



[Subject]

Response to the review of the Water Retail Code and the Monitoring and Evaluating Performance Framework



Government of
South Australia

1 Introduction

SA Water is a public corporation established under the *South Australian Water Corporation Act 1994* that is wholly owned by the Government of South Australia. As a public corporation, SA Water is required to conduct its operations commercially, unless directed otherwise.

SA Water operates under an economic regulatory framework operated by the Essential Services Commission of South Australia (ESCOSA), which is enabled through the *Water Industry Act 2012* and *Essential Services Commission Act 2002*. This legislative arrangement also establishes the frameworks through which the Water Retail Code for Major Retailers (WRC) and the SA Water Monitoring and Evaluating Performance Framework (MEPF) apply.

SA Water recognises the importance of the code and framework in:

- setting minimum service standards aligned to what is achievable and of a service quality and reliability that customers support,
- supporting consumer protections to protect the interests of SA Water's customers fairly,
- establishing information sharing and reporting frameworks to enable customers and key stakeholders to have transparent access to materials that detail SA Water's current performance and future plans.

However, for SA Water, balanced against these outcomes is an interest in delivering services at the lowest long-term sustainable price for customers using rigorous asset management and operating frameworks. SA Water recognises that in finalising the review ESCOSA may require SA Water to undertake additional activities that cannot reasonably be delivered through existing operating expenditure. Where this arises, SA Water will advise ESCOSA of the impact and will seek to recover this expenditure amount.

This response to the review seeks to respond to matters identified through the issues paper¹, as well as other matters in the WRC² and MEPF³.

These will be considered in separate sections of this document.

¹ ESCOSA (2023) Issues Paper – SA Water Regulatory Determination 2024 – Water Retail Code and Monitoring and Evaluating Performance Framework (MEPF), ESCOSA, Accessed 12 July 2023.

² ESCOSA (2020) Water Retail Code - Major Retailers WRC-MR/03, ESCOSA, Accessed 12 July 2023

³ ESCOSA (2020) SA Water Monitoring and Evaluating Performance Framework. ESCOSA, Accessed 12 July 2023

2 Water Retail Code

The Water Retail Code (WRC) is an industry code, established pursuant Part 4 of the *Essential Services Commission Act 2002*.

In responding to the review, SA Water sets out five theme areas covered in the sections below, namely:

- Code amendments arising from the 2020 review of the code,
- Minimum service standards,
- Consumer protections for tenants,
- Family violence provisions, and
- Other matters relating to the code.

2.1 Code amendments arising from the 2020 review of the code

In 2020, the Commission made changes to the Code. These covered the use of newer communication channels, providing customer materials such as bills in alternate formats, meter reading and changes to delivery timelines.

The review seeks feedback on the implementation of these changes and whether further refinement is required.

2.1.1 The use of new communication channels

Changes to the Code have enabled SA Water to communicate to provide more frequent and timely communication to customers through SMS and email. Together with communications through the website and social media SA Water can provide more detailed information to customers.

More than 300,000 customers have registered to receive bills by email, which provides easier access to current and historic bills, up to date status of balances outstanding and final notices. Customers also can take quicker action after receiving a high-water use notice to identify any causes of unexplained high-water use, like hidden leaks.

Notification through SMS have also been introduced, which has supported quicker communication to customers. During 2022-23 there were around 385,000 proactive notifications sent to customers as outlined in Table 1 below.

Table 1 – SMS communications by type 2022-23

SMS Communication Type	Volume 2022-23
Overdue Payment Reminder	145,000
Payment Instalment Reminder	13,500
Demand Notice	11,500
Water off notification	64,500
Water on notification	65,000
Fault resolution notification	86,300

Implementing these communication changes has been associated with positive improvements to survey results in the *Keeping Customers Informed* and *Ease of interacting with SA Water* measures as outlined in Table 2 below.

Table 2 – SMS communications by type 2022-23

Year	Keeping Customers Informed	Ease of interacting with SAW
2019-20	74%	95%
2020-21	82%	96%
2021-22	83%	96%
2022-23	87%	97%

SA Water has concluded that the changes in the Water Retail Code in 2020 to broaden channels of communications have been associated with improved customer feedback, and tangible benefits in providing timelier incident and bill-related information.

SA Water will continue to explore new messaging options via all channels to continue to enhance customers' experiences.

2.1.2 Providing communication in alternative formats (and other supports for customers with disability, language barriers or low literacy)

2.1.2.1 Alternative communication formats

SA Water has undertaken extensive customer research to understand customers' needs and expectations for accessible communication and alternative bill formats.

