

# WATER REGULATORY INFORMATION REQUIREMENTS FOR MINOR AND INTERMEDIATE RETAILERS

*Water Industry Guideline No. 3 (WG3/01)*

June 2013



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### ***Amendment Record***

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The Essential Services Commission of South Australia is the independent economic regulator of the electricity, gas, ports, rail and water industries in South Australia. The Commission's primary objective is the *protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services*. For more information, please visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).

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# PART A – PRELIMINARIES

# 1 NATURE OF THE GUIDELINE

## 1.1 Introduction

1.1.1 The **Commission** has made this Guideline, pursuant to section 8 of the Essential Services Commission Act 2002 (**ESC Act**), to specify requirements for **Minor** and **Intermediate Retailers** for the collection, allocation, recording and reporting to the **Commission** of regulated business data in accordance with the operational and financial reporting schedules contained in this Guideline.

## 1.2 Purpose of the Guideline

1.2.1 The **Commission** is established under the **ESC Act** as a regulator of certain essential services in South Australia, with the primary objective of protecting the long-term interests of South Australian consumers with respect to the price, quality and reliability of those essential services.

1.2.2 The **WI Act** provides that the water industry is declared to constitute a regulated industry for the purposes of the **ESC Act**. This enlivens the **Commission's** general regulatory powers under the **ESC Act**.

1.2.3 The **WI Act** provides that the **Commission** must make a **retailer** subject to certain conditions including conditions requiring:

- (a) compliance with applicable codes or rules made under the **ESC Act** in force from time to time;
- (b) a **retailer** to maintain specific accounting records and to prepare accounts according to specified principles;
- (c) a **retailer** to monitor and report as required by the **Commission** on indicators of service performance determined by the **Commission**; and
- (d) a **retailer** to provide, in the manner and form determined by the **Commission**, such other information as the **Commission** may from time to time require.

1.2.4 This Guideline's content:

- (a) details the nature of information that the **Commission** requires in order to monitor a **retailer's** performance;
- (b) explains the way in which a **retailer** must prepare separate accounts and maintain its accounting records; and
- (c) outlines a mechanism by which this and any other information that may be required by the **Commission** to fulfil its obligations and functions, may be collected from a **retailer**.

1.2.5 Information collected under this Guideline will be used for regulatory purposes such as monitoring and reporting.

### 1.3 Application

- 1.3.1 This Guideline applies to all **Minor** and **Intermediate Retailers** except to the extent that the **Commission** agrees in writing to alternative reporting arrangements.
- 1.3.2 This Guideline is a minimum requirement and the obligation of a **retailer** to comply with this Guideline is additional to any obligation imposed under any other law applying to a **retailer's** business and does not derogate from such an obligation.
- 1.3.3 The **ESC Act**, **retail licences** and **industry codes** issued and made by the **Commission** also provide separate specific information gathering provisions to facilitate the provision of information to the **Commission** by a **retailer**.

### 1.4 Definitions and interpretation

- 1.4.1 For the purposes of interpreting this Guideline:
  - (a) words and phrases presented in a bold font such as **this** are defined in the Glossary;
  - (b) a word or phrase not defined in the Glossary will have the meaning given by the **WI Act**, the **ESC Act** or any other relevant regulatory instrument (as the case may be);
  - (c) a reference to this Guideline includes its appendices, annexures and schedules;
  - (d) words importing the singular include the plural and vice versa;
  - (e) any heading, index or table of contents is for convenience only and does not affect the construction or interpretation of this Guideline;
  - (f) a reference to any legislation or regulatory instrument includes:
    - (i) all regulations, orders or instruments issued under the legislation or regulatory instrument; and
    - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or regulatory instrument;
  - (g) a reference to a **retailer** includes, without limitation, that **retailer's** administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns; and
  - (h) where an act is required to be done pursuant to this Guideline on, or by, a stipulated day which is not a **business day**, the act may be done on the following **business day**.
- 1.4.2 Explanations in this Guideline as to why certain information is required are for guidance only. They do not, in any way, limit the **Commission's** objectives, functions or powers.

## 1.5 Processes for revision

- 1.5.1 The **Commission** may, at its absolute discretion, amend or vary this Guideline from time to time when it considers such action necessary in order to meet the needs of a **retailer**, South Australian water industry **customers** or the **Commission**.
- 1.5.2 The **Commission** will undertake consultation with relevant **retailers** and other stakeholders as necessary in accordance with the **Commission's** Charter of Consultation and Regulatory Practice before making any significant revisions to this Guideline. If the amendments are of a routine nature, or required by law, the **Commission** may elect to modify the Guideline without consultation.
- 1.5.3 For all revisions to this Guideline, a commencement date will be nominated on the Amendment Record on the inside front page. The **Commission** will generally give a **retailer** not less than 45 days' prior notice of the commencement of any significant revisions of this Guideline.

## 1.6 Input from interested parties

- 1.6.1 The **Commission** welcomes comments, discussion, or suggestions for amendments to this Guideline from any interested party. Any contributions should be addressed to:

*Essential Services Commission of South Australia  
GPO Box 2605  
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E-mail: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)*



## 2 GENERAL PRINCIPLES OF PREPARATION

### 2.1 *Substance to prevail over legal form*

- 2.1.1 All information reported to the **Commission** shall report the substance of transactions and events.
- 2.1.2 Where substance and legal form differ, the substance rather than the legal form of a transaction or event shall be reported.
- 2.1.3 In determining the substance of a transaction or events, all its aspects and implications shall be considered, including the expectations of and motivations for, the transaction or event.
- 2.1.4 For the purposes of determining the substance of a transaction or event, a group or series of transactions or events that achieves, or is designed to achieve, an overall commercial effect shall be viewed in aggregate.

