

6 November 2020

Mr Adam Wilson
Chief Executive
Essential Services Commission of South Australia
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Dear Adam

SA Water Regulatory Determination 2020: Monitoring and Evaluating Performance

We are pleased to provide feedback on the proposed approach to monitoring, evaluating and reporting on our performance against our commitments for the 2020-24 regulatory period.

We are committed to ongoing meaningful engagement with our customers and the continued demonstration of transparently reporting on our performance. As noted in the Commission's consultation paper, we already publicly report against service standards, expenditure and revenue outcomes, as well as other elements such as water quality and environmental performance. Performance information is regularly published to our [website](#) along with the financial statements, data and assurances confirmed through our [annual report](#), for all of our customers and stakeholders to access.

We are aligned with the Commission's objective to further strengthen public performance reporting to highlight the deliverables for the regulatory period and the role of our long term planning activities, to build the capacity of our customers to engage with us on business planning decisions. We therefore welcome the Commission's observations about the customer's and the community's appetite for accessible and easy to digest information.

We also support the trialling of self-reporting performance outcomes for 2020-21 and anticipate that this arrangement will prove effective and will be able to continue for the remainder to the regulatory period.

The proposed approach of 'verified trust and accountability' is also supported, noting the Commission is not seeking to duplicate SA Water's existing monitoring and evaluation activities. We have robust review and audit processes in place, with the ability for the Commission to request ad hoc reviews or audits as need arises. There is opportunity to leverage these existing arrangements to deliver the required outcome at a lower cost, for the benefit of customers.

Our intended approach to strengthen our public performance reporting to customers is outlined at Attachment 1. You will see that our approach includes more frequent reporting across a broader range of content. We also will have more channels for customers and stakeholders to access the information of interest to them, including social media.

The approach is aligned with our business strategy and the customer insights that informed it. With our customers as the primary audience of these reports, we have engaged with our Customer Advisory Groups to seek feedback on current approaches and confirm their views on what our customers value most.

The reporting will convey key metrics and their relevance to customer outcomes and will be made available to customers and other stakeholders through a range of channels. Among the content and metrics to be included are:

- Progress against the customer outcomes we committed to in Our Plan 2020 and confirmed in the regulatory determination (RD20)
- Forecast updates for operating and capital expenditure against the allowances in RD20
- Progress against key projects and commitments we have made to our customers
- Delivery of pricing outcomes for customers.

The key themes of the reporting framework are discussed in more detail below:

- **Service Standards and Performance**

The service standards proposed by SA Water, and accepted by the Commission, for the 2020-24 regulatory period were developed through engagement with our customers and we will continue to seek customer input to inform the development of future service standards.

We currently report performance against the regulatory service standards on a quarterly basis via our website and proposed to continue this practice. Through our proposed approach, we will enhance this practice with commentary on any variance from the service standard targets.

- **Expenditure and Revenue Outcomes**

Audited regulatory accounts, derived from our audited statutory accounts, are provided to the Commission each year and our statutory accounts are tabled in Parliament and published publicly in accordance with the *Public Corporations Act 1993* and *Public Sector Act 2009*.

Our statutory accounts are independently assured by the Auditor-General and the process to derive the regulatory accounts from the statutory accounts is verified by independent audit, most recently by PriceWaterhouseCooper. We also undertake periodic reviews of our cost allocation methodology to validate our financial data and controls.

These audits and quality controls, which are already in place, provide a high level of assurance. Noting the intended objective of not duplicating SA Water's existing internal monitoring and evaluation activities, we propose an approach that balances the need for any additional verification with the cost to customers of providing the required assurance.

In seeking greater transparency, consideration must also be given to protecting customer information. We recommend any reporting requirements balance the need for transparency with maintaining the confidentiality of private or commercially sensitive customer information.

As noted above, in 2020-21 we will commence public reporting of capital and operating expenditure against the commitments in Our Plan 2020, and the allowances set in RD20, and provide commentary on any variances.

- **Key Investment Areas**

We agree that our customers will value information on our progress against delivering key investments and especially on the outcomes they deliver for customers. We propose to report this information to our customers and stakeholders annually via our website. The information we propose to publish on a regular basis is provided in Attachment 1 and covers all key investments we committed to in Our Plan 2020.

- **Long term asset management and investment planning**

We engage with our customers during the development of our plans for the future and share them publicly.

We have recently published our new strategy, Our Strategy 2020 – 2025, on our website and will commence engaging with our key stakeholders on how it will deliver for customers and

the community. Our strategy is the product of ongoing customer research and we will use customer and stakeholder feedback to inform the further development of supporting plans to deliver the strategy. This release is the first step, with the next step being updating and publishing key long terms plans regarding water and sewerage infrastructure and the necessary investment required to manage these assets in the long term interests of our customers.

