



Minor and Intermediate Retailers Regulatory Performance Report 2015-16

Key observations

- ▶ Local councils and small private operators provide drinking water services to approximately 5,700 customers and sewerage services to approximately 91,000 customers.
- ▶ The scale and scope of water and sewerage services varies considerably across retailers, resulting in a spread of customer prices and service performance.
- ▶ Sixty-three percent of retailers also reported that they are fully recovering the costs of service provision. Of the retailers that reported operating deficits, many are still transitioning and are gradually adjusting prices to limit the price shock to customers.
- ▶ Most retailers also reported having systems in place to report against the performance metrics set by the Commission. The Commission will focus on ensuring data integrity and continue to work with the remaining retailers to ensure they will have processes in place that will allow accurate data to be reported in future years.
- ▶ The timeliness and quality of annual reports has improved and retailers are demonstrating a better understanding of, and compliance with, their regulatory obligations. Further, retailers are actively engaging with the Commission. This is providing better outcomes for customers.

Background

The Water Industry Act 2012 (**WI Act**) governs all water industry entities providing 'retail services' to South Australian customers.

SA Water services over 99 percent of total drinking water customers and 87 percent of total sewerage customers in South Australia. The remaining 5,700 drinking water customers and 91,000 sewerage customers are serviced by water and sewerage service retailers with 50,000 or fewer customers (**Minor and Intermediate Retailers**).

As at 30 June 2016, there were 63 licensed Minor and Intermediate Retailers in South Australia. Of these retailers, 56 are council run and seven are private operators.

This fact sheet details Minor and Intermediate Retailers' performance against their regulatory obligations in 2015-16. These relate principally to customer service, financial assistance provided to customers and their level of compliance.

Regulatory framework

The regulatory framework for Minor and Intermediate Retailers has two aspects:

- ▶ a Regulatory Determination that sets out the pricing principles that retailers must comply with when developing their water and sewerage services prices, and
- ▶ a customer protection framework that sets out the behavioural standards and minimum requirements that retailers must comply with when dealing with their customers.

The current and initial regulatory period runs for four years, from 1 July 2013 to 30 June 2017. During this period, the Essential Services Commission (**Commission**) is taking a collaborative approach on retailers' compliance with their regulatory obligations assisting them to implement new processes where required.

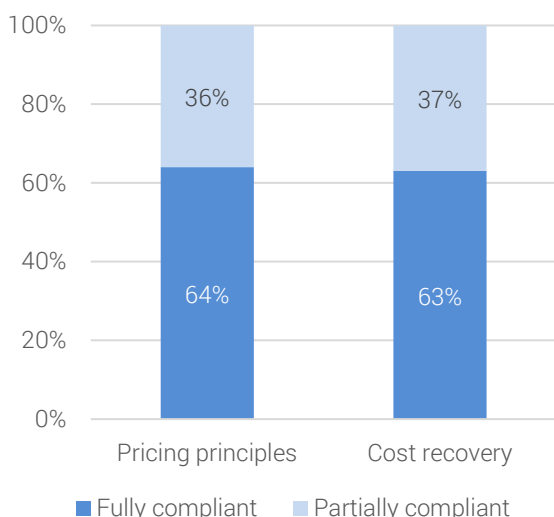
The Commission publishes annual regulatory performance reports to inform stakeholders and consumers of regulatory performance outcomes for Minor and Intermediate Retailers.

Pricing

Although Minor and Intermediate Retailers are responsible for determining their water and sewerage service (including Community Wastewater Management System (**CWMS**)) prices, they must consider certain pricing principles when setting their prices. Those principles seek to promote cost recovery, pricing transparency and other related matters.

In 2015-16, 64 percent of retailers responded that they are compliant with all of the relevant pricing principles. Sixty-three percent of retailers also reported that they are fully recovering the costs of service provision. Of the retailers that reported operating deficits, many are still transitioning and are gradually adjusting prices to limit the price shock to customers.

Compliance with pricing principles and achievement of full cost recovery in 2015-16

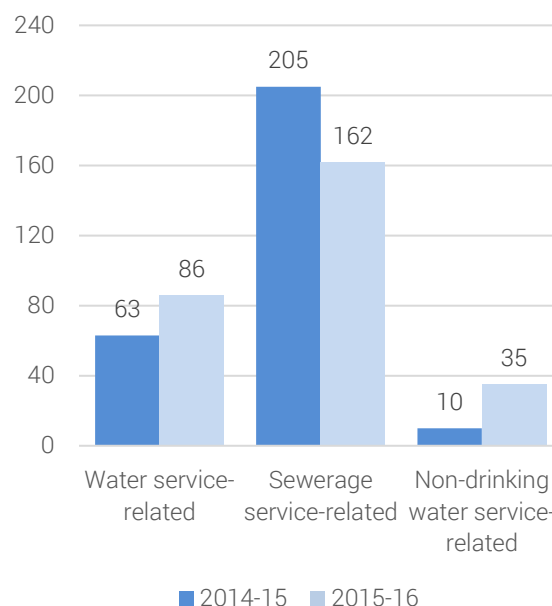


Customer service

All Minor and Intermediate Retailers are required to have enquiries, complaints and dispute resolution procedures in place that have been approved by the Commission.

