

Diversity is valued at the Commission. We believe a diverse and inclusive workplace brings out the best in people and a breadth of views and approaches helps us to deliver in our role as an independent economic regulator.

A workplace that is safe, supportive and productive is achieved through ensuring staff have the right resources to perform their work, and learning and development opportunities to grow professionally.

The Commission will continue to enhance its capability and credibility to build regulatory and economic knowledge within the South Australian Public Sector and contribute more broadly to South Australia's future.

Our engagement

We will value and engage our stakeholders

We genuinely engage with stakeholders in the performance of our role and functions.

We understand the importance of stakeholder engagement and that information and advice gained through genuine and effective community engagement enhances the quality of our regulatory decisions and advice: we are committed to acting on the best available evidence and information.

We have a Charter of Consultation and Regulatory Practice that outlines our general approach to consultation. We partner with our Consumer Advisory Committee and consult widely and openly to ensure the work that we do is informed by the views of stakeholders and that community views are taken into account in decision-making.

Our engagement also focuses on building the community's understanding of the sectors that the Commission regulates and of the regulatory issues which are of importance to this State.

Our approach

We will be a leader in regulatory design and practice

The Commission is a high performing and responsive agency, administering a principles-based and outcome focussed regulatory and advisory framework.

In its regulatory work, it provides necessary and appropriate protections for consumers and holds the businesses that provide those services accountable for their actions, while not imposing unnecessary regulatory costs and burdens. Its advice to South Australian Government informs policy making and public consideration of economic and regulatory issues and is independent, evidence-based and delivered in an accessible and timely manner.

All of the Commission's work relies on strong engagement with its stakeholders, to ensure that it understands the broader context for its actions and that its decisions are based on the best available evidence. In undertaking its work, it applies a Better Regulation Framework, which clearly identifies the relevant issue or problem and applies a risk-based approach to resolution.

Our corporate governance

Our people, culture and systems underpin the achievement of our goals, and our Corporate Governance Framework sets out the means by which we ensure compliance with our breadth of statutory responsibilities. We promote, and are committed to, a high standard of corporate governance and ensure corporate and business support services are efficient, effective and aligned to our strategic and performance planning.

We are committed to organisational agility and continuous improvement in our key business systems, policy and processes to provide best value to the Commission. We seek new opportunities for business efficiency and are committed to maintaining integrity in all our business processes. We demonstrate responsible risk management through the implementation of our Risk Management Framework, which is compliant with AS/NZS ISO 31000:2009.

Our Performance

The Commission will hold itself to account in performance against its goals. We will appropriately measure, monitor and evaluate our performance, and we will publicly report on that in our Annual Report.

Our functions

Advisory

The Commission has two broad advisory functions.

The first is to provide advice to the Treasurer, on request, in relation to any matter (section 5(f) of the Essential Services Commission Act 2002). In that capacity the Commission acts as a consultant to the South Australian Government, providing independent advice on economic and regulatory matters.

The second is to conduct public Inquiries (Part 7 of the Essential Services Commission Act 2002). Such Inquiries can be initiated by the Commission (into any matters within its regulatory scope), by the Treasurer (into any matter) or by an industry Minister (into any matter concerning a regulated industry).

Regulatory

The Commission performs a range of functions across the different industries it regulates, including pricing, licensing, performance monitoring and reporting, compliance and scheme administration. For each industry, the relevant industry regulation Act specifies the scope of the Commission’s statutory role, as summarised in the table opposite.