### 2.2 *Information provided shall be verifiable*

- 2.2.1 A **retailer** must maintain accounting and other records and reporting arrangements which enable:
  - (a) separate **regulatory accounting statements** to be prepared;
  - (b) Operating Performance metrics to be measured; and
  - (c) information used in the preparation of **regulatory accounting statements** and Operating Performance metrics to be verified.

### 2.3 *Materiality*

- 2.3.1 The **Commission** will deem an item or event to be material if its omission, misstatement or non-disclosure has the potential to prejudice the understanding of a **retailer's** financial or operational position, or the nature of the business activities of the **regulated business segment**, gained by reading the **regulatory reporting statements**.

### 2.4 *Responsibility statement*

- 2.4.1 A **retailer** must provide a **responsibility statement** (in the form specified in Annexure A) evidencing responsibility for information provided to the **Commission**.
- 2.4.2 The annual **responsibility statement** must be signed and dated by:
  - (a) the Chief Executive Officer of a **retailer**; or
  - (b) a person holding an equivalent position to Chief Executive Officer of a **retailer**; or
  - (c) a person to whom the Board of a **retailer** has formally delegated the exercise of the power and functions of a **retailer**; or
  - (d) the person acting as Chief Executive Officer or equivalent position during an absence of the substantive office-holder.

- 2.4.3 A **responsibility statement** will be taken as evidence that the data provided by a **retailer** has been verified, is accurate and can be relied upon by the **Commission** in furtherance of the **Commission's** statutory objectives.

## 2.5 *Quality assurance requirements*

- 2.5.1 All data provided to the **Commission** under this Guideline must present a true and accurate representation of relevant circumstances, transactions or events as at the final day of a relevant reporting period, except where an alternative time period is expressed in this Guideline or by the **Commission**.
- 2.5.2 The **retail licences** provide that:
- (a) a **retailer** must undertake periodic audits of its operations authorised by the **retail licence** and of its compliance with its obligations under the **retail licence** and any applicable **industry codes** in accordance with the requirements of any applicable guideline issued by the **Commission** for this purpose;
  - (b) the **Commission** may require that the audits be undertaken by an independent expert or **auditors** approved by the **Commission**; and
  - (c) the results of the audits must be reported to the **Commission**, in a manner approved by the **Commission**.
- 2.5.3 Where the **Commission** requires independent assurance on any information submitted under this Guideline not covered under the section above, the **Commission** will give written notice to a **retailer** specifying the required scope of independent assurance, the time by which that assurance is to be provided and the form of the assurance report.
- 2.5.4 Independent assurance that is to be obtained by the **Commission** under this Guideline should be consistent with the requirements, where relevant, of Water Industry Guideline No. 1 - Compliance Systems and Reporting.

## 2.6 *Data variations*

- 2.6.1 A **retailer** must report a variation to data previously submitted to the **Commission** in circumstances where an error has been discovered in the data previously reported.
- 2.6.2 A **retailer's** data variation report must:
- (a) be in the format advised by the **Commission**;
  - (b) be acknowledged and explained, including reasons for the variation, in a covering letter accompanying the data variations template; and
  - (c) be accompanied by a signed and dated **responsibility statement** in accordance with clause 2.4 of this Guideline.
- 2.6.3 A copy of the data variation report must be sent electronically to the **Commission** at [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au).

## PART B - FINANCIAL PERFORMANCE REPORTING

## 3 PRINCIPLES OF PREPARATION FOR FINANCIAL PERFORMANCE REPORTING

### 3.1 *Accounting principles and policies*

- 3.1.1 A **retailer** must disclose to the **Commission** any **regulatory accounting principles and policies** used that are additional to, or in place of, the accounting principles and policies used to prepare the **statutory accounts**.
- 3.1.2 **Regulatory accounting principles and policies** must be selected and applied by a **retailer**:
- (a) such that there is a recognisable and rational economic basis that underlies their utilisation; and
  - (b) in a manner that ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and events is reported.
- 3.1.3 **Regulatory accounting principles and policies** must be disclosed to the **Commission** in a manner that ensures that the **Commission** is able to understand the resultant **regulatory accounting statements** and can make comparisons between them over time.
- 3.1.4 **Regulatory accounting principles and policies** must conform to Australian Accounting Standards where those Standards are applicable, unless specified otherwise in this Guideline.
- 3.1.5 If material changes to the **regulatory accounting principles and policies** used are made, a **retailer** must restate prior periods **regulatory accounting statements** as if the changed **regulatory accounting principles and policies** applied in the prior periods.

### 3.2 *Principle of disaggregation*

- 3.2.1 This Guideline has been drafted on the basis that a **retailer's regulated services** are encompassed by a single set of **statutory accounts**. A **retailer** must inform the **Commission** if this is not the case.
- 3.2.2 **Regulatory accounting statements** are to be prepared by disaggregating **statutory account** information into **regulated services** and **unregulated services**.
- 3.2.3 The **regulatory accounting statements** are to be split into amounts attributable to different **regulated business segments** as set out in the proformas in Schedule 1.
- 3.2.4 The allocation of amounts between **regulated** and **unregulated services**, and between **regulated business segments**, should be made in accordance with the allocation principles in clause 3.3.

