

# Proposed price regulation for water and sewerage service providers other than SA Water - July 2012

The Essential Services Commission of South Australia (Commission) is the independent economic regulator for a range of essential services in South Australia including electricity, gas, water, sewerage, rail and maritime industries.

We are a statutory authority, established under the Essential Services Commission Act 2002 (ESC Act) with a primary objective to:

*protect the long term interests of South Australian consumers of essential services with respect to the price, quality and reliability of essential services.*

The Water Industry Act 2012 (the Act) establishes the regulatory framework for the South Australian water industry covering economic regulation, technical regulation, water planning and customer complaint handling.

We are responsible for the economic regulation of water and sewerage services in South Australia, which include services provided by SA Water, Local Government and private operators. Our role includes industry licensing, consumer protection, performance monitoring, compliance and pricing matters.

## OUR APPROACH TO PRICE REGULATION

We have already consulted on the broad pricing framework that we intend to apply to the water industry as part of the preparation of advice provided to the Treasurer in August 2011 and May 2012.

In that advice, we acknowledged differences between SA Water and other providers of water and sewerage services (e.g. Local Government), and proposed a 'light-handed' approach to price regulation of service providers other than SA Water.

Our Discussion Paper sets out our initial thoughts only; the proposals are not final. Further information on our Proposed Approach to Price Regulation for Service Providers other than SA Water is available on our website: <http://www.escosa.sa.gov.au/library/120713-PriceRegulationNonSAWater-DiscussionPaper.pdf>.

Our approach to the regulation of SA Water's prices is being dealt with through a separate process, which will include public consultation commencing in October 2012.

Further information on our Statement of Approach to Economic Regulation of SA Water's Revenues is available on our website:

<http://www.escosa.sa.gov.au/library/120713-EconomicRegulationOfSAWatersRevenue-StatementOfApproach.pdf>.

## DISCUSSION PAPER

In our Discussion Paper, we propose to apply a combination of 'pricing principles' and 'price monitoring' to service providers other than SA Water, who provide one or more of the following:

- Drinking water services;
- Sewerage services;
- Recycled water/Stormwater services;
- Other non-drinking water services; and
- Other miscellaneous water and sewerage services.

We hope this paper will give greater clarity on our role as price regulator, and that it will assist in the identification of key issues that we should consider in formulating the specific pricing framework.

This Discussion Paper proposes our initial thoughts only; the proposals are not final.

We welcome feedback from stakeholders on our proposals, or any other matter that they see as relevant to this process.

## CONSULTATION PROCESS

A proposed timeframe for development of the price regulation framework for service providers other than SA Water is set out in Table 1.

Table 1 - Proposed Timeline for Consultation

ACTION	DATE
Release of Discussion Paper	13 July 2012
Public Consultation	13 July - 24 August 2012
Draft Determination	12 October 2012
Public Consultation	12 October - 9 November 2012
Final Determination	21 December 2012

## FURTHER INFORMATION

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Any queries relating to the proposed price regulation for service providers other than SA Water should be directed to:

Contact Person: Stuart Peevor, Manager Pricing & Access  
Peter Lim, Senior Regulatory Analyst

If you would like to keep up to date with our water industry activities and the release of papers for consultation, subscribe at <http://www.escosa.sa.gov.au/subscribe.aspx>.



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THE ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA  
Level 8, 50 Pirie Street Adelaide SA 5000  
GPO Box 2605 Adelaide SA 5001  
T 08 8463 4444 | F 08 8463 4449  
E [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au) | W [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)