

# WATER REGULATORY INFORMATION REQUIREMENTS FOR MAJOR RETAILERS

*Amendment to Water Industry Guideline No.2 (WG2/02)*

*Consultation Draft*

April 2013



## REQUEST FOR SUBMISSIONS

The Essential Services Commission of SA (**the Commission**) invites written submissions from interested parties in relation to this draft Guideline amendment. Written comments should be provided by **15 May 2013**. It is highly desirable for an electronic copy of the submission to accompany any written submission.

It is Commission's policy to make all submissions publicly available via its website ([www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)), except where a submission either wholly or partly contains confidential or commercially sensitive information provided on a confidential basis and appropriate prior notice has been given.

The Commission may also exercise its discretion not to exhibit any submission based on their length or content (for example containing material that is defamatory, offensive or in breach of any law).

Responses to this paper should be directed to:

### **Water Industry Guideline No. 2 (amendment)**

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Adelaide SA 5001

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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

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# 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 **major 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 a 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 **Water Industry 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 **Water Industry Act** provides that the **Commission** must make a **licensee** subject to conditions determined by the **Commission**, which includes requiring:
- (a) compliance with applicable codes or rules made under the **ESC Act** in force from time to time;
  - (b) the **licensee** to maintain specific accounting records and to prepare accounts according to specified principles;
  - (c) the **licensee** to monitor and report as required by the **Commission** on indicators of service performance determined by the **Commission**; and
  - (d) the **licensee** 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 **licensee's** performance;
  - (b) explains the way in which **licensees** must prepare separate accounts and maintain their 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.

### 1.3 Application

- 1.3.1 This Guideline applies only to **SA Water** 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 the **licensee** to comply with this Guideline is additional to any obligation imposed under any other law applying to the **licensee's** business and does not derogate from such an obligation.
- 1.3.3 The **ESC Act, retail service licences** and industry codes issued and made by the **Commission** also provide specific information gathering provisions to facilitate the provision of information to the **Commission by licensees**.

### 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 **Water Industry Act**, the **ESC Act**, the **industry codes** (as the case may be) or any other relevant regulatory instrument;
  - (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 **licensee** includes, without limitation, that **licensee'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 Confidentiality

- 1.5.1 The confidentiality provisions set out in Part 5 of the **ESC Act** (“Collection and Use of Information”) will apply to any information collected by the **Commission** in accordance with this Guideline.

## 1.6 Processes for revision

- 1.6.1 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 **licensee**, South Australian water industry customers or the **Commission**.
- 1.6.2 The **Commission** will undertake appropriate consultation with relevant **licensees** 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.
- 1.6.3 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 **licensees** not less than 45 days’ prior notice of the commencement of any significant revisions of this Guideline. If the amendments are of a routine nature, or required by law, the **Commission** may elect to modify the Guideline without consultation.

## 1.7 Input from interested parties

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

*Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001  
Facsimile: (08) 8463 4449*

*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 **Licensees** 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.
- 2.2.2 Information shall be presented in the most understandable manner, without sacrificing relevance or reliability.

### 2.3 *Materiality*

- 2.3.1 The **Commission** will apply the following standard of materiality:
- 2.3.2 An item is material if its omission, misstatement or non-disclosure has the potential to prejudice the understanding of the financial or operational position and nature of the business activities of the **Regulated Business Segment**, gained by reading the **Regulatory Reporting Statements**.

### 2.4 *Responsibility statement*

- 2.4.1 **Licensees** will be required to provide a **responsibility statement** (in the form specified in Annexure B) 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 the **licensee**; or
  - (b) a person holding an equivalent position to Chief Executive Officer of the **licensee**; or

- (c) a person to whom the Board of the **licensee** has formally delegated the exercise of the power and functions of the **licensee** at a level equivalent to that held by a Chief Executive Officer; 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 the **licensee** 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 **licensee** 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 **Regulatory Accounting Statements** shall be subject to an **Auditor's** opinion in accordance with the requirements of this Guideline:

- (a) the audits must be undertaken by **Auditors** nominated by the **licensee** and approved by the **Commission** (such approval shall not be unreasonably withheld);
- (b) audits must be conducted in accordance with any relevant directions in this Guideline;
- (c) the **licensee** is responsible for appointing and for remunerating the **Auditor**;
- (d) the **licensee** must ensure that the **Auditor** has a duty of care to the **Commission** in the conduct of audits, so that in the event that the **Auditor** is placed in a position of conflict between their duty to the **licensee** and their duty to the **Commission**, the **Auditor's** primary duty is to the **Commission**;
- (e) the results of the audits must be reported to the **Commission**, in a manner approved by the **Commission**;

- (f) the **licensee** must submit a **Regulatory Audit Report** in the form of an Audit Report on a Special Purpose Financial Report (per Annexure A) unless the **Commission** notifies the **licensee** in writing of a requirement for another form of **Regulatory Audit Report**. Annexure A includes an illustrative example of such a **Regulatory Audit Report**;
  - (g) the **Regulatory Audit Report** shall be addressed to the **Commission** (this does not preclude the report from also being addressed to the Directors or other parties); and
  - (h) when requested by the **Commission**, the **licensee** shall facilitate access by the **Commission** to relevant audit working papers and related documentation pursuant to the protocols of Auditing Guidance Statement AGS 1038.
- 2.5.4 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 **licensee** specifying the required scope of independent assurance, the time by which that assurance is to be provided, and the form of the assurance report.
- 2.5.5 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 The **licensee** 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 The **licensee’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.
- 2.6.3 The data variation template, should be sent:
- (a) electronically to [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au); and
  - (b) in hardcopy to:  
Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001