### 3.3 Allocation principles

- 3.3.1 The principles below should be followed in allocating costs in the production of **regulatory accounting statements**.
- 3.3.2 Amounts which are directly attributable to:
- (a) **regulated services** are assigned to **regulated services**;
  - (b) a **regulated business segment** are assigned to that **regulated business segment**;
  - (c) an **activity area** are assigned to that **activity area**;
  - (d) a **revenue source** are assigned to that **revenue source**;
  - (e) a **cost driver** are assigned to that **cost driver**; or
  - (f) an **asset category** are assigned to that **asset category**.
- 3.3.3 Amounts which are not directly attributable to **regulated services**, a **regulated business segment**, an **activity area**, a **revenue source**, a **cost driver** or an **asset category** must be allocated on a causal basis, except where a causal relationship cannot be reasonably established. Items may be allocated on a non-causal basis provided that:
- (a) there is likely to be a strong positive correlation between the non-causal basis and the actual cause of resource or service consumption or utilisation that those costs represent; or
  - (b) the cost to derive the causal allocation outweighs the benefits of allocating items on that basis; and
  - (c) the aggregate of all amounts allocated on a non-causal basis is not material to the **regulatory accounting statements**.
- 3.3.4 For amounts allocated per clause 3.3.3, a supporting working paper shall be provided that describes:
- (a) the amounts that have been allocated;
  - (b) a description of the allocation basis; and
  - (c) the numeric quantity of each allocator.
- 3.3.5 The **Commission** may require further information, or investigate a **retailer's** bases of allocation:
- (a) to establish their causality;
  - (b) to approve non-causal bases of allocation; or
  - (c) where the use of non-causal bases of allocation by a **retailer** is more than incidental.

### 3.4 Account headings

- 3.4.1 The proformas in Schedule 1 of this Guideline specify for the **regulatory accounting statements**:

- (a) minimum disclosure requirements; and
  - (b) **mandatory headings**.
- 3.4.2 A **retailer** may, within the context of the **mandatory headings**, define **discretionary headings** that are most appropriate to conveying an understanding of a **retailer's** business. Modification to the proforma reports, if any, shall not significantly reduce or alter the nature or description of **account headings**. The level of disclosure shall remain relevant and reliable and must be sufficient to provide the **Commission** with financial information that is both comparable and understandable.
- 3.4.3 **Discretionary headings** shall be in accordance with, or be traceable to, the **account headings** denoted in a **retailer's** general ledger or chart of accounts that underpin its **statutory accounts**.
- 3.4.4 Subject to the provisions of this section, the **discretionary headings** applied by a **retailer** to the first set of **regulatory accounting statements** shall be applied consistently by a **retailer** to subsequent **regulatory accounting statements**, unless
- (a) a revision of this Guideline should require a change to **account headings**; or
  - (b) a **retailer** believes different **discretionary headings** will convey a more appropriate understanding of a **retailer's** business. If this is so, a **retailer** should include an explanation of the relationships between revised **account headings** and their predecessors.

### 3.5 *Regulatory accounting periods*

- 3.5.1 A **retailer's regulatory accounting periods** shall correspond to those of its **statutory accounts**.
- 3.5.2 A **retailer** shall notify the **Commission** of any change in its **regulatory accounting date** in advance of any such change.
- 3.5.3 A **retailer's regulatory accounting periods** shall cover a continuous period.
- 3.5.4 A **retailer's regulatory accounting statements** shall be reported to the **Commission** within 5 months of the end of the **regulatory accounting period**.

### 3.6 *Books and records*

- 3.6.1 A **retailer** shall keep books and records that:
- (a) correctly record and explain the transactions and financial position of any **regulated business segment**; and
  - (b) enable financial information to be prepared in accordance with this Guideline.
- 3.6.2 A **retailer** shall ensure that books and records from which the **statutory accounts** are prepared are retained for a period of 7 years.

### 3.7 *Errors and omissions*

- 3.7.1 A **retailer** shall disclose material prior period errors as soon as practicable and no later than in the first **regulatory accounting statements** prepared after their discovery.
- 3.7.2 In applying this clause, a **retailer** shall disclose to the **Commission**:
- (a) a full description of each prior period error; and
  - (b) for each prior **regulatory accounting period** affected, the amount of the correction for each **regulatory accounting statement** line item affected.
- 3.7.3 The **Commission** may require a **retailer** to retrospectively restate sections of the **regulatory accounting statements** in respect of the **regulatory accounting periods** in which the errors occurred.

## 4 INFORMATION REQUIREMENTS FOR FINANCIAL PERFORMANCE REPORTING

### 4.1 *Use of proformas to report information*

- 4.1.1 The Financial Reporting Proformas in Schedule 1 set out the financial information that has been identified by the **Commission** as necessary for the purpose of performing its statutory functions.
- 4.1.2 Clause 3.5.4 details the **Commission's** timing requirements for the provision of **regulatory accounting statements** to the **Commission** by **retailers**.
- 4.1.3 Where the **Commission** needs to change the nature, context or scope of routine financial information it requires **retailers** to provide, it will provide additional or amended Financial Reporting Proformas.

### 4.2 *Summary of reporting requirements*

- 4.2.1 A **retailer** must prepare **regulatory accounting statements** in accordance with the proformas in Schedule 1 and the specific requirements in this Guideline.
- 4.2.2 A set of annual **regulatory accounting statements** shall comprise:
  - (a) **regulatory accounting statements**, including **disaggregation statements** and other workpapers;
  - (b) the audited **statutory accounts** of the Entity or Entities that have been disaggregated to provide the **regulatory accounting statements**;
  - (c) a **responsibility statement** for the **regulatory accounting statements** in a form specified in clause 2.4; and
  - (d) the **regulatory accounting principles and policies** and any details of changes or developments, as referred to in clause 3.1.
- 4.2.3 Where required by the templates, a **retailer** must prepare explanatory notes which explain the basis of the information recorded in the **regulatory accounting statements**.
- 4.2.4 A **retailer** must prepare pricing schedules and accompanying pricing policy statements in accordance with the requirements in a **retailer's** current **price determination**.
- 4.2.5 Unless otherwise agreed in writing with the **Commission**, a **retailer** must submit its pricing schedule and pricing policy statement to the **Commission** by no later than 31 August each year.

