



SA Water Regulatory Performance Report 2019-20

Key messages

- In 2019-20, SA Water met 17 of its 18 customer and reliability service standard targets. It missed meeting the target for responding to water quality complaints within the required timeframes, in Regional areas of South Australia, by one percentage point.
- Compared to the five-year average historical performance, SA Water's performance against the customer and reliability service standard targets improved for the majority of measures in 2019-20.
- The average duration of unplanned sewerage network service interruptions has increased significantly in both the Adelaide Metropolitan and Regional areas in 2019-20, and has trended upwards since 2016-17. The Commission is investigating this issue and has sought from SA Water detailed information as to the underlying causes that might explain the deterioration of performance over time (for example, asset management practices or operational response frameworks). Once the Commission has completed the investigation, it will provide further public information on the outcomes and any regulatory actions to be taken.

The Essential Services Commission (Commission) is the economic regulator of the South Australian water industry. The Commission is able (under statutory powers) to set binding consumer protection obligations, operational service standards and make determinations on revenue and pricing matters.

SA Water is the monopoly service provider of drinking water and sewerage retail services to the majority of South Australian customers.

SA Water holds a water retail licence, issued under the Water Industry Act 2012 (WI Act), which authorises it to provide water and sewerage retail services to customers in South Australia. As a condition of its licence, SA Water is required to comply with the requirements of industry codes made by the Commission.

To ensure that the quality and reliability of services valued by customers are being provided by SA Water, the Commission:

- establishes consumer protection frameworks to promote the delivery of levels of service valued by consumers, and
- keeps SA Water accountable by monitoring and reporting on its performance and being prepared to take enforcement action where necessary.

Pursuant to the Commission's Water Retail Code for Major Retailers (Water Retail Code), SA Water must use best endeavours¹ to achieve the 18 customer service and network service reliability targets set by the Commission. The customer service and network service reliability targets are set based on average historical performance data. A best endeavours approach is applied to determine if standards have been met.

^{&#}x27;Best endeavours' means to act in good faith and use all reasonable efforts, skill and resources to achieve an outcome in the circumstances.

The Commission publishes annual performance reports regarding SA Water's performance against the service standard targets and average historical performance levels.² The customer service standards and the associated targets are set out in Schedule 1.

This report covers the performance of SA Water in 2019-20 against the service standards prescribed in the Water Retail Code³ and other operational performance metrics reported to the Commission.

How much were SA Water's customers paying for their drinking water and sewerage retail services?

State-wide pricing applies to drinking water retail services provided by SA Water in South Australia. Residential tariffs consist of a fixed charge for water service and a variable charge for water use.

For sewerage retail services, charges are determined by applying a rate in the dollar to the value of the property, as set by the Valuer-General every June. There are different sewerage rates for Adelaide Metropolitan and regional customers, reflecting differences in property capital values.

Figures 1 and 2 show the drinking water and sewerage components of a typical residential customer bill.⁴ Annual bills for individual customers may differ from the figures, based on the actual volume of drinking water used and the geographical location of the property.



Figure 1: Components of a typical annual Adelaide Metropolitan residential customer bill (\$nominal)

² Based on regulatory performance data reported by SA Water to the Commission from 1 July 2013.

³ Refer: https://www.escosa.sa.gov.au/industry/water/codes-and-guidelines/codes.

⁴ Based on drinking water consumption of 200 kL per annum.

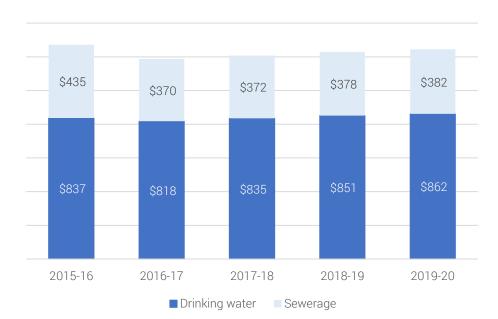


Figure 2: Components of a typical annual regional residential customer bill (\$nominal)

How SA Water responded to its customers?

