

# SA WATER SERVICE STANDARDS 2013/14 – 2015/16

*Draft Decision*

May 2013



## REQUEST FOR SUBMISSIONS

The Essential Services Commission of SA (**the Commission**) invites written submissions from interested parties in relation to the conclusions raised in this Draft Report. Written comments should be provided by **Wednesday 26 June 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 submissions 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:

SA Water Service Standards 2013/14 – 2015/16 - Draft Decision  
Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001

Telephone: (08) 8463 4444  
Facsimile: (08) 8463 4449  
Freecall: 1800 633 592 (SA and mobiles only)  
E-mail: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)  
Website: [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)

**Contact Officers:** Mike Philipson

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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## 1. SUMMARY

This paper consults on proposed changes to the targets to apply to SA Water service standards performance for the initial regulatory period 1 July 2013 to 30 June 2016, set by the Commission through earlier consultation processes. This consultation is in response to a recent submission from SA Water leading to concern by the Commission over the veracity of some of the historical performance data used to develop the draft service standards targets, as discussed in the Commission's recently released Final Revenue Determination for SA Water.<sup>1</sup>

## 2. SERVICE STANDARDS

Service standards are a separate set of measures by which the performance of an individual licensee can be monitored and assessed at either the individual customer or a whole-of-undertaking level. The *Water Industry Act 2012* provides the Commission with the power to set service standards as part of a cohesive and legally binding framework for licensees that provide retail services in South Australia. The setting of service standards enables scrutiny by the Commission of the levels of service provided in exchange for prices charged by water businesses.

This paper uses terms of 'service standard', 'measure', 'target' and 'metric'. In its specific use, service standard refers to the broad standard, such as *telephone responsiveness*. Measure refers to the basis on which the service standard will be measured, such as *the percentage of telephone calls answered within 30 seconds*. Metric refers to specific numeric values. In this latter example, the metric would be *'within 30 seconds'*. The term metric also incorporates the target, with the target referring to the required performance, such as the telephone measure being achieved *85% of the time*. In the broad use of the term service standard may refer to all terms collectively.

## 3. PROCESS ADOPTED IN SETTING SA WATER SERVICE STANDARDS AND TARGETS

The Commission determined that it would set the initial service standards for SA Water with targets at a level that reflected underlying historical performance. This would allow the determination of a base level of service, enabling any future proposals for change to be assessed against a robustly determined initial set of service standards.

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<sup>1</sup> Essential Services Commission of South Australia, *SA Water's Water and Sewerage Revenues 2013/14 – 2015/16, Final Determination Statement of Reasons*, May 2013, Chapter 4; available at <http://www.escosa.sa.gov.au/projects/186/determination-of-sa-water-s-drinking-water-and-sewerage-revenue-2013-14-2015-16.aspx>

In the absence of SA Water having a published set of service standards, the Commission developed service standards and associated targets under a process whereby the Commission:

- ▲ undertook a review of data for five years (2006/07 to 2010/11), supplied by SA Water in response to Commission data request;
- ▲ verified the simple averages in the SA Water data, having regard to the maximum performance achieved over the historic period;
- ▲ had regard to the importance of the metric in terms of the importance to the customer in receiving prompt service;
- ▲ adopted a “best endeavours” approach (defined below) rather than a “must achieve” approach;
- ▲ set targets at a level that achieves an appropriate balance in the extent of reporting by SA Water on reasons for any failed performance; and
- ▲ rounded targets to nearest 5%, unless, in the case of rounding to 100%, there were sufficient factors in favour of setting at 99%.<sup>2</sup>

This approach, undertaken in close consultation with SA Water, resulted in a service standards schedule (including targets) for SA Water for the period 1 January 2013 to 30 June 2013 being published in November 2012.<sup>3</sup>

As stated in the Draft Revenue Determination for SA Water’s retail water and sewerage services, the Commission also proposed to apply that initial set of standards for the regulatory period 2013/14 to 2015/16.<sup>4</sup>

In its submission to that Draft Revenue Determination, SA Water advised that the accuracy of certain of the 5-year historical data (2006/07 to 2010/11), provided by SA Water to the Commission to form the basis for setting service standard metrics, could not now be verified by SA Water.