In 2015-16, 21 retailers reported receiving a customer complaint. Of the 283 complaints received, 57 percent were related to sewerage services.

Number of complaints by service



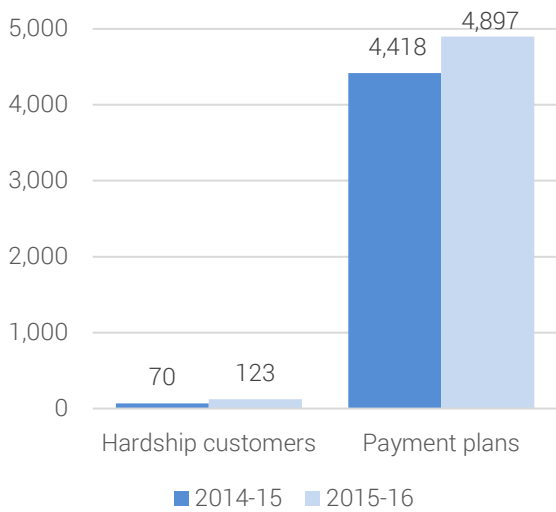
Financial assistance

Minor and Intermediate Retailers must actively engage with their customers to assist them in meeting their payment obligations. This allows customers in financial hardship to maintain their supply and avoid restriction or debt recovery action.

A retailer is not permitted to disconnect a customer's supply of a sewerage service or water service for non-payment of a bill. It may, however, restrict the supply of a water service or may commence debt recovery action for non-payment of a bill (although not both simultaneously), but only as a last resort.

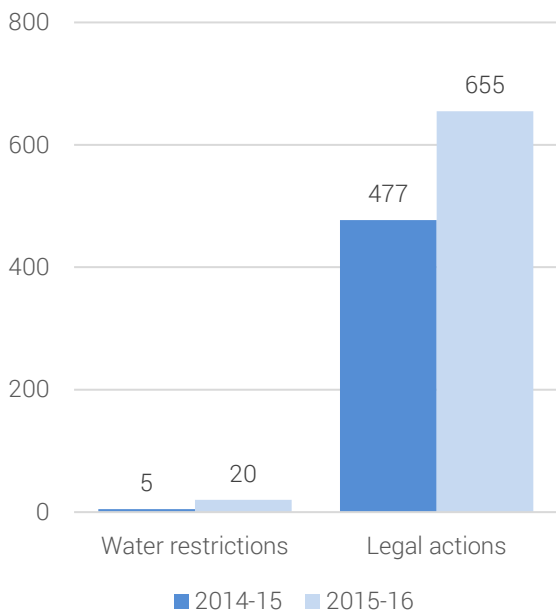
At 30 June 2016, 10 retailers reported that they had 123 residential customers participating in their hardship programs and 28 retailers reported having 4,897 residential customers on a flexible payment arrangement.

Number of residential customers on a hardship program and flexible payment plans (as at 30 June)



In 2015-16, five retailers reported that 20 water restrictions were applied to residential customers for non-payment of a water bill. Seventeen retailers reported having commenced legal actions against a total of 655 residential customers for non-payment of a water or sewerage bill.

Number of water restrictions and legal action undertaken against residential customers

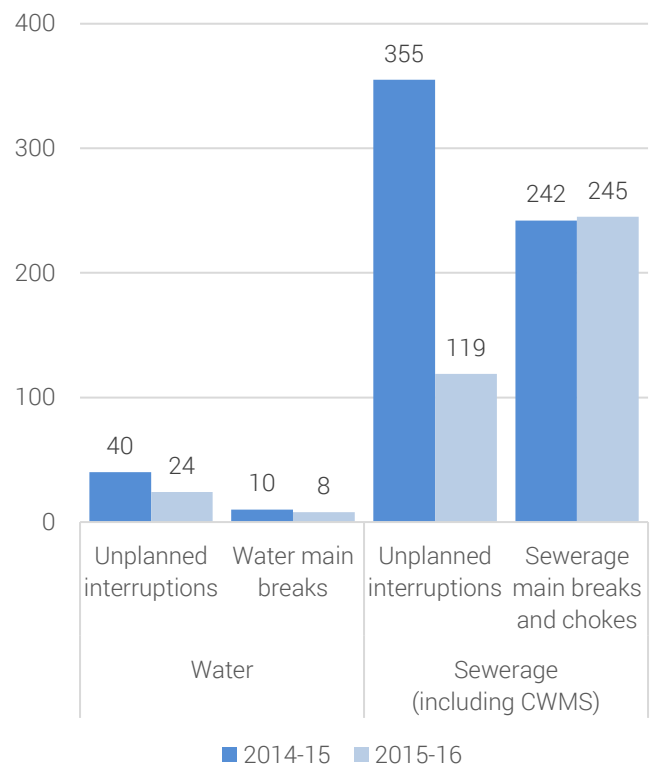


Reliability

Minor and Intermediate Retailers must provide a reliable supply to customers, minimise the frequency and duration of interruptions and have in place policies, practices and procedures to minimise the impact of unplanned interruptions.

The combined total number of reported unplanned drinking water and sewerage interruptions fell to 143, compared to 395 in 2014-15. However, the combined total number of water and sewerage main breaks increased.

Number of unplanned interruptions and main breaks



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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