The Water Retail Code places obligations on SA Water relating to customer responsiveness and complaints. These obligations include requirements for handling customer enquiries, complaints and dispute resolution processes, and compliance with customer service standards. There are eight customer service standard targets and SA Water met seven of those targets in 2019-20 (refer Table 1).⁵

Table 1: SA Water 2019-20 performance against customer service standard targets

Standard category	Number of service standard targets met		
Telephone responsivenes	1 of 1		
Complaints responsivene	1 of 1		
Water quality complaints responsiveness	Adelaide Metropolitan	1 of 1	
	Regional	0 of 1	
Timeliness of connection construction	Water	1 of 1	
	Sewer	1 of 1	
Timeliness of processing applications	Connections	1 of 1	
	Trade waste	1 of 1	

⁵ Details of the customer service standards and the associated targets are set out in Schedule 1.

SA Water responded to the majority of telephone calls and written complaints in a timely manner

SA Water received approximately 344,000 telephone calls and 780 written complaints in 2019-20. The Commission sets service standards that require SA Water to respond to those contacts in a timely manner.

The Commission has set two service standards for customer service. SA Water met both service standards in 2019-20.

The service standard for responsiveness to telephone calls requires SA Water to answer 85 percent of telephone calls within 30 seconds. The service standard for responsiveness to written complaints requires SA Water to respond to 95 percent of written complaints within the required timeframes and distinguishes between:

- ▶ Written complaints that do not require investigation SA Water is required to respond to these complaints within 10 business days.
- ▶ Written complaints that require investigation SA Water is required to respond to these complaints within 20 business days.

Figure 3 below shows that that the performance outcomes were similar to the respective five-year average historical performance.

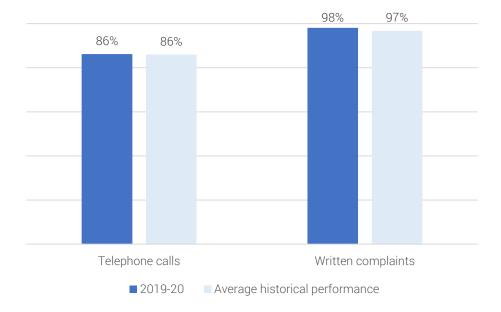


Figure 3: Timeliness of response to telephone calls and written complaints

SA Water reported receiving a similar number of customer complaints

SA Water reported receiving 1,597 customer complaints in 2019-20, a two percent increase from the 1,568 complaints reported in 2018-19. As in previous years, about half of those complaints were related to drinking water quality.

Table 2 shows the number of complaints received by SA Water on a per 1,000 customers basis, compared to previous years. Although the total number of complaints per 1,000 customers has trended downwards over the five year period, the number of complaints reported for each category do fluctuate between years. The Commission notes the upward trend in water service-related complaints and is continuing to monitor performance in that complaint category.

Table 2: Number of complaints per 1,000 customers (by category)

Complaint category	2015-16	2016-17	2017-18	2018-19	2019-20
Billing and account	0.27	0.37	0.27	0.21	0.18
Drinking water flow rate or pressure	0.02	0.02	0.03	0.03	0.02
Drinking water quality	0.96	1.00	1.13	1.03	1.05
Others	0.72	0.78	0.56	0.41	0.37
Sewerage service (including CWMS)	0.12	0.13	0.08	0.09	0.14
Water service	0.23	0.22	0.23	0.25	0.28
Total	2.32	2.49	2.28	2.01	2.01

SA Water responded to the majority of drinking water complaints in a timely manner

SA Water reported receiving approximately 1,200 drinking water quality complaints in 2019-20, similar to that reported in previous years.⁶

The Commission has set two service standards for responsiveness to water quality complaints. SA Water exceeded the Adelaide Metropolitan area target but missed the regional target of 99 percent by one percentage point. SA Water reported that long travelling times and transition to physical distancing in response to the pandemic were the key drivers of the missed target.