## PART B - FINANCIAL PERFORMANCE REPORTING

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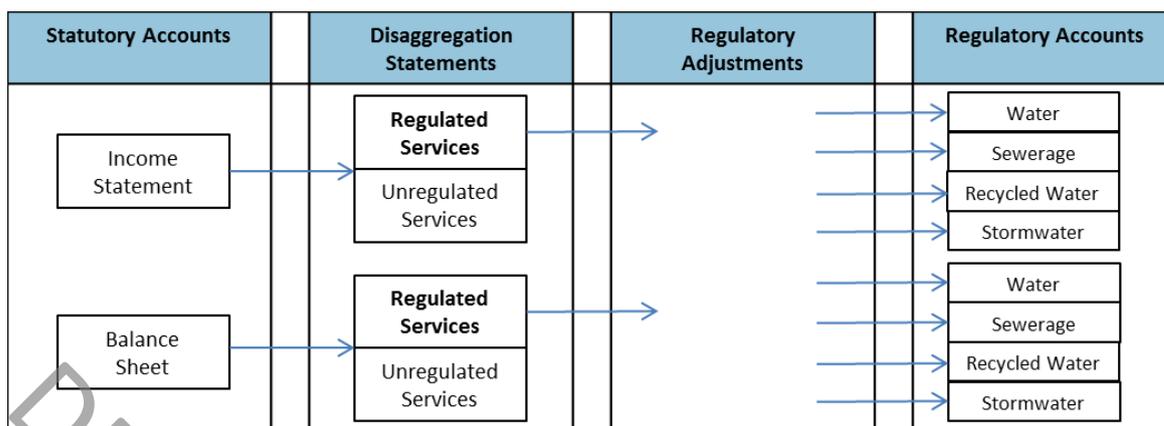
## 3 PRINCIPLES OF PREPARATION FOR FINANCIAL PERFORMANCE REPORTING

### 3.1 *Accounting principles and policies*

- 3.1.1 The **licensee** 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 **licensees**:
- (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, the **licensee** 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 licensee's **Regulated Services** are encompassed by a single set of **Statutory Accounts**. A licensee will inform the **Commission** if this is not the case.
- 3.2.2 The diagram below illustrates the general process for preparing **Regulatory Accounting Statements**, but does not substitute for an understanding of the Guideline:



3.2.3 **Regulatory Accounting Statements** are to be prepared by first disaggregating **Statutory Accounts** into **regulated services** and **unregulated services**. **Regulated services** are to be split into **direct control services** and **excluded services**. Regulatory accounting adjustments are then made to the **direct control services** and **excluded services** segments of the **Disaggregation Statements**.

3.2.4 The **Regulatory Accounting Statements** are to be split into amounts attributable to different **regulated business segments** per the proformas in Schedule 1.

3.2.5 The allocation of amounts between **direct control, excluded** 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:

- regulated services** are assigned to **regulated services**;
- a **regulated business segment** are assigned to that **regulated business segment**;
- an **activity area** are assigned to that **activity area**;
- a **revenue source** are assigned to that **revenue source**;
- a **cost driver** are assigned to that **cost driver**; or
- 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 causation 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 on a causation basis (both casual and non-casual), 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 **licensee'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 the **licensees** is more than incidental.

### 3.4 *Mandatory 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 Subject to clause 3.5 of this Guideline, a **licensee** may, within the context of the **Mandatory Headings**, define **Discretionary Headings** that are most appropriate to conveying an understanding of the **licensee's** business.

3.4.3 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

### 3.5 *Discretionary account headings*

3.5.1 Subject to the provisions of this section, the **Discretionary Headings** applied by the **licensee** to the First **Regulatory Accounting Statements** shall be applied consistently by the **licensee** to subsequent **Regulatory Accounting Statements**.

- 3.5.2 **Discretionary Headings** shall be in accordance with, or be traceable to, the **Account Headings** denoted in the **licensee's** general ledger or chart of accounts that underpin its **Statutory Accounts**.
- 3.5.3 The **licensee** shall meet with the **Commission** prior to submitting its first set of **Regulatory Accounting Statements**, to enable the **Commission** to indicate whether the **licensee's** proposed **Discretionary Headings** are likely to meet the **Commission's** requirements.
- 3.5.4 The **licensee** may vary the **Discretionary Headings** from those used in the immediately preceding **Regulatory Accounting Period** if:
- (a) a revision of this Guideline should require such a change; or
  - (b) the **Commission** issues written approval after receiving an application from the **licensee** for a variation. Such an application:
    - (i) does not change the **licensee's** obligations under clause 3.5 of this Guideline; and
    - (ii) should include an explanation of the relationships between revised **Account Headings** and their predecessors.

### 3.6 *Regulatory accounting periods*

- 3.6.1 The **licensee's Regulatory Accounting Periods** shall correspond to those of its **Statutory Accounts**.
- 3.6.2 The **licensee** shall notify the **Commission** of any change in its **Regulatory Accounting Date** in advance of any such change.
- 3.6.3 The **licensee's Regulatory Accounting Periods** shall cover a continuous period.
- 3.6.4 The **licensee's Regulatory Accounting Statements** shall be reported to the **Commission** within 4 months of the end of the **Regulatory Accounting Period**.

### 3.7 *Books and records*

- 3.7.1 The **licensee** shall keep books and records that:
- (a) correctly record and explain the transactions and financial position of any **Regulated Business Segment**;
  - (b) enable financial information to be prepared in accordance with this Guideline; and
  - (c) allow an **Auditor** to conveniently and properly form an opinion on the financial information in accordance with the requirements of this Guideline.
- 3.7.2 The **licensee** shall ensure that books and records are retained from which the **Statutory Accounts** are prepared for a period of 7 years.