This resulted in an issue for the Commission given that, as indicated above, it had relied on the historic performance provided by SA Water as a key element in setting targets for the service standards.

As a result, as outlined in the Commission’s Final Revenue Determination, the Commission considers it necessary to consult on a revised set of targets for the service standards set for SA Water, to cover the period of 1 July 2013 to 30 June 2016, which is the purpose of this paper.

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<sup>2</sup> Essential Services Commission of South Australia, *Economic Regulation of the South Australian Water Industry-Final Advice*, June 2012, page 55; available at <http://www.escosa.sa.gov.au/projects/186/determination-of-sa-water-s-drinking-water-and-sewerage-revenue-2013-14-2015-16.aspx> .

<sup>3</sup> A copy of the SA Water service standards schedule for this period is available at <http://www.escosa.sa.gov.au/library/121116-WaterServiceStandardsSchedule-InitialRegulatoryPeriod.pdf> .

<sup>4</sup> Essential Services Commission of South Australia, *SA Water’s Water and Sewerage Revenues 2013/14-2015/16 Draft Determination-Statement of Reasons*, page 20; available at [http://www.escosa.sa.gov.au/library/130206-SAWatersWaterSewerageRevenues\\_2013-16-DraftDetermination-StatementOfReasons.pdf](http://www.escosa.sa.gov.au/library/130206-SAWatersWaterSewerageRevenues_2013-16-DraftDetermination-StatementOfReasons.pdf) .

## 4. BEST ENDEAVOURS

As outlined in the Explanatory Memorandum to Water Industry Guideline No.2, the Commission will adopt a *best endeavours* approach to determining if a specific service standard target has been met. The Commission's definition of best endeavours in the regulatory context is "to act in good faith and use all reasonable efforts, skill and resources to achieve an outcome in the circumstances".<sup>5</sup>

As explained in the Draft Advice to the Treasurer:

*Although a "best endeavours" obligation is not as onerous as an absolute obligation (like "must" or "shall"), the test to be applied in determining whether a party has satisfied its obligation is that of what is prudent and reasonable in the circumstances. Best endeavours are something less than the efforts which go beyond the bounds of reason, but are considerably more than casual and intermittent activities ..... They must at least be doing all that a reasonable person could reasonably do in the circumstances. An obligation to use best endeavours means a party is required to act honestly, reasonably and make a positive effort to perform the relevant obligation.*<sup>6</sup>

The Commission adopts a two-fold test in assessing performance against the best endeavours standards:

1. first, has the target been met?;
2. if not, did the relevant licensee nevertheless use its best endeavours in its attempts to meet the target?

Where targets are not met, SA Water is required to advise the Commission why the target was not met, what action it took at the relevant time in an attempt to ensure the target was met, the nature of any preparations undertaken prior to the event(s) (e.g. internal procedures and protocols set for handling such instances, the level of planning and the ability to call on additional resources when required) and any subsequent improvements implemented. In short, SA Water must provide the Commission with sufficient information to enable the Commission to form a view as to whether or not best endeavours were employed in those circumstances.

It is only in cases where both elements of this test are not satisfied that SA Water will be found to have failed to meet the standard. That is, SA Water may fail to meet a target but, provided it used its best endeavours in attempting to meet that target, it would still satisfy

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<sup>5</sup> Essential Services Commission of South Australia, *Water Regulatory Information Requirements Water Industry Guideline No2 (WG2/01), Explanatory Memorandum*, page 17; available at [http://www.escosa.sa.gov.au/library/121220-WaterIndustryGuidelineNo2\\_WG2\\_01-ExplanatoryMemorandum.pdf](http://www.escosa.sa.gov.au/library/121220-WaterIndustryGuidelineNo2_WG2_01-ExplanatoryMemorandum.pdf).

