

23 March 2016

Mr Nathan Petrus  
Director, Consumer Protection and Pricing  
Essential Services Commission of South Australia  
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Dear Mr Petrus

**Submission to the Essential Services Commission of South Australia**  
**SA Water Regulatory Draft Determination 2016**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Essential Services Commission of South Australia's (Commission) *SA Water Regulatory Draft Determination 2016*.

In this submission, the EWOSA primarily addresses matters that are specifically of interest to the EWOSA Scheme.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

While we have not conducted major analysis, the revenues provided for in the Draft Determination for SA Water's capital and operating expenditure to deliver water and sewerage retail services to customers appear appropriate. They achieve a good balance, such that they are unlikely to lead either to any shocks in water bills for customers, nor to any noticeable increase in water and sewerage supply disruptions or leaks, both of which can be major drivers of complaints to EWOSA. EWOSA received nine complaints per 10,000 SA Water customers in both 2013-14 and 2014-15.

We support the provision of funds (\$10.2 million, as described in SA Water's Regulatory Business Proposal) for investment in IT systems and the continuing implementation of a digital strategy to improve customer services, including the handling of complaints. This is of direct interest to EWOSA. If changes to complaint handling processes are managed well, it could reduce both the number and share of complaints about SA Water's services received by EWOSA and lead to greater satisfaction among customers. According to the Commission's *SA Water Regulatory Performance Report 2014-15*, about 20 per cent of complaints received by SA Water in 2014-15 were escalated to EWOSA.

We also support the additional \$600,000 per year spending approved for SA Water's Customer Assist Program, which will help water customers struggling to pay their bills and any outstanding debts. This is also likely to lead to a reduction in hardship and credit management complaints received by EWOSA.

We are not against the aggregation or roll-up of service standards – from 66 to 17 – as proposed in the Draft Determination, particularly since most of the targets are more stringent than in the previous regulatory period. However, the targets associated with both sewerage connections and sewerage network service restorations in the Adelaide metropolitan area are weaker than those proposed by SA Water in their Regulatory Business Proposal. We believe these targets should be strengthened to 95 per cent and 99 per cent respectively.

In addition, care needs to be taken so that those service standards in which SA Water has underperformed in the past – or has only met by being assessed by the Commission as having used its best endeavours to achieve, as described in the *SA Water Regulatory Performance Report 2014-15* – receive the necessary scrutiny to ensure that SA Water provides the standard of service expected by its customers.

Given recent occurrences of significant damage to houses and property being caused by burst water mains, we believe consideration should be given to the issue of compensation for affected customers. A process could be established that enables SA Water to provide compensation to affected customers – so that they are able to get back on their feet quickly – and then subsequently retrieve that money from the relevant insurance companies. There is unlikely to be any need to increase the revenues provided for SA Water within the Regulatory Determination.

A related issue we believe the Commission could consider is whether to require SA Water to publicly release information on its ten or twenty worst-performing water mains. This would contribute to transparency and accountability and help to better focus SA Water's maintenance program.

Should you require further information or have any enquiries in relation to this submission, please telephone me on (08) 8216 1851 or email me at [antony.clarke@ewosa.com.au](mailto:antony.clarke@ewosa.com.au).

Yours faithfully



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