SA Water is required to respond to 96 percent of drinking water quality complaints in the Adelaide Metropolitan area and 99 percent of drinking water quality complaints in the Regional areas, within the required timeframes.

The service standards for responsiveness to water quality complaints incorporate the following priority types:

- ▶ **Priority 1** where there is a potential for serious risk to human health. SA Water is required to respond to these complaints within one hour.
- ▶ **Priority 2** where there is the potential for low risk to human health. SA Water is required to respond to these complaints within two hours.
- ▶ Priority 3 all other complaints. SA Water is required to respond to these complaints within 48 hours.

Figure 4 shows the percentage of drinking water quality complaints that was responded to by SA Water within the required timeframe in 2019-20, compared to the five-year average historical performance.

⁶ Includes complaints received that were found to not be the responsibility of SA Water or over which SA Water has no control, for example, issues that are the responsibility of the customer.

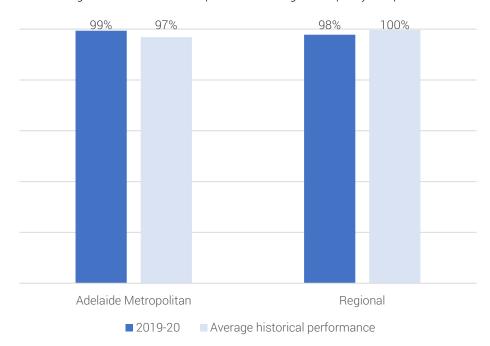


Figure 4: Timeliness of response to drinking water quality complaints

SA Water constructed the majority of new water and sewer connections in a timely manner

SA Water reported constructing approximately 11,700 water and sewer connections in 2019-20, slightly fewer than the 12,000 water and sewer connections reported for 2018-19. A further 11,200 connection and trade waste applications were received for processing, a decrease from the 12,500 applications received in the previous year.

SA Water has either met or exceeded all four of the service standard targets for customer connections.

Of the four service standard targets, two relate to SA Water's timeliness for installation of water or sewer connections. SA Water is required to connect 95 percent of water and 90 percent of sewer connections, within the required timeframes.

The service standards for water and sewer connections incorporate the following connection types:

- ► Standard connections where there is an existing water or sewer network adjacent to the property being connected. SA Water is required to construct these connections within 25 business days (water) or 30 business days (sewer).
- ▶ Non-standard connections where an extension of water or sewer mains/network or other specific construction work is required. SA Water is required to construct these connections within 35 business days (water) or 50 business days (sewer).

The other two service standards relate to SA Water's timeliness for processing of connection and trade waste applications. SA Water is required to process 95 percent of connection applications within 20 business days and 99 percent of trade waste applications within 10 business days.

Figures 5 and 6 show the proportion of water and sewer connections constructed and applications processed by SA Water within the required timeframe in 2019-20, compared to the five-year average historical performance.

96% 95% 98% 95%

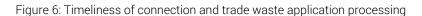
Water connections

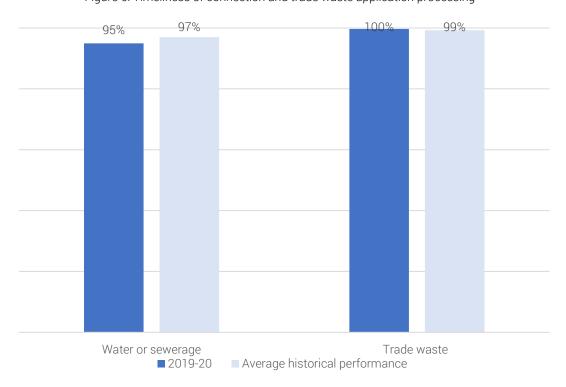
Sewer connections

■ 2019-20

Average historical performance

Figure 5: Timeliness of water and sewer connection construction





How reliable were SA Water's drinking water and sewerage retail services?