Noting that our long-term plans will continue to evolve, as customer values or expectations change, we propose that these plans are publicly released as and when they are updated, not necessarily annually as proposed in the draft framework. This will more closely align with the opportunity for customers to be informed and influence our plans. This is likely to be in line with the regulatory determination process and would give customers and other stakeholders the opportunity to review and input into our proposals for the coming regulatory period.

We also welcome further discussion on the content of proposed compliance reporting against obligations in the *Water Industry Act 2012* and Water Retail Code and agree some of this information would be of benefit for customers and stakeholders.

If you have any questions about this submission please contact Richard Cawley, Senior Manager, Regulation and Planning, by phone 08 7424 1624 or email Richard.Cawley@sawater.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Ryan', written over a light blue horizontal line.

David Ryan
Chief Executive

1 Approach

Our proposed public performance reporting approach aims to provide even more information to our customers, in a sustainable, accessible and meaningful manner.

Key principles informing the proposed approach include:

- **Reflecting our customers as the primary audience**

The performance reporting will reflect that our customers are the primary audience, with a variety of simple and easy to understand visual representations of the included measures, and clear concise supporting language that explains what a measure means to customers.

The metrics included will be those that have the most meaning to customers, as demonstrated through our recent customer research on business strategy, and our existing research base on contemporary customer priorities.

- **Increasing awareness and understanding of our business strategy and its outcomes**

The reporting will be structured around our business strategy's five key pillars, which will provide a meaningful new way for us to regularly talk about our strategy with our people, our customers, and our stakeholders.

- **Creating a sustainable process**

The structure of the performance reporting and the measures included will be shaped to complement other existing reporting requirements, to ensure alignment with other statutory requirements and consistency in the information being conveyed, and reduce the potential for unnecessary duplication.

- **Incorporating regulatory priorities**

The reporting will incorporate measures that speak to the outcomes contemplated in the Essential Services Commission of South Australia (ESCOSA)'s Final Determination for RD20 and performance reporting consultation paper, as well as the requirements of our other regulators.

- **Highlighting additional resources**

Where possible, the depiction of measures will include references to additional information available, to further promote customers' ability to access information on an ongoing basis.

2 Application

The table below outlines how the performance reports will be shared with audience segments.

Sharing with our people			
Audience segment	Channel	Content	Frequency
SA Water people	Intranet	Feature news item linking to full report	Quarterly
	CE presentation	Presentation with overview of report and opportunity for discussion	Biennially

SA Water partners	Email	Covering email with link to full report	Quarterly
Sharing with our customers			
Audience segment	Channel		Frequency
SA Water customers	sawater.com.au	Front page feature Full new quarterly report Report archive Feedback mechanism	Quarterly
	@sawatercorp	Feature news item linking to full report	Quarterly
Customer representative groups	Customer Advisory Group Business Customer Advisory Group	Presentation with overview of report and opportunity for discussion	Quarterly
Sharing with other stakeholders			
Audience segment	Channel	Content	Frequency
Regulators	Email	Covering email with link to full report	Quarterly

3 Measures

The table below outlines the measures proposed to be included in reporting and can be refined as the process matures, with measures being added or removed in response to customer feedback.

Measures	Frequency	Regulator	Target
Driving customer outcomes			
Providing you with safe, clean water <ul style="list-style-type: none"> Water quality responsiveness metro Water quality responsiveness regional Compliance with Safe Drinking Water Act 	Quarterly Quarterly Monthly	ESCOSA ESCOSA SA Health	97% 99% 100%
Keeping water flowing to your taps <ul style="list-style-type: none"> Volume of drinking water supplied Water event responsiveness – High priority – metro Water event responsiveness – High priority – regional Water event responsiveness – Low priority - metro Water event responsiveness – Low priority - regional Water service restoration timeliness - metro Water service restoration timeliness - regional 	Annual Quarterly Quarterly Quarterly Quarterly Quarterly Quarterly	ESCOSA ESCOSA ESCOSA ESCOSA ESCOSA ESCOSA ESCOSA	Nil 99% 99% 83% 97% 98% 98%