### 4.3 *Disaggregation statements*

- 4.3.1 A **retailer** shall prepare **disaggregation statements**, as required by the disaggregation principles in clause 3.2, for the Income Statement and for disclosure of asset information as set out in the Financial Reporting proformas in Schedule 1.



- 4.3.2 A **retailer** must provide an audit trail to evidence the disaggregation of the **statutory accounts** into **regulated** and **unregulated services**.

#### 4.4 *Income*

- 4.4.1 A **retailer** must allocate income items between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.
- 4.4.2 For revenue allocated to each **regulated business segment** a **retailer** must further allocate this revenue between the **revenue sources mandatory headings** as listed in the Financial Reporting Proformas in Schedule 1. The use of **discretionary headings** must be in accordance with clause 3.4.

#### 4.5 *Operating costs*

- 4.5.1 A **retailer** must allocate operating cost items between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.
- 4.5.2 For operating costs allocated to each **regulated business segment** a **retailer** must further allocate these operating costs between the **activity area mandatory headings** as listed in the Financial Reporting Proformas in Schedule 1. The use of **discretionary headings** must be in accordance with clause 3.4.

#### 4.6 *Capital expenditure*

- 4.6.1 A **retailer** must allocate capital expenditure items between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.
- 4.6.2 For capital expenditure allocated to each **regulated business segment** a **retailer** must further allocate this capital expenditure between the **cost drivers** and **asset categories mandatory headings** as listed in the Financial Reporting Proformas in Schedule 1. The use of **discretionary headings** must be in accordance with clause 3.4.

#### 4.7 *Asset information*

- 4.7.1 A **retailer** must allocate asset related balances between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.

# SCHEDULE 1 FINANCIAL REPORTING PROFORMAS

## PROFORMA FR1.1 – Statutory and regulated income statement

	Audited Statutory Accounts <sup>1</sup> \$'000	Regulated Services (Water and Sewerage Retail Services Only) <sup>2</sup> \$'000
<b>INCOME</b>		
Rates		
Statutory charges		
User charges		
Grants, subsidies and contributions		
Investment income		
Reimbursements		
Other income		
Net gain - joint ventures and associates		
<b>Total Income</b>		
<b>EXPENSES</b>		
Employee costs		
Materials, contracts and other services		
Depreciation		
Finance costs		
Net loss - joint ventures and associates		
<b>Total Expenses</b>		
<b>OPERATING SURPLUS/(DEFICIT)</b>		
Asset disposal and fair value adjustments		
Amounts received specifically for new and upgraded assets		
Physical resources received free of charge		
Operating result from discontinued operations		
<b>NET SURPLUS/(DEFICIT)</b>		

**General Guidance:**

1. Audited **statutory accounts** means the entity's financial statements that contain the entirety of the activities of a **retailer's** water and sewerage retail business
2. Water and Sewerage **Retail Services** means **retail services** as defined in section 4 of the Water Industry Act 2012

*PROFORMA FR1.2 – Regulatory income and operating cost analysis  
(water and sewerage services only)*

	REGULATED BUSINESS SEGMENT			
	Water (current year) \$'000	Sewerage and trade waste (current year) \$'000	Recycled water and stormwater (current year) \$'000	TOTAL (current year) \$'000
<b>OPERATING COSTS (by Activity Area)</b>				
Operations and maintenance				
Bulk charges				
Treatment				
<b>Customer</b> service and billing				
<b>Licence</b> fees				
Corporate overheads				
Depreciation				
Other operating expenditure				
<b>Total Operating Costs</b>				
<b>OPERATING INCOME (by Revenue Source)</b>				
<b>Residential</b> from usage charges				
<b>Residential</b> from other charges				
<b>Non-residential</b> from usage charges				
<b>Non-residential</b> from other charges				
Other operating income				
<b>Total Operating Income</b>				
<b>CAPITAL INCOME (by Revenue Source)</b>				
Amounts received specifically for new and upgraded assets:				
<ul style="list-style-type: none"> <li>• Government Contributions</li> <li>• <b>Customer</b> Contributions</li> </ul>				
Physical resources received free of charge:				
<ul style="list-style-type: none"> <li>• Government Contributions</li> <li>• <b>Customer</b> Contributions</li> </ul>				
<b>Total Capital Income</b>				

**General Guidance:**

1. Water and Sewerage Services means **retail services** as defined in section 4 of the Water Industry Act 2012
2. Corporate overheads are an assessed proportion of council or parent company costs that are "allocated" to the water or sewage business functions
3. Total Operating Costs must equal Total Expenses in Proforma FR1.1
4. Total Operating Income must equal Total Income for "Water & Sewerage **Retail Services**" in Proforma FR1.1

*PROFORMA FR2.1 – Regulatory asset schedule (water & sewerage services only)*

	Previous year \$'000				Current year \$'000			
Asset Values - Water and Sewerage Services only	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount	At Fair Value	At Cost	Accumulated Depreciation	Carrying Amount
Water								
Sewerage and trade waste								
Recycled water and stormwater								
<b>TOTAL</b>								