### 3.8 *Errors and omissions*

- 3.8.1 The **licensee** shall disclose material prior period errors as soon as practicable and no later than in the first **Regulatory Accounting Statements** prepared after their discovery.
- 3.8.2 In applying this clause, the **licensee** shall disclose:
- (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.
- 3.8.3 The **Commission** may require the **licensee** to retrospectively restate parts of the **Regulatory Accounting Statements** in respect of the **Regulatory Accounting Periods** in which the errors occurred.

### 3.9 *Tripartite meeting*

- 3.9.1 The **licensee** shall allow the **Commission** or its agent, to meet, in the presence of the **licensee**, with the **Auditor** responsible for the **licensee's Regulatory Audit Report**, both before and after the **Regulatory Accounting Date** to which the **Regulatory Audit Report** relates.

## 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 3.6.4 details the **Commission's** timing requirements for the provision of **Regulatory Accounting Statements** to the **Commission** by licensees.
- 4.1.3 Where the **Commission** needs to change the nature, context or scope of routine financial information it requires licensees to provide, it will provide additional or amended Financial Reporting Proformas.

### 4.2 *Summary of reporting requirements*

- 4.2.1 **Licensees** 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**, regulatory accounting journals 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 management report in a form specified in clause 4.9;
  - (d) an **Auditor's** report on **Regulatory Accounting Statements** as specified in clause 2.5.3;
  - (e) a Directors' **Responsibility Statement** for the **Regulatory Accounting Statements** in a form specified in clause 2.4; and
  - (f) 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, the **licensee** must prepare explanatory notes which explain the basis of the information recorded in the **Regulatory Accounting Statements**.
- 4.2.4 **Licensees** must prepare pricing schedules and accompanying pricing policy statements in accordance with the requirements in the **licensee's** current **Price Determination**.

- 4.2.5 Unless agreed in writing with the Commission, a **licensee** must submit their pricing schedule and pricing policy statement to the **Commission** by no later than 30 May immediately preceding the start of the regulatory year.

### 4.3 *Disaggregation statements*

- 4.3.1 A **licensee** shall prepare **Disaggregation Statements**, per the disaggregation principles in clause 3.2, for the Income Statement and Balance Sheet and for disclosure of asset information as detailed in the Financial Reporting proformas in Schedule 1.

- 4.3.2 A **licensee** shall provide an audit trail to evidence the disaggregation of the **Statutory Accounts** into **direct control services, excluded services** and **unregulated services**.

### 4.4 *Regulatory adjustments*

- 4.4.1 Regulatory adjustments may be applied to the **regulated services** segment of the **Disaggregation Statements** when:

- (a) considered appropriate by the **licensee**; or
- (b) required by the **Commission**.

- 4.4.2 Instances in which the **Commission** may require regulatory adjustments include, but are not limited to:

- (a) Where a **licensee** has capitalised **customer contributions** or **gifted assets** in the **Statutory Accounts** which the **Commission** considers should be treated as revenue for regulatory purposes;
- (b) Where a **licensee** has capitalised costs in the **Statutory Accounts** which the **Commission** considers should be treated as operating expenditure for regulatory purposes; and
- (c) Where a **licensee** has not capitalised costs in the **Statutory Accounts** which the **Commission** considers should be treated as capitalised assets for regulatory purposes.

- 4.4.3 A **licensee** must submit its reasoning to the **Commission** for including a regulatory adjustment not covered in clause 4.4.2 above.

- 4.4.4 Regulatory accounting adjustments must be accounted for by journal entries applied to the **disaggregated statements** and relevant working papers must be included in the information reported to the **Commission**.

### 4.5 *Income*

- 4.5.1 A **licensee** must allocate revenue items between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.

- 4.5.2 For revenue allocated to each **regulated business segment** a **licensee** 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 3.5.

#### 4.6 *Operating costs*

- 4.6.1 A **licensee** must allocate operating cost items between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.
- 4.6.2 For operating costs allocated to each **regulated business segment** a **licensee** 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 3.5.

#### 4.7 *Capital expenditure*

- 4.7.1 A **licensee** must allocate capital expenditure items between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.
- 4.7.2 For capital expenditure allocated to each **regulated business segment** a **licensee** 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 3.5.

#### 4.8 *Asset information*

- 4.8.1 A **licensee** must allocate gross book value and accumulated depreciation balances between the **regulated business segments** as listed in the Financial Reporting Proformas in Schedule 1.

#### 4.9 *Management commentary*

- 4.9.1 The **licensee** must provide a management report that identifies and explains the reasons for material variances between total revenue, total costs, and total capital expenditure as reported in the **Regulatory Accounting Statements**, or in the underlying operational activities or drivers of these items, and the relevant assumptions for these items that form the basis of the **licensee's Price Determination**.
- 4.9.2 The Management Report must accompany the **Regulatory Accounting Statements** and must be signed and dated by a person authorised to sign a **Responsibility Statement** under clause 2.4.2 of this Guideline.
- 4.9.3 The **licensee** must ensure that the **Auditor** gives consideration to the Management Report in accordance with Australian Auditing Standards when issuing an audit report on the **Regulatory Accounting Statements**.