<sup>6</sup> Essential Services Commission of South Australia, *Economic Regulation of the South Australian Water Industry-Draft Advice-Public Version*, August 2011, page 51; available at <http://www.escosa.sa.gov.au/library/111110-EconomicRegulationWaterIndustry-DraftAdvice.pdf>.

the standard. A test of this sort allows for a more discretionary assessment of performance, focussing on customer service delivery in a wide range of circumstances. Such a test can also better protect consumer interests, on the basis that it permits the Commission to undertake a detailed assessment of particular circumstances or events on their merits and to report those events publicly. It can also drive process improvements for regulated businesses.

The Commission sets high targets for best endeavours service standards where the level of service performance is critical to the customer and the resulting level of reporting by the licensed entity is not unduly onerous.

## 5. SA WATER SERVICE STANDARDS 2013/14 TO 2015/16

Setting service standards for the initial regulatory period (2013/14 – 2015/16) which reflected SA Water's underlying historical service performance outcomes should result in no additional cost implications for SA Water (and hence no pressure to make additional revenue allowances in the Revenue Determination). A firm base would be set to consult with customers on the merit of any service standard changes during the initial regulatory period for a subsequent regulatory period.

For some areas of SA Water's operations the Commission is not able to determine with confidence what has been the historical level of service provided, with SA Water now not in a position to attest to the veracity of components of the 2006/07 to 2010/11 historical data used previously by the Commission. Having only taken over regulatory responsibility for SA Water from 1 January 2013, the Commission has also not had the opportunity to satisfy itself as to the veracity of more recent data received from SA Water. Further, the Commission understands SA Water's position to be that, while it considers recent performance (in 2012/13) as equivalent with historical performance, in certain areas this cannot be confirmed by reference to SA Water's own historical performance data.

In the circumstances, the Commission has attempted to adopt a pragmatic approach in setting service standards from 1 July 2013.

Following SA Water's submission to the Draft Revenue Determination, the Commission has undertaken further consultation with SA Water on setting service standards targets for the period 2013/14 to 2015/16, with SA Water providing further performance data, in early May 2013, covering the period 2011/12 and 2012/13 (year to date March 2013). The Commission has had regard to these data, as it has to advice received from SA Water that for certain measures it would be prepared to work to higher targets than would be supported by recent performance data.

The Commission has sought to retain the draft targets wherever it is considered defensible by the evidence available to it.

The outcome of this re-assessment is summarised in The result may appear to be a level of misalignment across categories and priorities. For example, the target percentage of category 2 water service events to be restored within 18 hours is 99%, the same target for the percentage of category 3 events to be restored within 12 hours. However, as 90% of category 2 events should be restored within 8 hours (Adelaide metropolitan) compared with a metric of 12 hours for any category 3 event, the Commission believes that the service standard still promotes restoration of most category 2 events ahead of category 3 events.

The Commission recognises that there is a misalignment of targets between regional and Adelaide metropolitan for some measures. The Commission considers that the resulting targets best reflect historical performance, given the current information available to the Commission.

Given the emphasis on determining historical levels of performance, it is considered appropriate that any consideration of a re-alignment only take place as part of a comprehensive review of service standards, in consultation with customers, that if deemed warranted would be implemented for a future regulatory period.

Accordingly, the proposed changes do not warrant revenue allowance consideration. That is, customers will not be required to pay any more for the revised service standard targets.

Table 1 as a revised set of targets (2013/14 to 2015/16) compared to the draft set previously consulted on, with further explanation following the table. Proposed new targets are highlighted in 'bold blue'.

Additional targets have been proposed in some cases, where it is considered appropriate to introduce additional measures (e.g. the percentage of priority 1 water break events attended within 2 hours in Adelaide metropolitan).

The result may appear to be a level of misalignment across categories and priorities. For example, the target percentage of category 2 water service events to be restored within 18 hours is 99%, the same target for the percentage of category 3 events to be restored within 12 hours. However, as 90% of category 2 events should be restored within 8 hours (Adelaide metropolitan) compared with a metric of 12 hours for any category 3 event, the Commission believes that the service standard still promotes restoration of most category 2 events ahead of category 3 events.

The Commission recognises that there is a misalignment of targets between regional and Adelaide metropolitan for some measures. The Commission considers that the resulting targets best reflect historical performance, given the current information available to the Commission.