	Previous year \$'000	Carrying Amount Movements During Year \$'000							Current year \$'000
	Carrying Amount	Additions (by Cost Driver)			Disposals	Depreciation	Transfer	Net Revaluation	Carrying Amount
		New/Upgrade		Renewals					
Asset Values - Water and Sewerage Services only		Growth	Improved Standards		Compliance				
Water									
Sewerage and trade waste									
Recycled water and stormwater									
<b>TOTAL</b>									

**General Guidance:**

1. Water and Sewerage Services means **retail services** as defined in section 4 of the Water Industry Act 2012

*PROFORMA FR2.2 – Additional regulatory capital expenditure analysis (water & sewerage services only)*

	REGULATED BUSINESS SEGMENT			TOTAL (current year) \$'000
	Water (current year) \$'000	Sewerage and trade waste (current year) \$'000	Recycled water and stormwater (current year) \$'000	
<b>CAPITAL EXPENDITURE (by Asset Categories)</b>				
Water Storage				
Pipeworks/network				
Treatment				
Corporate				
Other				
<b>Total Additions</b>				

**General Guidance:**

1. Water and Sewerage Services means **retail services** as defined in section 4 of the Water Industry Act 2012
2. Total Additions must equal the sum of New/Upgrade and Renewals additions in Proforma FR2.1

## PART C – OPERATIONAL PERFORMANCE REPORTING

## 5 INFORMATION REQUIREMENTS FOR OPERATIONAL PERFORMANCE REPORTING

### 5.1 *Use of proformas to report information*

- 5.1.1 The Operational Performance Proformas in Schedule 2 set out the categories of statistical information that have been identified by the **Commission** as necessary for the purpose of performing its statutory functions.
- 5.1.2 Those Operational Performance Proformas specify how and when information is to be reported to the **Commission**, including general guidance notes where relevant.
- 5.1.3 Clause 5.3 details the **Commission's** timing requirements for the provision of reports to the **Commission** by a **retailer**.
- 5.1.4 Where the **Commission** needs to change the nature, context or scope of routine information it requires a **retailer** to provide, it will provide additional or amended Operational Performance Proformas in Schedule 2.

### 5.2 *Additional information requirements*

- 5.2.1 The **Commission** may from time to time require additional performance measures to be reported by a **retailer** outside of those specified in the Operational Performance Proformas.
- 5.2.2 When seeking such information, the **Commission** will provide a **retailer** with a notice in writing setting out:
  - (a) the **Commission's** information requirements;
  - (b) the scope of any quality assurance that may be required; and
  - (c) the time by which the information is to be provided.

### 5.3 *Reporting requirements for retailers required to submit annual returns only*

- 5.3.1 The **Commission** has determined that **Minor** and **Intermediate Retailers** need only provide an Annual Return to the **Commission** in respect of each 12 month period 1 July to 30 June.
- 5.3.2 In respect of the Annual Return, a **retailer** must:
  - (a) unless agreed in writing with the **Commission**, by no later than 30 November immediately following the end of each regulatory year, submit to the **Commission**:
    - (i) an electronic copy of the report using the **Commission's** reporting template;



- (ii) ensure that the report conforms with the relevant Operational Performance Proformas and guidance notes in Schedule 2; and
  - (iii) any other report or information identified by the **Commission**;  
and
- (b) provide a signed **responsibility statement** in accordance with the requirements of clause 2.4.

# SCHEDULE 2 OPERATIONAL PERFORMANCE PROFORMAS

## PROFORMA OP1.1 – Customer complaints

	ANNUAL
Number of <b>water service complaints</b>	
Number of <b>sewerage service complaints</b> (including CWMS)	
Number of other <b>complaints</b>	
Total water and <b>sewerage service complaints</b> (including CWMS)	

**General Guidance:**

1. **Complaints** include **complaints** received by a **retailer** in person, by mail, fax, phone, email, text messaging or on a social media page or account administered by a **retailer**.
2. **Customer enquiries** should not be included in **complaint** numbers.
3. **Complaints** about third parties over which a **retailer** has no control should not be counted as **complaints**, **complaints** about third parties where a **retailer** does have control (i.e. contractors) should be included.
4. **Complaints** from separate **customers** arising from the same cause count as separate **complaints**.
5. The **Commission** will convert to '**complaints per 100 customers**' using the number of account holders statistic collected under the Statistical Information component of this Guideline.

## PROFORMA OP2.1 – Restrictions & legal action for non-payment

	ANNUAL
Number of <b>water restrictions applied for non-payment</b> of water bill: <ul style="list-style-type: none"> <li>• <b>Total residential:</b> <ul style="list-style-type: none"> <li>- <b>financial hardship</b> program</li> </ul> </li> <li>• <b>Total non-residential</b></li> </ul>	
Number of <b>water restrictions applied for non-payment</b> removals at the same premises in the same name within 7 days of <b>restrictions</b> applied for non-payment of water bill: <ul style="list-style-type: none"> <li>• <b>Total residential:</b> <ul style="list-style-type: none"> <li>- <b>financial hardship</b> program</li> </ul> </li> <li>• <b>Total non-residential</b></li> </ul>	
Number of legal actions undertaken for non-payment of water or sewerage (including <b>CWMS</b> ): <ul style="list-style-type: none"> <li>• <b>Total residential:</b> <ul style="list-style-type: none"> <li>- <b>financial hardship</b> program</li> </ul> </li> <li>• <b>Total non-residential</b></li> </ul>	

