



Minor and Intermediate Retailers Regulatory Performance Report 2016-17

Water and Sewerage Services

Executive Summary

**Enquiries concerning the currency of this Minor and Intermediate Retailers
Regulatory Performance Report 2016-17 should be addressed to:**

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Executive summary

The Essential Services Commission (**Commission**) reports annually on the performance of water and sewerage service retailers in South Australia. This report – Minor and Intermediate Retailers Regulatory Performance Report 2016-17 – covers the performance of water and sewerage service retailers with 50,000 or fewer customers (**Minor and Intermediate Retailers**). A separate report on South Australian Water Corporation (**SA Water**), which is the largest provider of water and sewerage services in South Australia, can also be found on the Commission’s website.

There are 63 licensed Minor and Intermediate Retailers, providing drinking water services to approximately 4,000 customers and sewerage services to around 94,000 customers. The majority of retailers are local councils; however, seven private companies are now licensed to provide water or sewerage retail services to approximately 2,100 customers in South Australia.

The Commission made an initial regulatory determination to apply to Minor and Intermediate Retailers for the period 1 July 2013 to 30 June 2018. The key focus areas for the Commission during the initial regulatory period has been on introducing greater transparency around current practices and procedures and assisting retailers in their transition to compliance with the regulatory requirements.

For the 2016-17 period, the Commission’s key observations on the performance of Minor and Intermediate Retailers are:

- ▶ Seventy percent of retailers reported that they are compliant with all of the relevant pricing principles. Sixty-six 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.
- ▶ The scale and scope of water and sewerage services offered varies considerably across retailers, resulting in a spread of customer prices and service performance.
- ▶ The cost of providing drinking water and sewerage services varies between retailers resulting in a spread of customer prices across retailers. The estimated residential water bills ranged between \$538 and \$1,412. For sewerage services, estimated bills ranged between \$240 and \$964.
- ▶ The number of complaints rose to 375, compared to 283 in 2015-16. However, the increase was driven by isolated events which led to temporary supply interruptions for some non-drinking water customers. The Energy and Water Ombudsman SA received two complaints in 2016-17.
- ▶ At 30 June 2016, 13 retailers reported that they had 96 residential customers in total participating in their hardship programs and 27 retailers reported having 5,026 residential customers in total on a flexible payment arrangement.
- ▶ Retailers took fewer legal actions to recover debt and restricted water supply to fewer customers with long-term outstanding bills.
- ▶ The number of reported unplanned drinking water and sewerage interruptions rose to 156, compared to 143 in 2015-16.
- ▶ The quality of annual reports has improved and retailers are reporting a better understanding of their regulatory obligations. The Commission appreciates the effort and resources of retailers to improve their reporting and engagement.
- ▶ Most retailers have reported having systems in place to report against the performance metrics set by the Commission. The Commission will continue to focus on data integrity to ensure accurate data is reported.

- ▶ Retailers are more actively engaging with the Commission on compliance with regulatory requirements, such as undertaking analysis to identify the extent of current cost recovery of services and developing cost reflective prices. This provides the opportunity for better customer outcomes.

The current regulatory determination framework for small-scale water and sewerage retailers is due to expire on 30 June 2018. Accordingly, the Commission is currently conducting an inquiry into regulatory arrangements for small-scale and off-grid water, gas and electricity services to inform itself on the best way to regulate such entities moving forward and, more importantly, to ensure the long-term interests of consumers of those services are protected.

Further information about the Inquiry can be found on the Commission's website at:
www.escosa.sa.gov.au.



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