Legislation	Regulatory functions
Water Industry Act 2012	<p>Water and sewerage retail service providers:</p> <ul style="list-style-type: none"> › Licensing › Retail price regulation › Consumer protection › Service/reliability standard setting <p>Performance monitoring and reporting</p> <p>Third party access regime regulator</p>
Electricity Act 1996	<p>Electricity generation, transmission, distribution and off-grid suppliers:</p> <ul style="list-style-type: none"> › Licensing › Network service/reliability standard setting › Performance monitoring and reporting <p>Electricity retail operations:</p> <ul style="list-style-type: none"> › Determination of the retailer solar photovoltaic feed-in tariff › Preparation and publication of Ministerial Energy Retail Pricing reports › Retailer Energy Efficiency Scheme administration
Gas Act 1997	<p>Gas retail operations:</p> <ul style="list-style-type: none"> › Preparation and publication of Ministerial Energy Retail Pricing reports › Retailer Energy Efficiency Scheme administration <p>Licensing of retail and distribution LPG gas operations</p> <p>Licensing of natural gas operations standard setting, performance monitoring and reporting</p>
AustralAsia Railway (Third Party Access) Act 1999; Railway (Operations and Access) Act 1997	<p>Regulation under the AustralAsia (Third Party Access) Code for the Taroona–Darwin railway</p> <p>Access regulator for specified intra-state rail lines</p>
Maritime Services (Access) Act 2000	Pricing and access regulator for specified port services

Our goals

The following four goals guide us in meeting the Commission's primary objective of protecting the long-term interests of South Australian consumers with respect to price, quality and reliability of essential services.

Goals at a Glance

Goal 1

We will establish consumer protection frameworks to promote the delivery of service levels valued by consumers at an efficient cost.

Goal 2

We will keep regulated businesses accountable by monitoring and publicly reporting on service standards and regulatory requirements.

Goal 3

We will engage genuinely with our stakeholders to achieve the best possible decisions and build understanding of economic and regulatory issues.

Goal 4

We will add value to South Australia by delivering impartial, credible and robust regulatory and economic advice.

Goal 1

We will establish consumer protection frameworks to promote the delivery of service levels valued by consumers at an efficient cost.

What it means

We design and implement proportionate and robust regulatory regimes to protect consumers' long-term interests at the lowest cost.

The Commission is empowered to make industry codes, rules and guidelines under the Essential Services Commission Act. These are the means through which we establish consumer protection regimes and rules for businesses.

We also develop and implement service standards to protect consumers, which support the delivery of services at the level valued by customers at an efficient price.

Getting service levels right is important, as this is one of the key inputs to the prices paid for essential services. While the Commission does not always regulate prices (for example, in the energy sector), we aim to ensure that service standard and price regulation work effectively together.

Our Goal 1 priorities

Our priorities in the next three years will be:

- South Australian Water Regulatory Determination 2020 – finalise framework and approach and make the determination to apply from 1 July 2020
- monitor electricity Retailer Feed-in Tariffs and, if required, make a Retailer Feed-in Tariff Determination
- review standards for SA Power Network's electricity distribution services, to apply from 1 July 2020, and
- review standards for Australian Gas Network's gas distribution services, to apply from 1 July 2021.

Indicators of success

- Decisions evidenced and based on statutory frameworks
- Consumer confidence in the work of the Commission

Goal 2

We will keep regulated businesses accountable by monitoring and publicly reporting on service standards and regulatory requirements.

What it means

We look to ensure that consumers can access benefits arising from regulatory frameworks.

We do this by using a Better Regulation risk-based approach in all of our work. This includes ensuring compliance with licence conditions, monitoring performance and public reporting on regulated businesses' performance against service standards.

This goal is intended to:

- › ensure licence and authorisation arrangements for regulated businesses are robust and protect consumers
- › ensure there is effective monitoring and compliance of regulated entities
- › ensure licensees have a clear understanding of their obligations
- › ensure that energy retailers comply with the Retailer Energy Efficiency Scheme (REES) requirements, and
- › enhance consumer understanding of industry performance over time.

Our Goal 2 priorities

Our priorities in the next three years will be:

- › administer the SA Water and Minor and Intermediate Water Retailers Regulatory Framework
- › monitor the efficient administration of REES
- › monitor and publicly report on the operational, customer service, and financial performance of all licensees, and
- › prepare Ministerial energy price monitoring reports and monitor and report on ports prices.