# SCHEDULE 1 FINANCIAL REPORTING PROFORMAS

## PROFORMA FR1.1 – Audited Statutory Accounts

	Current year \$'000	Previous year \$'000
<b>Income</b>		
Revenue from ordinary activities		
Other income		
<b>Total income</b>		
<b>Expenses</b>		
Depreciation and amortisation expense		
Borrowing costs		
Electricity expense		
Services and supplies		
Operational and service contracts		
Employee benefits expense		
<b>Total expenses</b>		
<b>Profit before income tax equivalents</b>		
Income tax equivalent expense		
<b>Profit after income tax equivalents</b>		
<b>Other comprehensive income</b>		
Gain on revaluation of infrastructure, plant and equipment assets		
Revaluation of financial assets		
Income tax relating to components of other comprehensive income		
<b>Total other comprehensive income for the year, net of tax</b>		
<b>Total comprehensive result</b>		
Total comprehensive income for the year is attributable to: The SA Government as owner		

	Current year \$'000	Previous year \$'000
<b>Revenue from ordinary activities</b>		
Community Service Obligations		
Water and sewerage rates and charges		
Recoverable works		
Fees and charges		
Miscellaneous		
Government grants		
Contributed assets		
Rents		
Interest		

	Current year \$'000	Previous year \$'000
<b>Other income</b>		
Net gain on disposal of infrastructure, plant and equipment		
Net gain on interest rate derivatives		
Net gain on disposal of water allocations		
Reversal of prior year infrastructure, plant and equipment revaluation decrement		

PROFORMA FR1.2 – Disaggregated Income Statement

	Audited Statutory Accounts \$'000	Direct Control services \$'000	Excluded services \$'000	Unregulated services \$'000
<b>Income</b>				
Community Service Obligations				
Water and sewerage rates and charges				
Recoverable works				
Fees and charges				
Miscellaneous				
Government grants				
Contributed assets				
Rents				
Interest				
Other income				
<b>Total income</b>				
<b>Expenses</b>				
Depreciation and amortisation expense				
Borrowing costs				
Electricity expense				
Services and supplies				
Operational and service contracts				
Employee benefits expense				
<b>Total expenses</b>				
<b>Profit before income tax equivalents</b>				
Income tax equivalent expense				
<b>Profit after income tax equivalents</b>				
<b>Other comprehensive income</b>				
Gain on revaluation of infrastructure, plant and equipment assets				
Revaluation of financial assets				
Income tax relating to components of other comprehensive income				
<b>Total other comprehensive income for the year, net of tax</b>				
<b>Total comprehensive result</b>				
Total comprehensive income for the year is attributable to: The SA Government as owner				

*PROFORMA FR1.3 – Regulatory Income Statement (Direct Control Services)*

	Disaggregated Statement - Direct Control Services \$'000	Regulatory Adjustment \$'000	Regulatory Income Statement \$'000
<b>Income</b>			
Community Service Obligations			
Water and sewerage rates and charges			
Recoverable works			
Fees and charges			
Miscellaneous			
Government grants			
Contributed assets			
Rents			
Interest			
Other income			
<b>Total income</b>			
<b>Expenses</b>			
Depreciation and amortisation expense			
Borrowing costs			
Electricity expense			
Services and supplies			
Operational and service contracts			
Employee benefits expense			
<b>Total expenses</b>			
<b>Profit before income tax equivalents</b>			
Income tax equivalent expense			
<b>Profit after income tax equivalents</b>			
<b>Other comprehensive income</b>			
Gain on revaluation of infrastructure, plant and equipment assets			
Revaluation of financial assets			
Income tax relating to components of other comprehensive income			
<b>Total other comprehensive income for the year, net of tax</b>			
<b>Total comprehensive result</b>			
Total comprehensive income for the year is attributable to: The SA Government as owner			

PROFORMA FR1.4 – Regulatory Income Statement (Excluded Services)

	Disaggregated Statement - Excluded Services \$'000	Regulatory Adjustment \$'000	Regulatory Income Statement \$'000
<b>Income</b>			
Community Service Obligations			
Water and sewerage rates and charges			
Recoverable works			
Fees and charges			
Miscellaneous			
Government grants			
Contributed assets			
Rents			
Interest			
Other income			
<b>Total income</b>			
<b>Expenses</b>			
Depreciation and amortisation expense			
Borrowing costs			
Electricity expense			
Services and supplies			
Operational and service contracts			
Employee benefits expense			
<b>Total expenses</b>			
<b>Profit before income tax equivalents</b>			
Income tax equivalent expense			
<b>Profit after income tax equivalents</b>			
<b>Other comprehensive income</b>			
Gain on revaluation of infrastructure, plant and equipment assets			
Revaluation of financial assets			
Income tax relating to components of other comprehensive income			
<b>Total other comprehensive income for the year, net of tax</b>			
<b>Total comprehensive result</b>			
Total comprehensive income for the year is attributable to: The SA Government as owner			

*PROFORMA FR1.5 – Regulatory Income and Operating Cost Analysis  
(Direct Control Services)*

	Water (current year) \$'000	Sewerage and trade waste (current year) \$'000	Recycled water (current year) \$'000	Stormwater (current year) \$'000	TOTAL (current year) \$'000	TOTAL (previous year) \$'000
<b>Income</b>						
Residential from usage charges						
Residential from other charges						
Non-residential from usage charges						
Non-residential from other charges						
New customer contributions						
Asset disposal						
Government contributions						
Gifted assets						
Other income						
<b>Total income</b>						
<b>Operating expenditure</b>						
<b>DIRECTLY ATTRIBUTED COSTS</b>						
Customer Services						
Customer Service Centre						
Land Development & Connections						
Customer Technical Services						
Billing & Collection						
Infrastructure Management & Delivery						
Asset Management						
Engineering (incl Design)						
Infrastructure / Project Delivery						
Operations						
Water Operations						
Water Corrective Maintenance						
Water Preventative Maintenance						
Waste Water Operations						
Waste Water Corrective Maintenance						
Waste Water Preventative Maintenance						
Operations Support						
ADP Operations						
Water Quality & Environment						
Environmental Management						
Treatment Management						
Laboratory Services						
Land & Natural Assets						
Research						
<b>Subtotal DIRECTLY ATTRIBUTED COSTS</b>						