Given the emphasis on determining historical levels of performance, it is considered appropriate that any consideration of a re-alignment only take place as part of a comprehensive review of service standards, in consultation with customers, that if deemed warranted would be implemented for a future regulatory period.



Accordingly, the proposed changes do not warrant revenue allowance consideration. That is, customers will not be required to pay any more for the revised service standard targets.

**Table 1 Water Service Standards Schedule 2013/14 to 2015/16,  
proposed final compared with draft**

SERVICE STANDARDS	DRAFT	PROPOSED FINAL
<b>1. Telephone responsiveness</b>		
Percentage of telephone calls answered within 30 seconds	85%	85%
<b>2. Complaint responsiveness</b>		
Percentage of written complaints that do not require investigation responded to within 10 business days	95%	<b>90%</b>
Percentage of complaints where an investigation is required responded to within 20 business days	95%	<b>90%</b>
<b>3. Drinking water quality complaint responsiveness</b>		
Percentage of Priority 1 complaints responded to within 1 hour (Adelaide metro)	99%	<b>95%</b>
Percentage of Priority 1 complaints responded to within 1 hour (regional)	99%	99%
Percentage of Priority 2 complaints responded to within 2 hours (Adelaide metro)	95%	<b>90%</b>
Percentage of Priority 2 complaints responded to within 2 hours (regional)	95%	95%
Percentage of Priority 2 complaints responded to within 12 hours (Adelaide metro)	99%	<b>95%</b>
Percentage of Priority 2 complaints responded to within 12 hours (regional)	99%	99%
<del>Percentage of Priority 3 complaints where further action is required and the customer is contacted within 2 hours to negotiate attendance within 24 hours</del> <b>Percentage of Priority 3 complaints responded to within 48 hours or next business day (Adelaide metropolitan and regional)</b>	99%	99%
<b>4. Timeliness of connection</b>		
Percentage of standard water connections installed, within 25 business days of application processed and fees received	95%	95%
Percentage of non-standard water connections installed, within 35 business days of application processed and fees received	95%	95%
Percentage of standard sewer connections installed, within 30 business days of application processed and fees received	95%	95%
Percentage of non-standard sewer connections installed, within 50 business days of application processed and fees received	95%	95%
<b>5. Timeliness of processing trade waste applications</b>		
Percentage of trade waste applications processed within 10 business days	99%	99%
<b>6. Timeliness of attendance at water breaks, bursts &amp; leaks</b>		
Percentage of Priority 1 <b>events</b> attended within 1 hour:		
▲ Adelaide metropolitan	99%	<b>95%</b>
▲ regional	95%	95%

SERVICE STANDARDS	DRAFT	PROPOSED FINAL
Percentage of Priority 1 <b>events</b> attended within 2 hours: ▲ <b>Adelaide metropolitan</b> ▲ regional	- 99%	<b>99%</b> 99%
Percentage of Priority 2 <b>events</b> attended within 5 hours (Adelaide metro and regional)	95%	95%
Percentage of Priority 2 <b>events</b> attended within 12 hours (Adelaide metro and regional)	99%	99%
<b>7. Timeliness of water service restoration</b>		
Percentage of Category 1 events restored within 5 hours: ▲ Adelaide metropolitan ▲ regional	99% 95%	<b>90%</b> 95%
Percentage of Category 1 events restored within 12 hours: ▲ <b>Adelaide metropolitan</b> ▲ regional	- 99%	<b>99%</b> 99%
Percentage of Category 2 events restored within 5 <del>8</del> hours – <b>Adelaide metropolitan</b> Percentage of Category 2 events restored within 5 hours – regional	99% 95%	<b>90%</b> 95%
Percentage of Category 2 events restored within 18 hours: ▲ <b>Adelaide metropolitan</b> ▲ regional	- 99%	<b>99%</b> 99%
Percentage of Category 3 events restored within 12 hours (Adelaide metropolitan and regional)	99%	99%
<b>8. Timeliness of sewerage service restoration</b>		
Percentage of Category 1 events restored within 5 hours (Adelaide metropolitan and regional)	99%	99%
Percentage of Category 2 events restored within 5 hours (Adelaide metro) Percentage of Category 2 events restored within 5 hours (regional)	95% 95%	<b>90%</b> 95%
Percentage of Category 2 events restored within 18 hours (Adelaide metro) Percentage of Category 2 events restored within 18 hours (regional)	99% 99%	99% 99%
Percentage of Category 3 events restored within 12 hours (Adelaide metropolitan and regional)	95%	95%
Percentage of Category 3 events restored within 24 hours (Adelaide metropolitan and regional)	99%	99%
Percentage of partial loss events restored within 18 hours (Adelaide metropolitan and regional)	95%	95%
Percentage of partial loss events restored within 36 hours (Adelaide metropolitan and regional)	99%	99%
<b>9. Timeliness of sewerage overflow attendance</b>		
Percentage of inside building overflows attended within 1 hour (Adelaide metro) Percentage of inside building overflows attended within 1 hour (regional)	99% 99%	<b>95%</b> 99%

