



Our approach to regulation and advice

The Essential Services Commission (**Commission**) is a high performing and responsive agency, administering a principles based regulatory and advisory framework. That framework focuses on outcomes and was developed and is delivered under a risk based approach, using best practice regulatory principles and techniques.

As a statutory authority with responsibilities in the essential services sector and for providing advice to the South Australian Government, the Commission acts independently and objectively in performing functions and exercising powers.

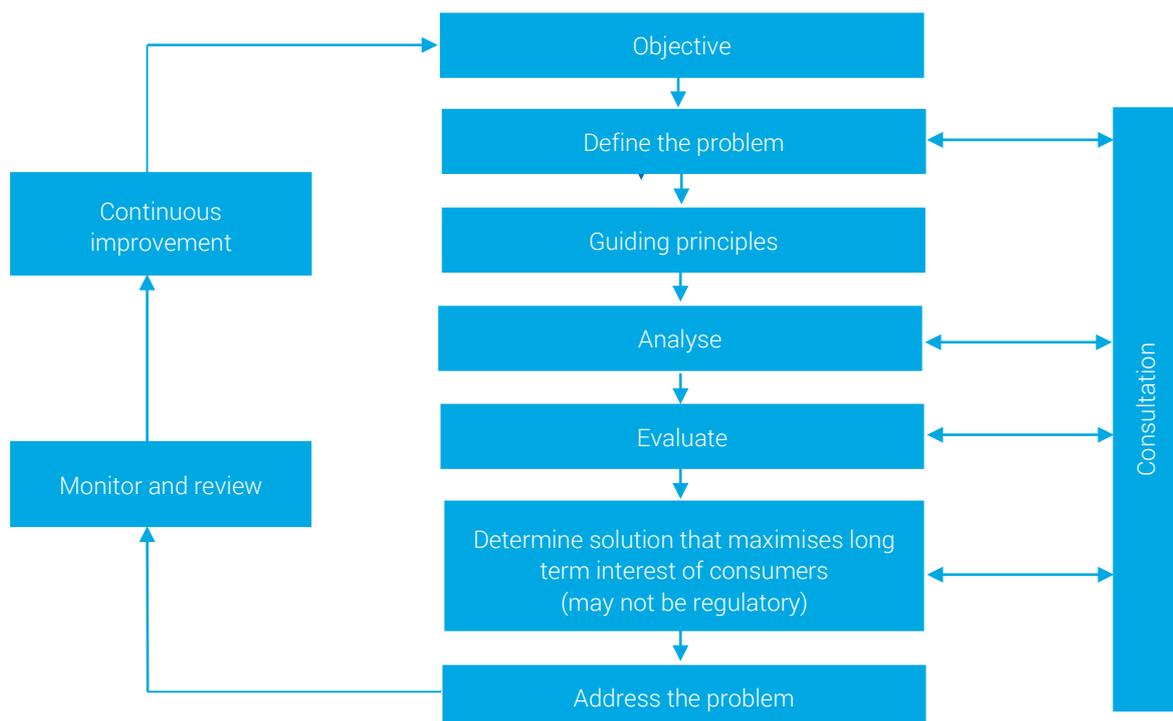
The Commission adds benefit to the South Australian community by ensuring that consumers of regulated services are adequately protected and that entities are accountable for

their services, while not imposing unnecessary regulatory costs and burdens. The Commission's robust, independent advice to Government informs, and provides an evidence base for, policy making and public consideration of economic and regulatory issues.

The Commission works within the overall policy and legislative framework established by the Parliament for the performance of its roles and responsibilities. It does not act in isolation from that framework. In relation to its Inquiry and advisory functions, the Commission is not a decision maker but, instead, provides expert, balanced and impartial advice to Government.

Figure 1 provides an overview of the overall framework employed by the Commission.

Figure 1: The Commission's regulatory and advisory framework



The key elements of the Commission's framework include:

- ▶ **Objective:** Having regard to the Commission's primary objective to protect consumers' long term interests with respect to the price, quality and reliability of essential services. In doing so, the Commission recognises the ongoing economic, social, environmental and technological circumstances and changes.
- ▶ **Define the problem:** Using first principles thinking to clearly understand and define the source, nature and scale of the problem to be solved.
- ▶ **Analyse:** Applying economic and cost-benefit analysis in assessing the merits of any proposed action to address a defined problem based on a diverse range of relevant evidence and views from South Australians.
- ▶ **Evaluate:** Evaluating whether there should be a regulatory response and the priority. The outcome of such an evaluation may lead to a decision to undertake further analysis.
- ▶ **Address the problem:** Selecting the appropriate form and approach to regulation where some form of regulation is warranted. Actions are proportionate and targeted at those risks or hazards that are significant and/or have significant consequences.
- ▶ **Continuous improvement through monitoring and reviewing:** Continually monitoring and reviewing the performance of the regulatory framework and the Commission's performance to achieve continuous improvement, including through monitoring interstate and overseas developments.
- ▶ **Consultation:** Communicating and consulting genuinely (effective engagement) with internal and external stakeholders during all aspects of regulation, or in considering proposals to regulate.
- ▶ **Peer review:** Employing peer review across all aspects and stages of the Commission's work.

This approach to regulation and advice will be incorporated into the Commission's [Charter of Consultation and Regulatory Practice](#) at its next review.

“ *Better regulation is an attitude, a culture and outcomes based method of working to ensure we are always on the outlook to better meet the community's needs in a cost effective manner. It includes an acceptance that the best outcome may not require a regulatory solution.* ”

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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