<b>ALLOCATED COSTS</b>						
Head of Customer Services						
Head of Asset Management						
Head of Water Quality & Environment						
Finance & Business Support						
Accommodation						
Procurement						
Other Finance & Business Support						
Information Services						
Software & Application Support						
ICT Operations						
Other Information Services						
Corporate						
Office of the CEO						
Operational Taxes						
Other Corporate						
People & Culture						
Head of People & Culture						
OHSW & Support Service						
Human Resources						
Organisational Development						
Strategy Planning & Regulation						
Head of Strategy Planning & Regulation						
External Affairs						
System Planning						
Regulation						
Water Licence Management						
Drought Response Initiatives						
Governance Group						
Head of Governance						
Insurance						
Legal						
Ministerial Liason Office						
Director Fees						
<b>Subtotal ALLOCATED COSTS</b>						
<b>Total Operating expenditure</b>						

*PROFORMA FR1.6 – Regulatory Income and Operating Cost Analysis  
(Excluded Services)*

	Water (current year) \$'000	Sewerage and trade waste (current year) \$'000	Recycled water (current year) \$'000	Stormwater (current year) \$'000	TOTAL (current year) \$'000	TOTAL (previous year) \$'000
<b>Income</b>						
Residential from usage charges						
Residential from other charges						
Non-residential from usage charges						
Non-residential from other charges						
New customer contributions						
Asset disposal						
Government contributions						
Gifted assets						
Other income						
<b>Total income</b>						
<b>Operating expenditure</b>						
<b>DIRECTLY ATTRIBUTED COSTS</b>						
Customer Services						
Customer Service Centre						
Land Development & Connections						
Customer Technical Services						
Billing & Collection						
Infrastructure Management & Delivery						
Asset Management						
Engineering (incl Design)						
Infrastructure / Project Delivery						
Operations						
Water Operations						
Water Corrective Maintenance						
Water Preventative Maintenance						
Waste Water Operations						
Waste Water Corrective Maintenance						
Waste Water Preventative Maintenance						
Operations Support						
ADP Operations						
Water Quality & Environment						
Environmental Management						
Treatment Management						
Laboratory Services						
Land & Natural Assets						
Research						
<b>Subtotal DIRECTLY ATTRIBUTED COSTS</b>						

<b>ALLOCATED COSTS</b>						
Head of Customer Services						
Head of Asset Management						
Head of Water Quality & Environment						
Finance & Business Support						
Accommodation						
Procurement						
Other Finance & Business Support						
Information Services						
Software & Application Support						
ICT Operations						
Other Information Services						
Corporate						
Office of the CEO						
Operational Taxes						
Other Corporate						
People & Culture						
Head of People & Culture						
OHSW & Support Service						
Human Resources						
Organisational Development						
Strategy Planning & Regulation						
Head of Strategy Planning & Regulation						
External Affairs						
System Planning						
Regulation						
Water Licence Management						
Drought Response Initiatives						
Governance Group						
Head of Governance						
Insurance						
Legal						
Ministerial Liason Office						
Director Fees						
<b>Subtotal ALLOCATED COSTS</b>						
<b>Total Operating expenditure</b>						

PROFORMA FR2.1 – Audited Statutory Balance Sheet

	Current year \$'000	Previous year \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		
Receivables		
Inventories		
Derivative financial instruments		
Other current assets		
Total current assets		
<b>Non-current assets</b>		
Financial assets (available for sale)		
Deferred tax assets		
Intangible assets		
Infrastructure, plant and equipment		
Derivative financial instruments		
Total non-current assets		
<b>Total assets</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Financial liabilities/Borrowings Tax liabilities		
Provisions		
Derivative financial instruments		
Other current liabilities		
Total current liabilities		
<b>Non-current liabilities</b>		
Payables		
Financial liabilities/Borrowings		
Derivative financial instruments		
Deferred tax liabilities		
Provisions		
Other non-current liabilities		
Total non-current liabilities		
<b>Total liabilities</b>		
<b>Net assets</b>		
<b>EQUITY</b>		
Contributed equity		
Reserves		
Retained earnings		
<b>Total equity</b>		

PROFORMA FR2.2 – Disaggregated Balance Sheet

	Audited Statutory Accounts \$'000	Direct Control services \$'000	Excluded services \$'000	Unregulated services \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents				
Receivables				
Inventories				
Derivative financial instruments				
Other current assets				
Total current assets				
<b>Non-current assets</b>				
Financial assets (available for sale)				
Deferred tax assets				
Intangible assets				
Infrastructure, plant and equipment				
Derivative financial instruments				
Total non-current assets				
<b>Total assets</b>				
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Financial liabilities/Borrowings Tax liabilities				
Provisions				
Derivative financial instruments				
Other current liabilities				
Total current liabilities				
<b>Non-current liabilities</b>				
Payables				
Financial liabilities/Borrowings				
Derivative financial instruments				
Deferred tax liabilities				
Provisions				
Other non-current liabilities				
Total non-current liabilities				
<b>Total liabilities</b>				
<b>Net assets</b>				
<b>EQUITY</b>				
Contributed equity				
Reserves				
Retained earnings				
Total equity				

*PROFORMA FR2.3 – Regulatory Balance Sheet (Direct Control Services)*

	<b>Disaggregated Statement - Direct Control Services \$'000</b>	<b>Regulatory Adjustment \$'000</b>	<b>Regulatory Income Statement \$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents			
Receivables			
Inventories			
Derivative financial instruments			
Other current assets			
<b>Total current assets</b>			
<b>Non-current assets</b>			
Financial assets (available for sale)			
Deferred tax assets			
Intangible assets			
Infrastructure, plant and equipment			
Derivative financial instruments			
<b>Total non-current assets</b>			
<b>Total assets</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables			
Financial liabilities/Borrowings Tax liabilities			
Provisions			
Derivative financial instruments			
Other current liabilities			
<b>Total current liabilities</b>			
<b>Non-current liabilities</b>			
Payables			
Financial liabilities/Borrowings			
Derivative financial instruments			
Deferred tax liabilities			
Provisions			
Other non-current liabilities			
<b>Total non-current liabilities</b>			
<b>Total liabilities</b>			
<b>Net assets</b>			
<b>EQUITY</b>			
Contributed equity			
Reserves			
Retained earnings			
<b>Total equity</b>			