### General Guidance:

1. Clause 6 of the **Water Retail Code** sets out the obligations of a **retailer** in respect of **restriction** of water services due to non-payment.
2. **Water restrictions** cover the **restriction** of any water services (e.g. **drinking water** and **non-drinking water**).
3. For the purposes of this measure **CWMS** is treated as if it were a sewerage service.
4. Total number of **water restrictions applied for non-payment** of a water bill does not include:
  - Where a business threatens to restrict a supply, but does not undertake the fitting of a restrictor;
  - Disconnections carried out due to unsafe infrastructure connected to the water utility's system
  - **Customers** who choose to disconnect from a **retailer's** supply.
5. Legal action commences from issue of summons. It does not include where a **retailer** threatens to take legal action, but does not proceed.
6. Multiple **restrictions**, disconnections and legal actions for one **customer** should be counted as separate occasions.
7. This metric requires measures for **residential customers** to be categorised as follows:
  - Total – as indicated represents the total number of **residential customers** affected by the action, including those **customers** that are reported in the **financial hardship** program category.
  - **financial hardship** program – represents those **customers** that are either in a **financial hardship** program, or were in a **financial hardship** program, immediately prior to the action occurring (i.e. **restriction** or legal action)

## PROFORMA OP2.2 – Financial support measures

	ANNUAL
Total number of <b>residential customers</b> participating in a <b>financial hardship</b> program as at 30 June	
Number of <b>residential customers</b> who entered the <b>financial hardship</b> program during the year	
Number of <b>residential customers</b> who successfully exited the <b>financial hardship</b> program during the year	
Total number customers on <b>flexible payment arrangements</b> as at 30 June: <ul style="list-style-type: none"> <li>• <b>residential</b></li> <li>• <b>non-residential</b></li> </ul>	
Total number of <b>residential customers</b> receiving a water <b>concession</b> as at 30 June	
Total number of <b>residential customers</b> receiving a sewerage <b>concession</b> as at 30 June	

### General Guidance:

1. The **Water Retail Code** (clause 3.5) sets out obligations on **retailers** to have an approved hardship policy.
2. The **Water Retail Code** (clause 5.4) sets out obligations on **retailers** to offer a range of assistance measures prior to undertaking a **restriction** of water services.
3. The total number of **residential customers** receiving a **concession** means all **customers** receiving a **concession**, including **residential customers** participating in a **financial hardship (customer hardship)** program.

## PROFORMA OP3.1 – Water infrastructure reliability

	ANNUAL		
	DRINKING WATER	NON DRINKING WATER	ALL WATER TYPES
Total number of <b>planned interruptions</b>			
Total number of <b>unplanned interruptions</b>			
Number of <b>customers</b> with 3 or more <b>unplanned interruptions</b> per year - annual			
Number of <b>customers</b> affected by <b>unplanned interruptions</b>			
Average duration of an <b>unplanned interruptions</b> (minutes) – annual			
Total number of water main breaks			
Total Number of water service outage events:			

### General Guidance:

1. Average duration of **unplanned interruptions** = Total minutes off water supply/total number of **customers** affected.
2. Water main breaks excludes those in the **property service** (i.e. mains to meter **connection**) and weeps or seepages associated with above ground mains that can be fixed without shutting down the main.
3. Events dealt with under water service outage events are confined to events that cause a total loss of water supply to one or more **customers**.
4. The reference to 'all water types' in the table heading (column 3) means that the statistics provided should be combined for all water services provided by a **retailer** (e.g. include drinking and **non-drinking water**).
5. Where it is not possible to distinguish between individual water types, then the details required of Proforma OP3.1 should be completed for the predominant water type, with separate advice provided to the **Commission** that specific information covers more than one water type, listing the water types and the estimated proportion of each water type.

## PROFORMA OP3.2 – Sewerage infrastructure reliability

	ANNUAL
	SEWERAGE (INCLUDING CWMS)
Total number of <b>planned interruptions</b>	
Total number of <b>unplanned interruptions</b>	
Number of <b>customers</b> with 3 or more unplanned full loss events per year - annual	
Total duration of <b>unplanned sewerage interruption</b> (minutes)	
Total Number of sewerage mains breaks and chokes	
Total Number of sewerage service outage events	
Sewerage Overflow: <ul style="list-style-type: none"> <li>• Total number of inside building overflow events</li> <li>• Total number of outside building (on <b>customer's</b> property) overflow events</li> <li>• Total number of external overflow events</li> </ul>	

### General Guidance:

1. Sewerage mains breaks and chokes includes:
  - all gravity sewer mains;
  - all pressure mains (including common effluent pipelines, rising mains etc);
  - all vacuum system mains of any diameter.
2. Sewerage mains breaks and chokes excludes:
  - **property connection** sewers;
  - pipelines carrying treated effluent; and
  - recycled water distribution and reticulated mains delivery water for urban areas; such mains are to be reported as water mains.
3. Sewerage service outage events includes full or **partial loss** events.