Indicators of success

- › Consumers and stakeholders are informed through ongoing public reporting
- › Licensees are held to account for their service standard performance

Goal 3

We will engage genuinely with our stakeholders to achieve the best possible decisions and build understanding of economic and regulatory issues.

What it means

We recognise that the services we regulate impact on the South Australian community and economy. Consulting with and seeking input from our stakeholders is therefore important to us and we commit to genuine engagement.

We engage with our stakeholders using a variety of methods suited to the work we undertake. Our main stakeholders are:

- › residential, small business and large customers and the interest and industry groups that represent customers more broadly
- › regulated businesses, other State and industry regulators, Government, Ministers and policy makers, and
- › the community of South Australia.

We ensure that our decisions are – and are seen to be – consistent with our objectives and not unduly influenced by any party. As such, we conduct our work in as open and transparent a manner as possible.

We recognise that our decision-making processes must be sound, rigorous and in accordance with our legal obligations.

This goal is intended to:

- › ensure effective communication and engagement with our stakeholders
- › ensure effective and efficient use of information sharing through stakeholder forums, website and media, and
- › ensure our decisions are released in a form which is easy to access and understand.

Our Goal 3 priorities

Our priorities in the next three years will be:

- › review our Charter of Consultation and Regulatory Practice
- › engage with our Consumer Advisory Committee
- › enhance our consumer and licensee information and education functions
- › continue to review and enhance our consultation methods to optimise well-informed decision-making, and
- › continue to build and maintain strong relationships with our key stakeholders.

Indicators of success

- › Stakeholders engaged through public consultation
- › The Commission is always responsive to stakeholders

Goal 4

We add value to South Australia by delivering impartial, credible and robust regulatory and economic advice.

What it means

As an independent statutory authority charged with performing economic regulatory functions for the State of South Australia, we can contribute to the South Australian economy being strong and sustainable.

We will continue to build our internal advisory and research capability, and leverage off of our existing knowledge, experience and relationships to support the delivery of our overall regulatory program and to provide advice to Government and stakeholders.

In doing this we will take a Better Regulation approach, showing leadership in regulatory matters and developing regulatory and advisory responses which meet the needs of our stakeholders, in the context of best practice, both nationally and internationally.

We will use robust engagement processes to obtain the widest range of views, evidence and information, and be responsive and agile to deliver in a timely way.

This goal is intended to:

- facilitate greater consideration of how we regulate
- anticipate and respond to regulatory, economic and technological developments in South Australia and nationally, and
- provide an advisory service to Government and stakeholders that supports the South Australian economy.

Our Goal 4 priorities

Our priorities in the next three years will be:

- provide advice to the South Australian Government through Inquiries and advisory functions
- enhance regulatory best practice through our Better Regulation Framework, and
- contribute to an improvement in the productivity of the South Australian economy through the use of our expertise.

Indicators of success

- Independent and timely advice provided to South Australian Government
- Commission's performance program achieved



Our primary objective under the Essential Services Commission Act 2002 is the protection of the long-term interests of South Australian consumers with respect to price, quality and reliability of essential services.



We will establish consumer protection frameworks to promote the delivery of service levels valued by consumers at an efficient cost.

We will keep regulated businesses accountable by monitoring and publicly reporting on service standards and regulatory requirements.

We will engage genuinely with our stakeholders to achieve the best possible decisions and build understanding of economic and regulatory issues.

We will add value to South Australia by delivering impartial, credible and robust regulatory and economic advice.



Independent

We act impartially.

Consultative

We engage, consult and consider all views.

Ethical

We act honestly, fairly and with integrity.

Professional

We make our decisions with discipline and rigour.

Accountable

We take responsibility for our actions.

Transparent

We make our decisions transparent and publicly available.

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