Significant progress has been made to provide more accessible communications and documents, including:

- Easy Read documents (with seven currently available, including *how to understand and pay your bill*),
- Front counter support to facilitate in-person communication needs,
- Language Aide board and volunteer interpreter program, telephone interpreter service,
- Alphabet Board, and
- Accessible meter alternatives are in trial and aim to make water usage information more accessible to customers with specific needs.

Furthermore, telephone support is available to facilitate communication of bill information including:

- Reading bills aloud by Customer Care Centre staff, and
- Translating bills aloud by translation service.

Alternative bill formats, including a simplified bill page, e-bill for screen-reader, audio bill files and translated bills are being considered.

To date there has been little interest from customers in braille communication, given the alternatives of screen-readers and other assistive technologies.

2.1.2.2 Identifying customers with critical needs in the SA Water Customer Relationship Management system

SA Water currently holds details of a limited number of 'critical customers' that comprise residential dialysis customers and water-critical organisations where details are supplied by SA Health and Land Services SA.

SA Water's research included the investigation of options to support further customers with additional services.

A 'Priority Services Register' is considered best practice for capturing customer information to enable the delivery of specific services to customers. Provision was made in the 2020-24 regulatory period to enable capturing customer information which will be delivered by mid-2024.

Extensive consultation on the register has occurred as part of delivery against specific actions in SA Water's Disability Access & Inclusion Plan (DAIP). Population of the register and delivery of additional services to customers on the register is not contemplated in the current regulatory period.

2.1.3 Meter reads taken by customers

The Code was amended to allow meter reads taken by customers to be accepted as actual reads.

Customers can provide reads over the phone, through submitting a webform or by email. Customer reads will be accepted as actual reads where a photo is provided of the meter that:

- Provides a date of capture,
- Clearly shows the meter reading,
- Clearly shows the meter number that is consistent with the account, and
- is consistent with prior actual meter reads for the property.

These conditions minimise the risk of SA Water accepting a customer read that may prove to be incorrect and require bill adjustments. Where these conditions are not met the read will show as an estimate. Around 5,000 meter reads are processed by customers each quarter, where just over half have met the criteria to be accepted as actual reads.

Anecdotal feedback is that customers value the reading being captured as an actual reading.

The Code provides SA Water with the discretion to accept or not accept customer reads as actual meter readings. Where the customer read does not align with past meter reading, or is not considered reasonably accurate, the read may be rejected and will continue to be shown as an estimate.

In these instances, section 18.4.2 of the code places requirements on SA Water to advise where a read is not accepted and to undertake an actual read at the customer's property.

While SA Water understands the intent of these provisions and agrees with this intent, these processes can be inefficient. For example, where a regional or remote customer seeks to submit a meter read that is not accepted, the cost to SA Water of undertaking an out of sequence meter read for this single customer is considerable. As such, SA Water considers that an alternate response would be more appropriate, particularly noting that an actual read by SA Water would normally be undertaken within a 12-month period. For example, a read that is not accepted as an actual read could be treated as an estimated read if SA Water has undertaken an actual read in the preceding 12-month period.

SA Water would welcome further discussion on how the obligations can be streamlined.

2.1.4 Changing date definitions to accommodate Australia Post delivery changes

Anecdotal feedback is that extending pay-by dates for customers due to reduced frequency of Australia Post deliveries and extended mail processing timelines has been well received.

The two-day extension has been applied to all pay-by dates to include final and demand notices. The first pay-by date is now at 23 days which is comparable to other water utilities.

SA Water does not identify any need to further vary the date definitions currently.

2.2 Minimum service standards

SA Water has proposed amendments to the measurement of service standards as part of its regulatory submission. These are available on the SA Water website⁴ and have been provided to ESCOSA.

SA Water considers in principle that all service standards should be achievable, and that where a standard is not achievable for reasons outside of SA Water's control the measurement of the standard should be varied.

2.3 Consumer protections for tenants

SA Water currently provides a range of services for tenants.

This includes that:

- Tenant information can be added in the Customer Relationship Management system and tenants can report faults and sign up for outage notifications.
- If a tenant has an account number, they can access the account balance and can pay the bill. If a property owner or managing agent authorises a tenant, SA Water can discuss all aspects of the bill with the tenant.
- SA Water does not restrict services for non-payment where a property is known to be tenanted.
- Tenants can access the SA Water Customer Assist program, with permission from the property owner. The benefits of this program (including access to plumbing services and co-payments from SA Water) will be applied to the property's account, and therefore rely on the property owner to pass on to the tenant.

In recent years, SA Water has undertaken research to better understand the needs of tenants as related to the services it provides.

Research indicates that there can be a lack of transparency of charges passed on to property tenants and a lack of trust between property owners or managing agents and property tenants.