PROFORMA FR2.4 – Regulatory Balance Sheet (Excluded Services)

	Disaggregated Statement - Excluded Services \$'000	Regulatory Adjustment \$'000	Regulatory Income Statement \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents			
Receivables			
Inventories			
Derivative financial instruments			
Other current assets			
Total current assets			
<b>Non-current assets</b>			
Financial assets (available for sale)			
Deferred tax assets			
Intangible assets			
Infrastructure, plant and equipment			
Derivative financial instruments			
Total non-current assets			
<b>Total assets</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables			
Financial liabilities/Borrowings Tax liabilities			
Provisions			
Derivative financial instruments			
Other current liabilities			
Total current liabilities			
<b>Non-current liabilities</b>			
Payables			
Financial liabilities/Borrowings			
Derivative financial instruments			
Deferred tax liabilities			
Provisions			
Other non-current liabilities			
Total non-current liabilities			
<b>Total liabilities</b>			
<b>Net assets</b>			
<b>EQUITY</b>			
Contributed equity			
Reserves			
Retained earnings			
Total equity			

*PROFORMA FR2.5 – Regulatory Asset Schedule*

	<b>Per Audited Statutory Accounts \$'000</b>	<b>Direct Control services \$'000</b>	<b>Excluded services \$'000</b>	<b>Unregulated services \$'000</b>
<b>Gross book value</b>				
Balance brought forward				
Revaluations				
Additions <sup>1</sup>				
Gifted				
Disposals				
Balance carried forward				
<b>Accumulated depreciation</b>				
Balance brought forward				
Revaluations				
Additions				
Gifted				
Disposals				
Balance carried forward				
<b>Net book value at end of period</b>				

**General Guidance:**

1. Additions are to be broken down in the Capital Expenditure Analysis proforma (FR 2.6)

*PROFORMA FR2.6 – Regulatory Capital Expenditure Analysis (Direct Control Services)*

<b>Investment Driver</b>	<b>Investment Strategy</b>	<b>Gross Expenditure \$'000</b>	<b>Contribution \$'000</b>	<b>Net Expenditure \$'000</b>
<b>Asset Renewal</b>	Asset Renewal - Other			
	Mechanical & Electrical Equipment			
	Pipe Networks			
	Structures			
	<b>Sub-Total</b>			
<b>External Obligations</b>	Customer Service Improvement			
	Environmental Compliance			
	Safety			
	Water Quality Management			
	<b>Sub-Total</b>			
<b>Corporate</b>	IT			
	Major & Minor Plant			
	Accommodation			
	<b>Sub-Total</b>			
<b>System Growth</b>	Network Extension			
	Network Growth			
	Treatment Plant Growth			
	<b>Sub-Total</b>			
<b>Other</b>	Other			
	<b>Sub-Total</b>			
<b>Drought Response</b>	Water Security			
	<b>Sub-Total</b>			
	<b>Total Capex</b>			

Asset Category		Gross Expenditure \$'000	Contribution \$'000	Net Expenditure \$'000
<b>Water Capex</b>	Pipes			
	Non-pipes			
	Adelaide Desalination Plant			
	Corporate (depreciation)			
	Corporate (non-depreciation)			
	Net Capex Water			
<b>Sewerage Capex</b>	Pipes			
	Non-pipes			
	Corporate (depreciation)			
	Corporate (non-depreciation)			
	Net Capex Sewerage			
	<b>Recycled Water Capex</b>	Pipes		
Non-pipes				
Corporate (depreciation)				
Corporate (non-depreciation)				
Net Capex Recycled Water				
<b>Stormwater Capex</b>		Pipes		
	Non-pipes			
	Corporate (depreciation)			
	Corporate (non-depreciation)			
	Net Capex Stormwater			
	<b>Total Capex</b>			

*PROFORMA FR2.7 – Regulatory Capital Expenditure Analysis  
(Excluded Services)*

<b>Investment Driver</b>	<b>Investment Strategy</b>	<b>Gross Expenditure \$'000</b>	<b>Contribution \$'000</b>	<b>Net Expenditure \$'000</b>
(enter driver)	(enter investment strategy)			
(enter driver)	(enter investment strategy)			
(enter driver)	(enter investment strategy)			
(enter driver)	(enter investment strategy)			
(enter driver)	(enter investment strategy)			
(enter driver)	(enter investment strategy)			
(enter driver)	(enter investment strategy)			
<b>Total Capex</b>				

<b>Asset Category</b>	<b>Gross Expenditure \$'000</b>	<b>Contribution \$'000</b>	<b>Net Expenditure \$'000</b>
<b>Water Capex</b> (enter category)			
<b>Sewerage Capex</b> (enter category)			
<b>Recycled Water Capex</b> (enter category)			
<b>Stormwater Capex</b> (enter category)			
<b>Total Capex</b>			

## PART C – OPERATIONAL PERFORMANCE REPORTING

(already finalised – to be inserted in final guideline following consultation)

DRAFT FOR CONSULTATION

# ANNEXURE A - PROFORMA REGULATORY AUDIT REPORT

## Example Auditor's report on a Special Purpose Financial Report

[Date]

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

Dear \_\_\_\_\_

### **REGULATORY ACCOUNTING STATEMENTS PERIOD ENDED [period end]**

#### Scope

We have audited the Regulatory Accounting Statements of [insert entity name] for the Regulatory Accounting Period ended 30 June [20xx]. The Regulatory Accounting Statements are a special purpose financial report consisting of the Income Statement, Balance Sheet and accompanying notes, set out on pages [ ] to [ ]. [insert entity name]'s directors are responsible for the preparation and presentation of the Regulatory Accounting Statements and the information they contain. The Directors have determined that the accounting principles and policies used are appropriate to meet the requirements of the Regulatory Information Requirements. We have conducted an independent audit of the Regulatory Accounting Statements in order to express an opinion on them to the Essential Services Commission of South Australia [and the Directors] on their preparation and presentation. No opinion is expressed as to whether the accounting principles and policies used are appropriate to the needs of the members.