Under the Water Retail Code, SA Water must use its best endeavours to achieve all service standards. It must also comply with obligations relating to the quality, safety and reliability of water and sewerage services (including minimising service interruptions and informing customers about planned interruptions).

The key water network reliability service standards are:

- ▶ attendance at water breaks, bursts and leaks, and
- restoration of water service interruptions.

There are ten drinking water and sewerage reliability service standard targets and SA Water met all of those targets in 2019-20 (refer Table 3).

Table 3: SA Water 2019-20 performance against drinking water and sewerage reliability standards

Standard category	Number of service standard targets met	
Timeliness of attendance at water network breaks, leaks and bursts	Adelaide Metropolitan	1 of 1
	Regional	1 of 1
Timeliness of attendance at sewerage network overflows	Adelaide Metropolitan	1 of 1
	Regional	1 of 1
Timeliness of water network service restorations	Adelaide Metropolitan	1 of 1
	Regional	1 of 1
Timeliness of sewerage network service restorations	Adelaide Metropolitan	1 of 1
	Regional	1 of 1
Timeliness of sewerage network overflow clean-ups	Adelaide Metropolitan	1 of 1
	Regional	1 of 1

SA Water attended the majority of water and sewerage network events in a timely manner

SA Water reported attending approximately 15,500 water network breaks, bursts and leaks events and 8,300 sewerage overflow events in 2019-20. While the number of water network breaks, bursts and leaks events decreased by nine percent compared to 2018-19, the number of sewerage overflow events increased by three percent compared to 2018-19.

SA Water has either met or exceeded the four service standard targets for attendance at network events.

SA Water is required to attend 99 percent of water network events and 99 percent of sewerage network events for both the Adelaide Metropolitan and Regional areas, within the required timeframes.

The service standards for water network events incorporate the following priority types:

- ▶ Priority 1 high-priority events where a leak or burst may result in total loss of supply to a customer, major loss of water or damage to property, or may pose immediate danger to people or the environment. SA Water is required to respond to these events within one hour.
- ▶ Priority 2 all other bursts or system failures. SA Water is required to respond to these events within five hours.

The service standards for sewerage network events incorporate the following priority types:

► Inside the building events (higher priority) — SA Water is required to respond to these events within one hour.

- ► Outside the building events (but on customers' property) SA Water is required to respond to these events within two hours.
- ► External overflow events (not on customers' property) (lower priority) SA Water is required to respond to these events within four hours.

Figure 7 shows SA Water's timeliness of attendance at water and sewerage network events in 2019-20, compared to five-year average historical performance.

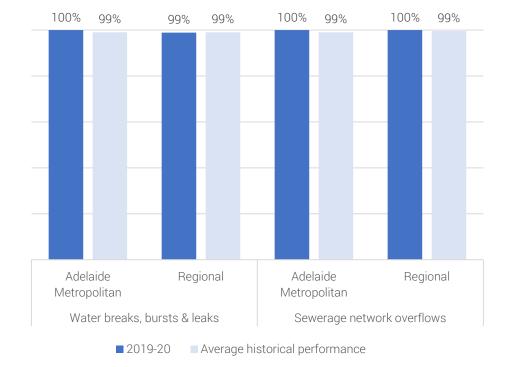


Figure 7: Timeliness of attendance at water and sewerage network events

SA Water was timely in restoring drinking water and sewerage network service interruptions

SA Water reported restoring approximately 4,300 water network service interruptions and 17,700 sewerage interruptions in 2019-20, similar to that reported in previous years.

SA Water has either met or exceeded the four service standard targets for restoration of network service interruptions.

For water network service interruptions, SA Water is required to restore 99 percent of those interruptions within the required timeframes for both the Adelaide Metropolitan and Regional areas. For sewerage network service interruptions, SA Water is required to restore 95 percent of interruptions in the Adelaide Metropolitan area and 99 percent of interruptions in the Regional areas, within the required timeframes.