SA Water considered some options to address this could include providing tenants with a copy of bills or legislative changes to the *Residential Tenancies Act 1995*.

Providing tenants with copies of bills is estimated to require capital upgrades to SA Water systems and increased operating expenditure which are estimated at approximately \$20 million within a regulatory period.

SA Water is considering its position on tenant support options currently and will include information on this as part of its regulatory submission that is due with ESCOSA in mid-August 2023.

⁴ See - [Planning for 2024 - 2028 | SA Water](#)

2.4 Family violence provisions

SA Water customers who disclose family violence are offered support with payment arrangements as well as entry into the Customer Assist Program, if needed. This provides a referral to Financial Counselling services along with protection from further debt collection activities. To help protect privacy and safety customers can request a name suppression. This suppresses their details from the results of a name search carried out on Land Titles Office (LTO) land information systems as well as 'downstream' systems which contain data from the Land Ownership and Tenure System (LOTS). If a person then requests any information on an account where there is a 'Customer Name Suppression' flag in the SA Water system, no information can be provided until further identification requirements are met.

However, there are limitations in the information held on the LOTS, and the degree to which information held on the LOTS can be modified. These limitations may not apply for other utilities like electricity where it is the resident and not the property holder who is the utility customer.

SA Water does not currently have a specific program for customers experiencing family violence. It does have a family violence leave policy for staff and some staff training was undertaken in 2019 and 2020 to support this.

SA Water is a founding partner of the Thriving Communities Partnership (a nationwide cross-sector collaboration) so has access to extensive documentation and expert knowledge on this topic. Further investigation would be required to confirm the level of resourcing required to support a Family Violence program for customers.

2.5 Other matters relating to the code

2.5.1 Direct written communications

Section 4.1.4 of the Code requires that if a customer does not advise the retailer of a preferred form of communication, the retailer must deliver any document, bill or notice in hard copy to the supply address at no cost to the customer.

SA Water seeks to vary this requirement to enable customers to be charged for paper bills. SA Water proposes that certain groups of customers would be exempt from this fee, including those:

- on low income, customers on the customer assist program or receiving concessions;
- with a disability or a serious or chronic illness; and
- who come from a remote area.

Charging for paper bills is common in the energy and telecommunications sectors where companies can charge between \$1 and \$3 per paper bill and provide exemptions to customers who qualify for concessions, in remote communities and requiring special bill formats.

In Australia the application of paper bill fees varies from state to state.

In South Australia, Consumer and Business Services recognise the trend towards charging for paper bills and encourages consumers to switch to digital bills or check their eligibility for a fee exemption.

Australian Consumer Law acknowledges that companies charge a fee for paper bills and identifies options to avoid the fees including receiving electronic bills and requesting an exemption. Exemption can apply to people who are on a low income or do not have access to the internet.

In 2017 the Commonwealth Treasury reviewed paying for paper bills and considered options for restricting fees on paper bills. Treasury recognised that banning these fees would come at a cost to businesses and that customers electing to receive digital bills are effectively

subsidising those receiving paper bills. The Treasury did not ban the fees and recognised the need to consider fee exemptions for various customers.

Based on a study undertaken by the Australian Bureau of Statistics (2022) Snapshot of Australia, around 8% of households have no access to the internet and SA Water understands concerns may be raised by these customers. These customers would be exempt from fees and additional exemptions applied to people:

2.5.2 Consideration of consumer complaints

Currently both ESCOSA and the Energy and Water Ombudsman of South Australia (EWOSA) will consider grievances and customer complaints from SA Water's customers.

EWOSA clearly states its processes and expectations for resolving complaints, as well as timelines for complaint resolution on its website. EWOSA also seeks that the complainant contacts SA Water and attempts to resolve the complaint before the matter is escalated for consideration by EWOSA.

The process and expectations for making complaints to ESCOSA are less clear. There appear to be instances where a complainant has not sought to raise an issue with SA Water for resolution before escalating to ESCOSA. The timelines in which ESCOSA seeks that SA Water respond to a complaint are variable.

As part of the review of the Code SA Water proposes that ESCOSA more clearly articulates its process for managing complaints and its requirements.

2.5.3 Customer requests for testing of meters and metering data.

Section 20 of the Code considers how requests for testing water meters are managed.

Section 20.2.2 states:

*The **customer** must pay the **retailer** in advance the **retailer's** reasonable charge for checking the meter reading, metering data or for testing the meter.*

This does not align with SA Water's current practice.

Currently SA Water will only charge a fee once the outcomes of the meter test are received and the meter has been found not to have a variance of greater than 5 per cent from actual. This process avoids charging a customer a fee and then needing to re-credit a fee where a meter is deemed faulty.

