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Mr Sean McComish  
Director Advisory and Research  
Essential Services Commission  
GPO Box 2605  
ADELAIDE SA 5001

Via Email: [smallscale@escosa.sa.gov.au](mailto:smallscale@escosa.sa.gov.au)

Dear Mr McComish,

**City of Salisbury formal response to the Draft Enquiry Report – Inquiry into regulatory arrangements for small-scale water, sewerage and energy services**

Following a comprehensive consultation stage, the Commission has requested feedback on their draft Enquiry Report. In summary the draft report proposes:

1. A verified trust and accountability (VTA) model that acknowledges and ‘trusts’ licensees which demonstrate, on an ongoing basis, sustainable customer-focused business practices. The VTA model should deliver a reduction in the nature and scope of regulatory reporting requirements, compared to current levels but still provide customers the confidence that their service provider has a competent operation.

*The City of Salisbury fully supports this initiative in moving toward ‘light-handed’ regulation of licensees who clearly demonstrate competency.*

2. A harmonisation project aiming to provide greater consistency in approach across water, gas & electricity.

*The City of Salisbury fully supports any initiative that provides greater consistency for both customers and licensees across all utility areas and will have regard to the cost/benefits for service providers. We note that harmonization will be pursued as a separate but parallel project.*

3. Compulsory membership with the Energy and Water Ombudsman SA (EWOSA) for escalation of customer disputes where a licensee’s (in our case Council’s) own resolution processes have not been able to resolve the issue.

*The City of Salisbury support this approach, as we understand the need for consistency of customer complaint data and collation/reporting from a single trusted source (EWOSA) to facilitate and underpin the proposed VTA process. We also perceive that EWOSA is a professional and competent organisation to deliver this service. However, we request that all efforts are made to ensure customers cannot perceive this as a means to by-pass Council’s own robust resolution procedures.*

**Do stakeholders have any fundamental concerns with the proposed regulatory framework as outlined in the draft report?**

*The City of Salisbury has no fundamental concerns with the 3 step approach outlined above and detailed in the report.*

**Are the reduced reporting requirements for Category A ‘trusted’ licensees appropriate?**

(Specifically, the Commission is proposing to limit a ‘trusted’ licensee’s annual reporting return to the following:

- a list of office holders to assure the Commission that the licensee is a fit and proper person
- connection and customer numbers, to be used primarily for calculating Commission licence fees (water) and EWOSA membership fees respectively
- identification of any material changes to operations, and
- a statement of assurance that the licensee is complying with its obligations and engaging in a competent operation
- immediate notification of any issues that arise)

*The City of Salisbury agree that this is an appropriate level of reporting.*

**If not, what should reporting requirements look like?**

*Consideration to further engagement with other State regulators eg OTR, SA EPA, DHW and DEW who also require similar information/notifications with the eventual objective that a service providers internal governance reports should be sufficient to provide all regulatory assurance requirements in the one document. In our case, there are already well developed national guidelines that provide templates for risk-based management and reporting. Significant streamlining of reporting could be achieved if un-necessary duplication of information could be eliminated.*

**Are guidelines on materiality required? If so, what might they cover and why?**

*It became obvious from your 7<sup>th</sup> Oct.20 workshop that different interpretations of materiality can and will occur. Hence, detailed guidelines are desirable to ensure consistency across licensees.*

**Are the proposed checks and balances – assurance statement, audits and compliance – appropriate?**

*Yes, this is considered to be an appropriate level of assurance.*

**Should the Commission undertake harmonisation?**

*Yes, greater consistency for customers across water, power and gas will be of value as long as it does not result in additional complexity/cost for any of the utility sectors to bring them all in-line.*

**How important is it that the timing for the implementation of any outcomes from harmonisation align with the implementation of the VTA model?**

*The 2 are not necessarily linked. While consistency of EWOSA feedback is seen as crucial to implementation of the VTA model, harmonisation is not necessarily critical.*

**Do you support the proposed role of EWOSA as outlined in this chapter?**

*Yes, it is crucial that ESCOSA can rely on one source of consistent data to underpin the implementation of the VTA model.*

Yours sincerely,



Bruce Naumann  
Manager Salisbury Water  
City of Salisbury