The service standards for water network service interruptions incorporate the following category types:

- ► Category 1 the interruption could be life threatening or otherwise have serious consequences (for example, impacting critical needs customers, hospitals, nursing homes, schools and child care centres). SA Water is required to restore these interruptions within five hours.
- ► Category 2 the interruption causes a disruption to a customer's business activities. SA Water is required to restore these interruptions within eight hours.
- ▶ Category 3 all other cases. SA Water is required to restore these interruptions within 12 hours.

The service standards for sewerage network interruptions incorporate the following category types:

- ► Full loss Category 1 where the interruption could be life threatening or otherwise have serious consequences (impacting critical needs customers, hospitals, nursing homes and schools). SA Water is required to restore these interruptions within five hours.
- ► Full loss Category 2 where the interruption causes a disruption to a customer's business activities. SA Water is required to restore these interruptions within five hours.
- ► Full loss Category 3 all other full loss of service interruptions. SA Water is required to restore these interruptions within 12 hours.
- ▶ Partial loss of service. SA Water is required to restore these interruptions within 18 hours.

Figure 8 shows the timeliness of SA Water's restoration of water and sewerage network service interruptions in 2019-20, compared to five-year average historical performance.

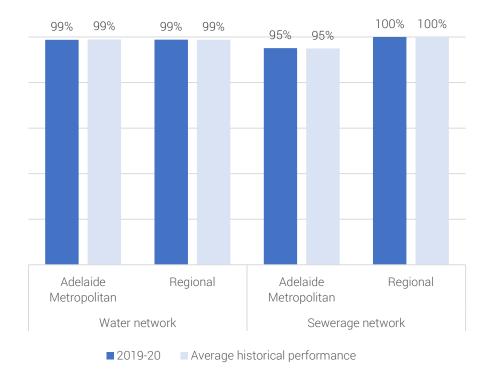


Figure 8: Timeliness of restoration of water and sewerage network service interruptions

SA Water reported fewer water network service interruptions

SA Water reported approximately 2,200 unplanned water network service interruptions for the Adelaide Metropolitan area. Each event is likely to have affected multiple customers and customers might have experienced multiple interruptions. SA Water reported that approximately 1,600 customers were affected by three or more of those events.

In Regional areas, there were approximately 860 unplanned interruptions, similar to the volume reported for previous years, and approximately 770 customers experienced three or more unplanned interruptions.

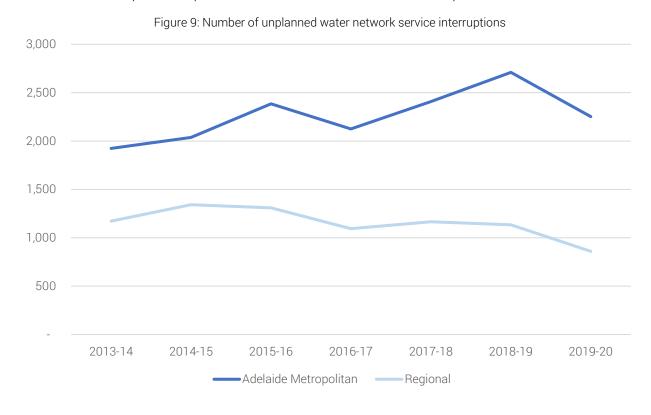
As unplanned water supply interruptions can cause significant disruption and inconvenience to customers, the Commission monitors two measures relating to the impact of unplanned interruptions on customers:

- ► The **incidence** (or frequency) of unplanned supply interruptions, measured by the number of customers experiencing a loss of water supply during the year (per 1,000 customers).
- ► The average **duration** of interruptions in minutes.

Figure 9 and 10 shows SA Water's unplanned water network service interruptions performance over a seven year period. Both the number and average duration of water network service interruptions have declined in 2019-20 (refer Figures 10 and 11). Recent initiatives undertaken by SA Water, to reduce the number and duration of network service interruptions include:

- ▶ Implementing business improvement initiatives to improve its data quality for example, improved work instructions and guidelines.
- ► Investigating alternative ways to isolate, repair and restart the network for example, the use of line stops to allow a section of the pipe to be bypassed while it is isolated for repair.
- ► Expanding the trial for the installation of additional valves in the network from the current regulatory period to the next period. SA Water reported that results from recent valve installations have shown to have a positive impact on reducing the size of shut-off blocks and therefore reducing the number of customers affected by network interruptions.⁷
- ► Installing sensors on high priority trunk mains to identify leaks and water mains under stress from rapid changes in water pressure.

