

5 February 2014

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Dear Dr Kerin

### **SA Water Service Standards Draft Framework and Approach (Draft Framework)**

Thank you for the early engagement on the service standards framework for the regulatory period commencing 1 July 2016.

SA Water supports the approach set out in the Draft Framework, specifically:

1. That SA Water should consult with its customers on service standard metrics and incentive schemes ahead of the regulatory process to allow customers to drive SA Water's expenditure proposals.
2. That service standards should:
  - a. Be focussed on the aspects of service most important to our customers;
  - b. Consider and meet customer expectations on the trade off between service and the cost of service;
  - c. Cover only the aspects of service that are within the control of SA Water;
  - d. Be limited in number to enable focus to be maintained, reduce risk of conflicting objectives and reduce the administrative cost to our customers;
  - e. Be simple – to ensure accurate, reliable reporting and reduce reporting effort and costs.
3. That targets for the service standards should be set following customer consultation to ensure SA Water's expenditure is aligned with the levels of service our customers want and expect.

SA Water believes customer consultation is the key to ensuring the service standards framework and the cost/service trade off is aligned to meeting the needs of our customers.

For this reason, SA Water would like to work with customers to develop a set of service standards metrics and propose these to ESCOSA ahead of the development of expenditure proposals for its next regulatory business proposal (RBP 2016).

This would also allow SA Water to work with customers on appropriate targets against those service standards so that the expenditure SA Water puts forward in RBP 2016 reflects our customers' views on cost/service trade off.

SA Water proposes the following timeframes for SA Water, our customers and ESCOSA to set the service standards that further customer consultation will be based on.

| Process   | Indicative timeframes        |
|---|------------------------------|
| SA Water draws on initial customer feedback to draft a set of service standards that meets the requirements set out in the Draft Framework and reflects customers' initial feedback on what is important to them                    | February – March 2014        |
| SA Water's customers are engaged to validate draft service standards including scenarios around cost/service trade off  | April-June 2014              |
| SA Water and ESCOSA collaboratively evaluate the outcomes of customer consultation  | July 2014                    |
| SA Water proposes a full list of metrics and supporting information to ESCOSA that reflects our customers' needs and represents the most efficient reporting mechanism  | September 2014               |
| ESCOSA makes a draft decision and releases for further public consultation  | October 2014                 |
| ESCOSA makes a final decision on the service standards framework  | November 2014                |
| SA Water implements any changes to the draft service standards to its expenditure proposals (which will be developed in the background on the draft service standards) and consults its customers on final expenditure for RBP 2016 | November 2014 – January 2015 |
| SA Water submits RBP 2016 based on final service standards and proposes the targets that have been confirmed by our customers in the final stages of consultation   | August 2015                  |

If ESCOSA is supportive of this approach SA Water will proceed on this basis and continue to engage ESCOSA in the process.

Yours sincerely



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