Measures	Frequency	Regulator	Target
Taking and treating your sewage <ul style="list-style-type: none"> Average volume of wastewater collected per property (W19) Sewer event responsiveness – metro Sewer event responsiveness – regional Sewerage service restoration timeliness – metro Sewerage service restoration timeliness – regional Sewer overflow clean-up timeliness – metro Sewer overflow clean-up timeliness – regional 	Annual Quarterly Quarterly Quarterly Quarterly Quarterly	NPR ESCOSA ESCOSA ESCOSA ESCOSA ESCOSA	nil 99% 99% 95% 99% 98% 99%
Providing great customer service <ul style="list-style-type: none"> Customer Satisfaction 	Quarterly	ESCOSA	93%
Being easy to deal with <ul style="list-style-type: none"> Complaint responsiveness Complaint escalation 	Quarterly Quarterly	ESCOSA ESCOSA	95% <15%
Being quick to respond to your needs <ul style="list-style-type: none"> Telephone responsiveness Connection application responsiveness Water network connection timeliness Sewer network connection timeliness 	Quarterly Quarterly Quarterly Quarterly	ESCOSA ESCOSA ESCOSA ESCOSA	85% 95% 95% 94%
Resolving your enquiry the first time <ul style="list-style-type: none"> First contact resolution 	Quarterly	ESCOSA	85%
Managing your account accurately <ul style="list-style-type: none"> Number of billing and account complaints: water supply and sewerage (IC12) 	Annual	NPR	nil
Supporting you when you need a hand <ul style="list-style-type: none"> Total number of residential customers participating in a financial hardship program as at the end of the quarter 	Quarterly	ESCOSA	nil
Delivering low and stable prices <ul style="list-style-type: none"> Water price path against RD2020 Value of a typical residential bill based on average water consumption 	Annual	ESCOSA	nil
Inspecting and maintaining water assets <ul style="list-style-type: none"> Completion of asset inspections 	Annual		
Inspecting and maintaining sewer assets <ul style="list-style-type: none"> Completion of asset inspections 	Annual		
Investing to improve water quality and aesthetics <ul style="list-style-type: none"> New measure being developed in consultation with customers and ESCOSA 	Annual		
Investing to improve network reliability <ul style="list-style-type: none"> Kilometres of water mains replaced Number of customers with three or more unplanned interruptions 	Annual		
Investing to improve environmental performance <ul style="list-style-type: none"> New measure being developed in consultation with customers and ESCOSA 			
Maintaining a financially sound business			

Measures	Frequency	Regulator	Target
<ul style="list-style-type: none"> Audit of financial statements 	Annual	AR	nil
Meeting operating expenditure targets <ul style="list-style-type: none"> OPEX performance against RD2020 Combined operating cost per property: water supply and wastewater (F13) 	Annual	NPR	nil
Meeting capital expenditure targets <ul style="list-style-type: none"> CAPEX performance against RD2020 Total capital expenditure: water supply and wastewater (F16) 	Annual	NPR	nil
Paying taxes <ul style="list-style-type: none"> Tax and tax equivalents paid 	Annual	AR	
Paying licence fees <ul style="list-style-type: none"> License fees paid 	Annual		
Returning a dividend to the people of South Australia <ul style="list-style-type: none"> Dividend paid 	Annual	AR	nil
Water for the future			
Maintaining long-term plans for water security <ul style="list-style-type: none"> Completion of new long term plans 			
Maintaining diverse water sources <ul style="list-style-type: none"> Volume of water sourced from surface water (W1) Volume of water sourced from groundwater (W2) Volume of water sourced from desalination of marine water (W3.1) Total volume of water sourced (W7) 	Annual Annual Annual Annual	NPR NPR NPR NPR	nil nil nil nil
Growing the availability and use of recycled water <ul style="list-style-type: none"> Percentage of wastewater recycled (W27) 	Annual	NPR	nil
Exploring new fit for purpose water sources and uses <ul style="list-style-type: none"> New measure being developed in consultation with customers and ESCOSA 			
Healthy communities			
Making drinking water accessible in public <ul style="list-style-type: none"> Installation of drinking fountains Number of drinking fountains in BYOB app 	Annual	SAW	nil
Buying goods and services from South Australian businesses <ul style="list-style-type: none"> Amount spent with South Australian supply chain 	Annual	SAW	nil?
Championing Reconciliation through our actions <ul style="list-style-type: none"> Achievement of RAP actions and outcomes 			
Investing in community groups and programs <ul style="list-style-type: none"> Investment in community based projects through Community Participation Program 			
Proactive environmental leadership			
Reducing wastewater overflows from our networks <ul style="list-style-type: none"> Number of unplanned sewer overflow events 	Quarterly	ESCOSA	nil

Measures	Frequency	Regulator	Target
Reducing the volume of cleaned and treated wastewater returned to the environment <ul style="list-style-type: none"> Volume of water returned to surface water and groundwater from the urban water supply system (W31) 	Annual	NPR	nil
Reducing greenhouse gas emissions <ul style="list-style-type: none"> Total net greenhouse gas emissions (IE12) 	Annual	NPR	nil
Reducing waste from our operations <ul style="list-style-type: none"> Percentage of biosolids reused (E8) 	Annual	NPR	nil
Generating renewable energy for our operations and the grid <ul style="list-style-type: none"> Energy produced 			
Our people for the future			
Keeping our people safe <ul style="list-style-type: none"> TRIFR 	Monthly	SAW	
Employing South Australians, across South Australia <ul style="list-style-type: none"> Number of staff Metro and regional staff location 			
Increasing the diversity of our people, to represent your diversity <ul style="list-style-type: none"> Women in leadership Aboriginal and Torres Strait Islander employment 			
Equipping our people to deliver your services <ul style="list-style-type: none"> Mandatory training compliance Total learning hours 			