The reported information suggests that those initiatives have contributed to the reduction in both the number and average duration of water network service interruptions. The Commission, as part of the investigation undertaken for Regulatory Determination 2020, found that these initiatives were undertaken at greater cost to customers than had been included in the previous regulatory determination. The Commission will continue to monitor SA Water's operational performance in these areas to ensure the improvements are sustained.



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⁷ SA Water reported that approximately 1,500 properties have avoided a supply interruption due to valve installation trial carried out in the current regulatory period (1 July 2016 to 30 June 2020).

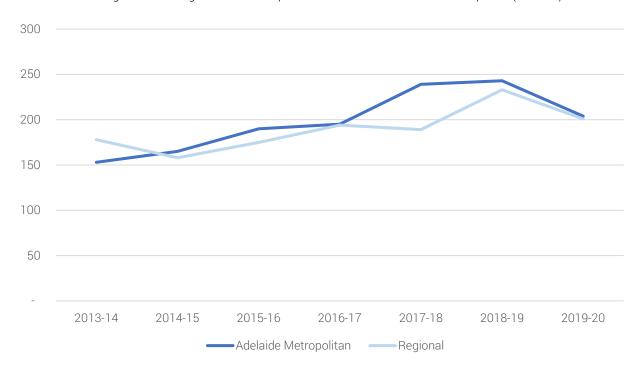


Figure 10: Average duration of unplanned water network service interruptions (minutes)

SA Water reported fewer sewerage network service interruptions but higher average duration of interruptions

SA Water reported approximately 3,600 unplanned sewerage network interruptions for the Adelaide Metropolitan area and 50 unplanned interruptions for the Regional area, a small decrease to that reported in previous years. Each event is likely to have affected multiple customers.

As unplanned sewerage service interruptions can cause significant disruption and inconvenience to customers, the Commission monitors two measures relating to the impact of unplanned interruptions on customers:

- ► The **incidence** (or frequency) of sewerage service interruptions, as measured by the number of sewer breaks and chokes during the year per 1,000 properties.
- ▶ The average **duration** of interruptions in minutes.

Figure 11 shows SA Water's unplanned sewerage network service interruptions performance in 2019-20, compared to the five-year average historical performance. Although the incidence of interruptions per 1,000 customers was similar to that reported for previous years, the average duration of unplanned sewerage network service interruptions has increased significantly in both the Adelaide Metropolitan area and Regional areas in 2019-20.

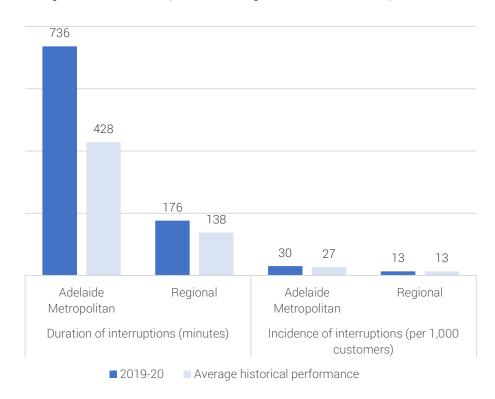


Figure 11: Number of unplanned sewerage network service interruptions

Figure 12 shows that the average duration of unplanned sewerage network service interruptions has trended upwards for both the Adelaide Metropolitan area and Regional areas since 2016-17, with a 53 percent increase for the Adelaide Metropolitan area in 2019-20, compared to 2018-19.

While no service standard targets apply for the average duration of unplanned sewerage network service interruptions, the Water Retail Code imposes a regulatory obligation on SA Water to use best endeavours to minimise interruptions or limitations to supply, and restore supply as soon as practicable following an interruption.