## PROFORMA OP4.1 – Statistical Information

<b>OP4.1(A)</b>	
<b>CUSTOMER NUMBERS</b>	<b>AS AT 30 JUNE</b>
<b>Drinking water:</b> <ul style="list-style-type: none"> <li>• Residential customers</li> <li>• Non-residential customers</li> </ul>	
<b>Non-drinking water:</b> <ul style="list-style-type: none"> <li>• Residential customers</li> <li>• Non-residential customers</li> </ul>	
<b>Sewerage (excluding CWMS):</b> <ul style="list-style-type: none"> <li>• Residential customers</li> <li>• Non-residential customers</li> </ul>	
<b>CWMS:</b> <ul style="list-style-type: none"> <li>• Residential customers</li> <li>• Non-residential customers</li> </ul>	

<b>OP4.1(B)</b>	
<b>SALES (ML)</b>	<b>ANNUAL</b>
<b>Volume of drinking water supplied</b> <ul style="list-style-type: none"> <li>• Residential customers</li> <li>• Non-residential customers</li> </ul>	
<b>Volume of non-drinking water supplied</b> <ul style="list-style-type: none"> <li>• Residential customers</li> <li>• Non-residential customers</li> </ul>	
<b>Total volume of other water supplied</b>	

OP4.1(c)	AS AT 30 JUNE
<b>ASSETS</b>	
<b>Drinking water:</b> Length of mains (km)	
<b>Non-drinking water:</b> Length of mains (km)	
Sewerage (including <b>CWMS</b> ): Length of mains (km)	

OP4.1(d)	AS AT 30 JUNE
<b>MISCELLANEOUS</b>	
Life support <b>customers</b> :	
<ul style="list-style-type: none"> <li>Number of connected properties registered pursuant to clause 3.5 of the <b>Water Retail Code</b></li> </ul>	
<b>Connections:</b>	
<ul style="list-style-type: none"> <li>Total number of water <b>connections</b></li> </ul>	
<ul style="list-style-type: none"> <li>Total number of sewer <b>connections</b></li> </ul>	

#### General Guidance:

- Other than for sales, the statistics are to be reported as at 30 June. That is, most of these statistics are for a 'point in time.'
- For the purposes of this metric, the number of **customers** is determined by the number of account holders.
- In the case of **CWMS**, the volume of 'sewerage' reported would cover the volume of effluent collected through the system excluding any sewerage collected through emptying domestic septic tanks.
- In the case of multiple water services being provided through shared infrastructure, then the details required of Proforma OP4.1 (OP4.1(A) to (C)) should be completed for the predominant water type, with separate advice provided to the **Commission** that specific information covers more than one water type, listing the water types and the estimated proportion of each water type.
- The volume of 'other water supplied' in relation to OP4.1B means all other water supplied other than to **residential** or **non-residential customers** (i.e. a catch all or 'remainder'). This is an aggregate figure and is not required to be disaggregated into the various water types, or **customer** categories.
- For the purposes of OP4.1(D) references to sewer should be read to include **CWMS**.
- Connections** must be reported as **connections** to a separate parcel of land, for example where a community title exists and there are 6 dwellings on one parcel of land and each customer is an account holder that should be reported as one **connection** but six customers.



# ANNEXURE A- PROFORMA RESPONSIBILITY STATEMENT

Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001

Financial Reporting

Having reviewed the information contained in the attached **regulatory accounting statements** for ..... [insert name of **retailer**] for the period ended .....[insert period end], in my opinion this report:

- 1. has been prepared in a manner that meets the requirements of Water Industry Guideline No. 3; and
- 2. presents fairly and accurately:
  - a. the results of each **regulated business segment** for the **regulatory accounting period** ended .....[insert period end]; and
  - b. information concerning the state of affairs at .....[insert period end], of each **regulated business segment**

The terms and definitions used in this statement accord with the definitions set out in the Guideline referred to above.

Operational Reporting

Having reviewed the information contained in the attached Annual Return containing the operational results of ..... [insert name of **retailer**] for the period ended .....[insert period end], in my opinion this report:

- 1. has been prepared in a manner that meets the requirements of Water Industry Guideline No. 3;
- 2. presents fairly and accurately all information concerning operational performance; and
- 3. contains a fair and accurate description of all significant variations in the data between this reporting period and the reporting period last year.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Position \_\_\_\_\_

Retailer: \_\_\_\_\_

Date: \_\_\_\_\_

## GLOSSARY

In this Guideline:

**account heading** means an **account heading** used in an accounting record such as a general ledger or a higher-level summation of such headings;

**activity area** means a group of activities as listed in Schedule 1 of this Guideline;

**asset category** means a type of asset as listed in Schedule 1 of this Guideline;

**attend** or **attendance** means the time from when a **retailer** was first notified of a service fault, or becomes aware of a service fault, to when a representative of a **retailer** arrives on site;

**auditor** means a registered company **auditor** that is independent of a **retailer**;

**Commission** means the Essential Services **Commission** established under the **ESC Act**;

**complaint** has the same meaning as defined by the Australian Standards (AS ISO 1002-2006) i.e. a complaint is an 'expression of dissatisfaction made to an organization, related to its products, or the **complaints**-handling process itself, where a response or resolution is explicitly or implicitly expected.' **Complaints** include written or verbal expressions of dissatisfaction about an action, proposed action or failure to act by a **retailer**, its employees or contractors. A **complaint** is not an **enquiry**. A **complaint** may be made by a person who is not a **customer**;

**concession** means a South Australian Government water or sewerage **concession**;

**cost driver** means a reason for incurring a cost as listed in Schedule 1 of this Guideline;

**customer** has the same meaning as defined in the **Water Retail Code**;

**connection** has the same meaning as defined in the **Water Retail Code**;

**CWMS** means Community Wastewater Management System;

**disaggregation statement** means a statement that comprises a **retailer's statutory accounts** disaggregated between **regulated** and **unregulated services**;

**discretionary heading** means an **account heading** within the pro forma **regulatory accounting statements** that may be defined by a **retailer**;

**drinking water** means water provided by a reticulated system that is intended for human consumption or for purposes connected with human consumption (such as the washing, preparation or cooking of food or the making of ice intended for human consumption, or for the preservation of unpackaged food), whether or not the water is used for other purposes;

