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**ENERGY & TECHNICAL  
REGULATION**

**OFFICE OF THE  
TECHNICAL REGULATOR**

15 April 2020

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## **SA Water Regulatory Determination 2020 – Draft Determination**

Dear Mr Wilson,

Thank you for the opportunity to provide feedback on the SA Water Regulatory Determination 2020 (RD20) – Draft Determination (DD).

We have considered the DD against the regulatory requirements for SA Water which are outlined in the Safety, Reliability, Maintenance and Technical Management Plan (SRMTMP) approved by the Technical Regulator. The SRMTMP provides supporting information and details of SA Water's safe and reliable operation, maintenance and management of infrastructure associated with their licensed retail service. It provides a framework of technical standards, operation, maintenance and emergency procedures and management practices with the intention of continuing review and improvement. It is paramount that SA Water maintains high levels of safety and reliability and adequately considers both short- and long-term reliability of assets.

### Asset Management Consulting Limited (AMCL) report

The Asset Management Consulting Limited (AMCL) report on SA Water - Water Main Management Independent Review, released on the 22<sup>nd</sup> December 2019 provides valuable context on how SA Water's approach compares to other water entities interstate and overseas. It highlighted that current targets don't capture total community impact such as the impact on road users. Given that reliability of the network has such a strong relationship with total community impact it would be worthwhile for this to be better considered to enable better outcomes for the community as a whole. The report highlights that SA Water compares favourably on both water main breaks and leakage compared with other water entities. It also highlights a number of opportunities for improvement which will contribute to a better understanding of network performance and reliability. In the context of the RD20 it is important that SA Water fully considers the opportunities highlighted and that they are incorporated against the relevant projects and ongoing activities. This includes community impact, resource planning, asset lifecycle approaches, planned maintenance, valves, calming the network, pressure modulation, smart networks, performance tracking and analytics.

### Dam Safety

The DD allows SA Water to proceed with dam safety upgrades which will enable SA Water to meet the ANCOLD (Australian National Committee on Large Dams) Guidelines and is supported.



### Water Mains

The Pipeline Asset and Risk Management System (PARMS) used by SA Water is a sophisticated model which provides valuable insights for short- and long-term water network asset management. Further refinement to consider full community impact is considered to be worthwhile. The number of unplanned interruptions for drinking water and number of water main breaks per 100km of water main has increased in the past three years. Pressure trials and valve installations should contribute towards improvement in these values.

Regarding the predicted metro failure rate using PARMS the DD will not drive a long-term improvement in burst rates nor achieve the metro target. Furthermore the DD will not meet community benefits through proactive renewals to avoid construction fatigue and main replacements with a high community impact of failure through traffic disruption or flooding.

### Sewer Mains

The proposed approach by SA Water to re-line concrete sewer mains in 'poor' or 'very poor' condition prior to complete asset failure is a prudent approach to enable ongoing network reliability. Given the deteriorating trend in unplanned interruptions, sewerage mains breaks and chokes for the past three years; as well as the ongoing increase in type 1 and type 2 environmental incidents since 2012-13 the OTR is concerned that the proposed decrease in the DD compared with the proposal will exacerbate this issue. The proposed predictive maintenance – proactive program aims to identify sewers at risk of blockage, then complete inspection and remedial works. This approach is supported.

### Smart Networks

Whilst the Smart Networks program shows potential to identify and proactively fix leaks before they impact customers, we concur that it is essential that the expected benefits for further investment should be quantified. The data analysis from the trials should be able to demonstrate success and where further development is needed.

### Draft Service Standards – Reliability

The new reliability standard to monitor water network leakage mirrors existing National Performance Reporting (NPR) through the Bureau of Meteorology, which enables benchmarking against other water entities. The new standard relating to water network interruptions seems prudent, given the deterioration in this measure in the past few years. Adding sewer overflows to the environment is supported since it acts as a proxy for sewer reliability and improvements should occur in this field through the expansion of the sewer mains cleaning program.

It may be worthwhile considering including the cause of water main breaks as part of the water network interruption frequency measure. This would enable transparency on the factors that are within SA Water's control such as pressure and pipe condition; whilst also putting a context to breaks linked to soil movement and climate.

Currently there is no service standard measure for the reliability of sewer main, although this is included in the performance report. Given the importance of network reliability, inclusion of the measure "sewer mains breaks and chokes/100km main" should also be considered as a service standard.

The 2018-19 SA Water Performance report which includes the service standards was published in March 2020. It would be valuable if future reports could be published in a more timely manner, such as within 1-3 months from the end of the period measured.



Considering all the reliability measures and knowing that these are key drivers for upcoming investment decisions, the results of these service standards should be weighted appropriately and not come at a cost to long-term reliability of water and sewer networks.

Monitoring, evaluating and reporting the outcomes achieved in SAW RD20

Enabling a greater frequency of public reporting on the service standards, progress on outcomes in RD20 and development and publication of longer-term asset management plans is seen as a positive step towards greater transparency, accountability and scrutiny of performance.

Proposed reporting to the Regulators' Working Group

The Office of the Technical Regulator (OTR) supports the principles behind the proposed monitoring to ensure that the proposed projects maintain the line of sight and achieve the outcomes that were the drivers. For this to succeed it is essential that it incorporates existing performance measures or that fit for purpose measures are established where gaps exist. It is also recognised that not all aspects of success can be easily captured and that measures should not be too heavily weighted to ensure that other nuances of asset planning and maintenance can be considered. It is noted that new draft service standards have already been proposed by the Commission to transparently report on new investments, which may adequately cover some aspects to prevent duplication. Where possible it is preferred that performance reporting is reported publicly in a timely manner.

Should you have any questions regarding this letter, please do not hesitate to call Naomi Struve, Acting Manager Infrastructure on 08 8429 3622.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R J Faunt'.

**Rob Faunt**  
**Technical Regulator**