The Commission is investigating this issue and has sought from SA Water detailed information as to the underlying causes that might explain the deterioration of performance over time (for example, asset management practices or operational response frameworks).

On 30 September 2020, the Commission requested further information from SA Water to explain the significant increase in the average duration of those interruptions reported for the Adelaide Metropolitan area in 2019-20. While some information was provided, it did not adequately explain the reasons for the upward trend in duration of interruptions. The Commission requested further explanation and evidence be provided by SA Water, which at the time of publishing this report has not been forthcoming.

The Commission is concerned regarding SA Water's responsiveness to this matter, given the five months that has elapsed since the initial request. It is not clear what actions SA Water is taking to mitigate the adverse impacts of unplanned network service interruptions on consumers in and efficient and effective way, assuming the reported data is accurate.

The Commission expects SA Water to be accountable to its stakeholders for performance and to be able to explain, in real time, the factors contributing to unfavourable performance outcomes. A clear message that emerged through the SA Water Regulatory Determination 2020 process, from consumers and stakeholders, was a desire for increased public transparency and accountability on SA Water in delivering the outcomes promised.⁸

Refer SA Water regulatory determination 2020: monitoring and evaluating performance, available on the Commission's website: https://www.escosa.sa.gov.au/projects-and-publications/projects/water/sa-water-regulatory-determination-2020-monitoring-and-evaluating-performance/monitoring-evaluating-performance.

Once the Commission has completed the investigation, it will provide further public information on the outcomes and any regulatory actions to be taken.

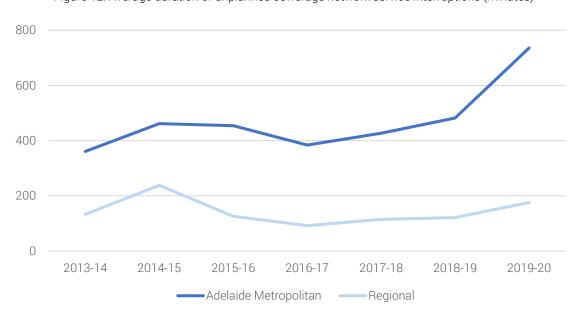


Figure 12: Average duration of unplanned sewerage network service interruptions (minutes)

SA Water was timely in cleaning up sewerage network overflows

SA Water undertook approximately 3,700 sewerage network overflow clean ups in 2019-20, similar to that reported in previous years.

SA Water has either met or exceeded the service standard targets for clean-up of overflow events.

SA Water is required to clean up 98 percent of overflow events in the Adelaide Metropolitan area and 99 percent of overflow events in the Regional area, within the required timeframes. The timeframes for overflow clean up begin once the event has been attended.

The service standards for sewerage network overflows incorporate the following overflow locations:

- ► Inside the building events (higher priority): SA Water is required to perform clean-up of these events within four hours.
- ▶ Outside the building events (but on customers' property): SA Water is required to perform clean-up of these events within six hours.
- External overflow events (not on customers' property) (lower priority): SA Water is required to perform clean-up of these events within eight hours.

Figure 13 shows SA Water's sewerage network overflows clean up performance in 2019-20, compared to fiveyear average historical performance

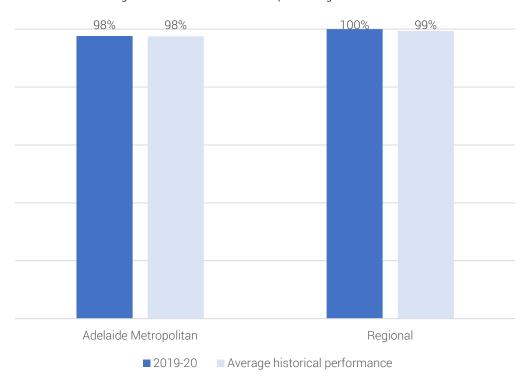


Figure 13: Timeliness to clean up sewerage network overflows

How compliant was SA Water with its regulatory obligations?