**drinking water flow rate or pressure complaints** includes **complaints** concerning water flow rate and/or pressure;

**drinking water quality complaints** includes **complaints** concerning discoloration, taste, odour, stained washing, illness, cloudy water (e.g. caused by oxygenation);

**enquiry** means a written or verbal approach by a person (who may or may not be a **customer**) which can be satisfied by providing information, advice, assistance, clarification, explanation or referral about a matter and is not a **complaint**;

**ESC Act** means the *Essential Services Commission Act 2002 (SA)*;

**financial hardship** means a situation where a **customer** desires to pay an account, but is unable to pay all or some of the account by the due date due to financial difficulty;

**flexible payment arrangements** means an arrangement under which **residential customers** are given more time to pay a bill or to pay arrears (including any restriction, disconnection or restoration charges) in accordance with clause 5.4 of the **Water Retail Code**;

**industry codes** means the South Australian **Water Retail Codes** and any other industry code, made by the **Commission** pursuant to the provisions of Part 4 of the **ESC Act**;

**intermediate retailer** means a **retailer** which provides **retail services** to more than 500 but less than 50,000 **connections**;

**licence** means:

- (a) a **licence** issued to a person pursuant to Part 4 of the **WI Act**; or
- (b) an Exemption from the requirement to hold such a **licence** that contains a condition that requires that person to report against certain obligations specified by the **Commission**;

**mandatory heading** means a mandatory **account heading** within the proforma **regulatory accounting statements**;

**minor retailer** means a **retailer** which provides **retail services** to up to and including 500 **connections**;

**non-drinking water** means water other than **drinking water** and includes recycled water and stormwater;

**non-residential** means circumstances where a **retail service** is acquired for purposes other than **residential**;

**partial loss** means when the discharge of **wastewater** takes up to 10 minutes to drain away from a toilet or floor drain (e.g. shower) but no overflow from the toilet or drain is visible around the premises;

**planned interruption** has the same meaning as defined in the **Water Retail Code**;

**price determination** means the **Commission's** determination made under Part 3 of the **ESC Act**, as in force from time to time and applicable to **Minor** and **Intermediate Retailers**;

**property connection** means the short sewer that is owned and operated by a **retailer**, which connects the sewer main and the **customer** sanitary drain. It includes a junction on the sewer main, a **property connection** fitting, a vertical riser (in some cases) and sufficient straight pipes to ensure the **property connection** fitting is within the lot to be serviced (refer to the WSAA 02 Sewerage Code of Australia);

**property service** means any water infrastructure between the water main and the internal plumbing of the property, and may be owned by a **retailer**;

**regulated business segment** means the business segment involved in providing **retail services** as listed in Schedule 1 of this Guideline;

**regulated services** means **retail services** provided by a **retailer** as defined in Clause 4 of the **WI Act**;

**regulatory accounting date** means the end date of a **regulatory accounting period**;

**regulatory accounting period** means a period on which a single set of **regulatory accounting statements** reports;

**regulatory accounting principles and policies** means accounting principles and policies that have been used to prepare **regulatory accounting statements** that may be additional to or in place of the accounting principles and policies used to prepare **statutory accounts**;

**regulatory accounting statements** means the financial reports of a **retailer's** financial position and performance associated with the supply of **retail services** according to **regulated business segments** and **activity areas**;

**regulatory reporting statement** means any regulatory report prepared by a **retailer** and submitted to the **Commission** in accordance with this Guideline;

**residential** means circumstances where **retail services** acquired primarily for domestic use;

**responsibility statement** means a statement in the form specified in Annexure A of this Guideline signed, dated and evidencing responsibility for information provided to the **Commission**;

**restriction** includes all cases where **restriction** devices are fitted to reduce water flow and excluding disconnection;

**retail service** has the same meaning given to that term in the **WI Act** and includes a water service and a sewerage service;

**retailer** means the holder of a **licence** issued by the **Commission** under Part 4 the **WI Act**;

**revenue sources** are the services or sources from which the entity's income has come from;

**sewerage service complaints** includes **complaints** concerning sewer blockages and spills, trade waste services, sewage odours, sewerage system reliability and all other sewerage issues, excluding any **complaints** in relation to **CWMS**;

**statutory accounts** means the financial statements, prepared in accordance with the *Corporations Act 2001 (Cth)* and Australian Accounting Standards, that contain the entirety of the activities of a **retailer's regulated business segments**;

**unplanned interruption** means an interruption to services where the **customer** has not received notification of the interruption and where the duration of a **planned interruption** exceeds that which was originally notified;

**unregulated services** mean services which fall outside the scope of the **WI Act**;

**wastewater** means water/waste from toilets, baths/showers, sinks, washing machines and the like, that drains into the sewerage system;

**WI Act** means the *Water Industry Act 2012 (SA)*, as in force from time to time, and includes all regulations made under that Act;

**water restrictions applied for non-payment** means each occasion on which a **customer's** supply has been **restricted** (i.e. reduced from normal flow to a level deemed to allow basic health requirements to be met) due to that **customer's** failure to pay amount owed, including in respect of vacant premises;

**Water Retail Code** means the **Water Retail Code - Minor and Intermediate Retailers** made by the **Commission** pursuant to the provisions of Part 4 of the **ESC Act**, unless otherwise specified;

**Water Retail Code – Minor and Intermediate Retailers** means the **industry code** of that name made pursuant to the provisions of Part 4 of the **ESC Act**;

**water service complaints** includes **complaints** concerning bursts, leaks, service interruptions, adequacy of service, water pressure and water reliability, and includes **complaints** concerning flow rate.





The Essential Services Commission of South Australia

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