The Regulatory Accounting Statements have been prepared for the purpose of fulfilling the requirements of the Essential Services Commission of South Australia. This report is prepared for submission to the Essential Services Commission of South Australia and is not to be used for any other purpose than that specified herein. We disclaim any assumption of responsibility for any reliance on this report, or on the Regulatory Accounting Statements to which it relates, to any person other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Regulatory Accounting Statements, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Regulatory Accounting Statements are presented fairly in accordance with the Regulatory Accounting Principles and Policies and the requirements of the Essential Services Commission of South Australia. These Regulatory Accounting

Principles and Policies do not require the application of all Accounting Standards nor other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the Regulatory Accounting Statements present fairly in accordance with the requirements of the Essential Services Commission of South Australia the financial position of [insert entity name] as at [period end], the results of its operations and its cash flows for the period then ended.

Yours faithfully

[Name of Auditor]

Chartered Accountants

[Name of signatory]

[Position of signatory]

DRAFT FOR CONSULTATION

# ANNEXURE B - PROFORMA DIRECTORS' RESPONSIBILITY STATEMENT

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

## Financial Reporting

In accordance with the requirements of the Water Regulatory Information Requirements ("the Guideline") issued by the Essential Services Commission of South Australia, dated [version date], in the opinion of the Directors the Regulatory Accounting Statements set out on pages [x] to [y] are drawn up so as to present fairly:

- ▲ the results of each Business Segment for the Regulatory Accounting Period ended [period end]; and
- ▲ information concerning the state of affairs at [period end], of each Business Segment,

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

Signed: \_\_\_\_\_  
Name of Chief Executive/  
Approved Senior Officer \_\_\_\_\_  
Licensee: \_\_\_\_\_  
Date: \_\_\_\_\_

**Operational Reporting**

Having reviewed the information contained in the attached Quarterly Report / Annual Return [strike out as appropriate] containing the operational results of ..... [insert name of licensee] 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. 2 (“the Guideline”);
2. presents fairly and accurately all information concerning operational performance as required by the **Water Retail Code** for the period ended [insert period end];
3. contains a fair and accurate description of, and reasons for:
  - a. all marked deteriorations in operational performance (including all failures to meet service standards); and
  - b. all significant variations in the data from one period to the next or from this reporting period to the same period last year; and
4. contains information concerning plans to improve performance (where required) so as to meet the service standards.

**Reporting Variations and Failure to Meet Service Standards**

A detailed explanation must be provided by a licensee in the format below, where there is:

1. a failure by a licensee to meet service standards; or
2. a marked variation in any reported statistics from the previous quarter or year for a particular measure.

The explanation must include the reason(s) for the variation or failure to meet the service standard and in the event of failure to meet the service standard, how and when the licensee intends to improve performance to meet the service standard.

<i>PROFORMA REFERENCE</i>	<i>METRIC DESCRIPTION</i>	<i>EXPLANATION OF VARIATION/FAILURE TO MEET SERVICE STANDARD OR MARKED VARIATION IN REPORTED STATISTICS</i>	<i>HOW PERFORMANCE WILL BE IMPROVED</i>	<i>BY WHEN</i>
<i>OP1</i>				
<i>OP2</i>				
<i>OP3</i>				
<i>OP4</i>				

Signed: \_\_\_\_\_  
 Name of Chief Executive/  
 Approved Senior Officer \_\_\_\_\_  
 Licensee: \_\_\_\_\_  
 Date: \_\_\_\_\_

## GLOSSARY

In this Guideline:

**abandoned telephone calls** means a telephone call received by a licensee where the customer terminated the telephone call before it was answered by the licensee

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

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

**Adelaide metropolitan** means the reporting area with boundary concurrent with the private contractor boundary as defined from time to time, with a map of the boundary at the time of the publication of this Guideline provided as Schedule 2

**agreed-upon procedures report** means an agreed-upon procedure engagement report, prepared in accordance with Australian Auditing Standards AUS904. The objective is for the auditor to carry out procedures of an audit nature specified by the **Commission** and to report on actual findings

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

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

**auditor** means a registered company **auditor** that is independent of the **licensee**.

**best endeavours** means to act in good faith and use all reasonable efforts, skill and resources

**billing and account complaints** has the same meaning as defined in the **NPF definitions handbook**

**business day** means a day that is not a Saturday, a Sunday or a public holiday in the State of South Australia

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

**complaint** has the same meaning as defined in the **NPF definitions handbook**

**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

**direct control services** means Retail Services, as defined in Clause 4 of the **Water Industry Act**, which are typically provided to all or a broad class of customers

**disaggregation statement** means a statement that comprises the **licensee'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 the **licensee**

**drinking water** means **potable water**

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

**drinking water quality complaints** has the same meaning as defined in the **NPF definitions handbook**

**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)

**excluded services** means **regulated services** provided by the **licensee** which are not **direct control services**

**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.

**hardcopy** has its common use language meaning, but where the provision of a hardcopy of material is specified, this can also be met through the electronic provision of a Portable Document Format (PDF) file of the entire material as a single PDF file, including the signed **responsibility statement**

**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**

**Industry Ombudsman** means the Ombudsman appointed under the scheme approved by the **Commission** in accordance with the provisions of the **Water Industry Act**, being the Energy & Water Ombudsman SA

**instalment payment plan** means an arrangement between a **licensee** and a **customer** under which the **customer** pays arrears only or arrears and continued usage on its account, according to an agreed payment schedule and capacity to pay

**licence** means

- a. a licence issued to a person pursuant to Part 4 of the **Water Industry 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**

**licensee** means a **water industry entity** and the holder of a **retail service licence** and has the same meaning as 'retailer' under the **Water Retail Code**

**major retailer** has the same meaning as defined in the **Water Retail Code**, with major licensee having the same meaning

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

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

**non-potable water** has the same meaning as defined in the **NPF definitions handbook**

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

**non-standard sewer connection** means a sewer **connection** that requires an extension of mains/network or specific construction.