As such, SA Water suggests an amendment to this section, amending the 20.2.2 to read as follows:

*The **customer** must pay the **retailer** in advance the **retailer's** reasonable charge for checking the meter reading, metering data or for testing the meter where the **retailer** requires this of the **customer**.*

3 Monitoring and Evaluating Performance Framework

SA Water acknowledges the four initial areas of focus of the MEPF by the Commission to refine over time. SA Water's response to those sections explained in the Issues Paper are below.

SA Water supports the objective to provide customers and stakeholders useful information, in the interest of transparency, accountability and to obtain feedback.

However, SA Water also believes that there is an important balance in determining the level of detail and frequency of the information reported, and ensuring information is useful for the intended audience.

3.1 How SA Water's public reporting is being used

SA Water publishes these reports on its website, and reports are shared with key stakeholders. The reports page had more than 1,000 page views from 760 individual users in 2022-23, with around 2,500 views from more than 2,000 individuals in 2020-21 and around 3,000 views from more than 2,000 individuals in 2021-22.

3.2 Does SA Water's public reporting meet the expectations and requirements of stakeholders

When developing the RD20 reports, SA Water sought feedback from customers and stakeholders via multiple channels including SA Water's WaterTalks page, on social media, through focus groups and through SA Water's key stakeholders.

SA Water worked to include this feedback in its final reports, noting there are some interdependencies with other information on SA Water's website and what is reported elsewhere through the Bureau of Meteorology's the National Performance Reporting⁵ and the annual report.

General feedback was that the documents are easy to read and easy to understand, and cover the information customers want to know well.

During early 2023 SA Water received feedback from SACOSS seeking that there be links to the National Performance Report provided on the reporting page. These were updated.

At this time SACOSS also requested that SA Water consider expanding its hardship and customer debt reporting. SA Water agreed to consider this request after it finalises the 2024-28 regulatory submission.

3.3 Service standards with performance targets

SA Water submitted commentary on suggested changes to the Service Standards as part of the Regulatory Determination for 2024-28⁶ and have been provided to ESCOSA.

SA Water has not received any communications from ESCOSA on RD20 service standard performance relating to the current regulatory period from 2020-21.

SA Water would support the Commission formally communicating its views on the Corporation's performance.

⁵ See [National performance reports: Water Information: Bureau of Meteorology \(bom.gov.au\)](https://www.bom.gov.au/npr/)

⁶ See - <https://watertalks.sawater.com.au/planning-for-2024-2028>

3.4 Expenditure and revenue outcomes

SA Water provides detailed activity and financial reporting to the Parliament as part of its statutory obligations pursuant the *Public Corporations Act 1993* and to the Auditor-General pursuant the *Public Finance and Audit Act 1987*. SA Water supports transparency of its financial reporting, but seeks that regard for existing reporting be considered before additional reporting be sought.

3.4.1 Pricing and tariff charges

SA Water has 4-year regulatory determinations, however prices are determined in consultation with Government each year. Price forecasts cannot be forecast with certainty.

For example, in 2022-23 and 2023-24 price increases varied from the planned Consumer Price Index (CPI) price increases and instead increased by less than CPI. As such, SA Water was not able to project expected prices.

This approach pricing is idiosyncratic to the South Australian water regulatory framework. Indeed, many other jurisdictions rely on the regulator to set recoverable prices for services, not revenues.

To this end, the MEPF notes:

It is worth noting that is not uncommon for private businesses to signal to customers and investors their general expectations for future revenues and earnings (for example, in annual or semi-annual investor relations presentations).⁷

SA Water must balance the reporting requirements, with the uncertain nature of future pricing. The corporation agrees that reporting on expected revenues and earnings is reasonable within the current framework.

3.5 Long-term asset management and investment planning

Currently the requirement under the MEPF is to publish a 30-year asset plan on an annual basis.

SA Water recognises that providing transparent information on the status of its assets and potential future investment requirements is important for its stakeholders and customers.

Nonetheless, SA Water has been consistent in its feedback to ESCOSA that the frequency of reporting (annually) and the duration of the forward-looking snapshot timeline for future investment (30-years) should be reviewed.

Commission staff have not been able to identify an example of a utility reporting projected capital investment to a 30-year time horizon.

SA Water has the greatest confidence in projected investment to a 15-year time horizon, and therefore proposes that this shorter duration be adopted.

SA Water would also welcome greater discussion on the frequency of reporting. There does not appear to be strong stakeholder support for annual reporting, and, in the absence of this, SA Water suggests less frequent reporting during the regulatory period.

⁷ see - [SA Water Regulatory Determination 2020: Monitoring and evaluating performance - implementing the final decisions \(escosa.sa.gov.au\)](https://escosa.sa.gov.au) – p12