The Commission encourages regulated entities to have a culture of openness and transparency. The key objectives of its compliance framework are to:

- ensure that regulated entities have in place sound, long-term asset management, operating (including compliance) and financing strategies
- ► facilitate and enable regulated entities' accountability to customers and the community for performance outcomes and compliance with regulatory requirements, and
- enable transparent communication by regulated entities with their customers and the community in relation to performance, service delivery and long-term asset management, to build trust and accountability.

The Commission uses a broad range of sources and tools to elicit information and verify whether entities are complying with their obligations. The information is then used to provide feedback to entities and inform the Commission's compliance and enforcement work.

Further, SA Water is required to have and utilise robust compliance and reporting systems, the effectiveness of which is warranted by SA Water's Board to the Commission each year, along with the provision of regular compliance reports.

During 2019-20, the Commission did not identify any material non-compliances relating to SA Water's performance. However, the Commission notes that SA Water's unfavourable performance for unplanned sewerage network service interruptions, for both the Adelaide Metropolitan and Regional areas, is under compliance review (as explained earlier in this report). The Commission will consider the need for any compliance action in line with the Commission's Enforcement Policy.⁹

⁹ Available on the Commission's website: https://www.escosa.sa.gov.au/industry/water/codes-and-quidelines/policies

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Further information

Further information on the South Australian water and sewerage industry and complete time series performance data for SA Water can be found on the Commission's website at: http://bit.ly/water-regulatoryperformancereports.

In addition, SA Water publishes information on a quarterly basis on its customer service and operational performance against service standard targets at: https://www.sawater.com.au/about-us/our-vision-and-strategy/our-performance-scorecard.

Further information about the SA Water Regulatory Determinations can be found at: https://www.escosa.sa.gov.au/industry/water/retail-pricing/sa-water-regulatory-determinations.

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Schedule 1: Service standards from 1 July 2016 to 30 June 2020

Service area	Category	#	Service Standard	Target
Customer service and complaint handling	Customer Service	1	Telephone calls answered within 30 seconds	
	Customer Service	2	Written complaints responded to within the required timeframes	95%
	Customer Service	3	Water quality complaints in Adelaide Metropolitan area responded to within the required timeframes	96%
	Customer Service	4	Water quality complaints in regional areas of South Australia responded to within the required timeframes	99%
Connection services	Customer Service	5	Connection applications processed within 20 business days	95%
	Customer Service	6	Water connections constructed within the required timeframes	95%
	Customer Service	7	Sewerage connections constructed within the required timeframes	90%
	Customer Service	8	Trade waste applications processed within 10 business days	99%
Field crew attendance at the site of service issues in the Adelaide Metropolitan area	Reliability	9	Water network breaks, leaks and bursts in the Adelaide Metropolitan area attended to within the required timeframes	99%
	Reliability	10	Sewerage network overflows in the Adelaide Metropolitan area attended to within the required timeframes	99%
Service restoration and clean-up in the Adelaide Metropolitan area	Reliability	11	Water network service restorations performed in the Adelaide Metropolitan area within the required timeframes	99%
	Reliability	12	Sewerage network service restorations performed in the Adelaide Metropolitan area within the required timeframes	95%
	Reliability	13	Sewerage network overflow clean-ups performed in the Adelaide Metropolitan area within the required timeframes	98%
Field crew attendance at the site of service issues in regional areas of South Australia	Reliability	14	Water network breaks, leaks and bursts in regional areas of South Australia attended to within the required timeframes	99%
	Reliability	15	Sewerage network overflows in regional areas of South Australia attended to within the required timeframes	99%
Service restoration and clean-up in regional areas of South Australia	Reliability	16	Water network service restorations performed in regional areas of South Australia within the required timeframes	99%
	Reliability	17	Sewerage network service restorations performed in regional areas of South Australia within the required timeframes	99%

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, visit www.escosa.sa.gov.au.

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