**non-standard water connection** means a **connection** that requires an extension of mains/network or specific construction. Such **connections** cover **drinking water** and **non-drinking water**

**NPF definitions handbook** means the 'National Performance Framework: Urban performance reporting indicators and definitions handbook', as published from time to time by the National Water Commission (<http://www.nwc.gov.au/>)

**NPR** means National Performance Reports for urban water utilities and rural water service providers (refer <http://www.nwc.gov.au/>)

**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** means an interruption to or curtailment of supply or service to a **customer** in the circumstances permitted under clause 16.7.1 of the **Water Retail Code - Major Retailers**

**potable water** has the same meaning as defined in the **NPF definitions handbook**

**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 **major retailers**

**recycled water** has the same meaning as defined in the **NPF definitions handbook**

**regulated business segment** means either the business segment involved in providing **regulated services**

**regulated services** means **retail services** provided by the **licensee** as defined in Clause 4 of the **Water Industry 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 licensee's financial position and performance associated with the supply of **retail services** according to **regulated business segments** and **activity areas**

**regulatory audit report** means an audit report on the **regulatory accounting statements**

**regulatory period** means the period for which the current **price determination** is in force

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

**residential** means acquired primarily for domestic use

**respond** or **response** means an action to resolve a **water service complaint, sewerage service complaint** or other **complaint** by communicating with the **customer** by phone or personal attendance dependent on the appropriate action required to resolve the issue. Where the complaint cannot be resolved within the set timeframes, "responded to" means the customer has been advised of the **licensee's** suggested course of action, identified when the action will be taken and the name of the appropriate contact person for further enquiries

**responsibility statement** means a statement in the form specified in Annexure B of this Guideline signed and dated by the Chief Executive of the **licensee** (or senior officer as agreed in writing with the **Commission**) evidencing responsibility for information provided to the **Commission**

**restore** or **restoration** means rectifying the fault such that a water supply is restored to the original flow rates (i.e. the rate prior to the event) or when a sewerage (or **CWMS**) system is discharging effectively – when 'normal' service is restored. Where the loss of water supply is due to the shutdown of a section of water main, the water supply interruption begins when the water supply is shut off and ends when the main is fully recharged. In general, restoration time covers total job duration, including time from receiving first notification or becoming aware, responding to, and rectifying the fault. However, where a separate service standard applies for attendance at a property, restoration time will commence once attendance at property has occurred.

**restriction** has the same meaning as defined in the **NPF definitions handbook**

**retail service** has the same meaning as defined in the **Water Retail Code**

**retailer** has the same meaning as defined in the **Water Retail Code**

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

**SA Water means** the South Australian Water Corporation established under the South Australian Water Corporation Act 1994

**sewerage concession** means a **customer** in receipt of a South Australian Government sewerage concession (as at the end of the relevant reporting period), including both permanent concession cardholders and beneficiaries

**sewerage service complaints** has the same meaning as defined in the **NPF definitions handbook**. For **water industry entities** providing **CWMS**, 'sewerage' should be taken to incorporate **CWMS**

**standard sewer connection** means a sewer **connection** that is readily available from existing network adjacent to the property and where there is no extension of mains/network or specific construction required. For **water industry entities** providing **CWMS**, 'sewerage' should be taken to incorporate **CWMS**

**standard water connection** means a water **connection** that is readily available from existing network adjacent to the property and where there is no extension of mains/network or specific construction required

**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 the **licensee's regulated business segments**

**telephone call** means a call made to any of the **licensee's** telephone numbers identified in the **licensee's customer** enquiries and complaints procedures approved by the **Commission** pursuant to clauses 3.1 and 3.2 of the **Water Retail Code**

**total water and sewerage service complaints** has the same meaning as defined in the **NPF definitions handbook**. For **water industry entities** providing **CWMS**, 'sewerage' should be taken to incorporate **CWMS**

**unplanned sewerage supply interruption** has the same meaning as defined in the **NPF definitions handbook**

**unplanned water supply interruption** has the same meaning as defined in the **NPF definitions handbook**

**unregulated services** mean services which fall outside the scope of the **Water Industry Act 2012**

**urban stormwater** used has the same meaning as defined in the **NPF definitions handbook**

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

**water concession** means a **customer** in receipt of a South Australian Government water concession (as at the end of the relevant reporting period), including both permanent concession cardholders and beneficiaries

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

**water industry entity** means a person licensed under the **Water Industry Act (licensee)** to provide **retail services**

**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-Major Retailers** made by the **Commission** pursuant to the provisions of Part 4 of the **ESC Act**, unless otherwise specified

**water service complaints** includes **complaints** concerning bursts, leaks, service interruptions, adequacy of service, water pressure and water reliability, but does not include **complaints** concerning flow rate or water pressure as these latter complaint types are captured under the **drinking water flow rate or pressure complaints** definition. These two definitions combined should be consistent with the **NPF definitions handbook** definition for water service complaints

**water supplied other** means in relation to Proforma OP4.1B all other water supplied other than to **residential or non-residential customers**

**written complaints** means all **complaints** received by the **licensee** via mail, facsimile, e-mail, or other electronic means

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