SERVICE STANDARDS	DRAFT	PROPOSED FINAL
Percentage of outside building overflows attended within 2 hours (Adelaide metro)	99%	95%
Percentage of outside building overflows attended within 2 hours (regional)	99%	99%
Percentage of external overflows attended within 4 hours (Adelaide metropolitan and regional)	99%	99%
<b>10. Timeliness of sewerage overflow clean up</b>		
Percentage of inside building clean ups completed within 4 hours following restoration of service (Adelaide metro)	99%	95%
Percentage of inside building clean ups completed within 4 hours following restoration of service (regional)	99%	99%
Percentage of outside building (on property) clean ups completed within 6 hours following restoration of service (Adelaide metropolitan and regional)	95%	95%
Percentage of outside building (on property) clean ups completed within 15 hours following restoration of service (Adelaide metropolitan and regional)	99%	99%
Percentage of external (e.g. road or footpath) clean ups completed within 8 hours following restoration of service (Adelaide metropolitan and regional)	95%	95%
Percentage of external (e.g. road or footpath) clean ups completed within 15 hours following restoration of service (Adelaide metropolitan and regional)	99%	99%

SERVICE STANDARD DEFINITIONS	
<p><b>Drinking water complaint priorities</b></p> <p>Priority 1: Where there is a potential for serious risk to human health</p> <p>Priority 2: Where there is the potential for low risk to human health</p> <p>Priority 3: All other cases.</p>	<p><b>Water services restoration priorities</b></p> <p>Category 1: Where the interruption could be life threatening or otherwise have serious consequences (e.g. impacting critical needs customers, hospitals, nursing homes, schools, child care centres etc.)</p> <p>Category 2: Where the interruption causes a disruption to a customer's business activities.</p> <p>Category 3: All other cases.</p>
<p><b>Attendance at water breaks, bursts &amp; leaks priorities</b></p> <p>Priority 1: a leak or burst that:</p> <ul style="list-style-type: none"> <li>▲ results, or may result, in a total loss of supply to a customer;</li> <li>▲ results, or may result in, a major loss of water;</li> <li>▲ causes, or may cause, damage to property; or</li> <li>▲ poses, or may pose, an immediate danger to people or the environment.</li> </ul> <p>Priority 2: any other burst or system failure.</p>	<p><b>Sewerage services restoration priorities</b></p> <p>Full Loss Category 1: where the interruption could be life threatening or otherwise have serious consequences (e.g. impacting critical needs customers such as hospitals, nursing homes etc. or organisations such as schools, child care centres etc.).</p> <p>Full Loss Category 2: where the interruption causes a disruption to a customer's business activities.</p> <p>Full Loss Category 3: all other cases.</p> <p>Partial Loss: all cases (without reference to a full loss of service).</p>

## 5.1 Treatment of low occurrence events

In a recent submission, SA Water has argued for a different approach to be adopted for “low occurrence events”, (e.g. where if less than 50 occurrences of an event occurred within a year, the target could only be met if no more than 3 events per quarter (cumulative) were missed, rather than set a target such as 95%).

The Commission is seeking to adopt a consistent approach and not one that might vary over time (e.g. on this basis if the number of events subsequently exceeded 50, then the percentage (%) standard would become appropriate). A consistent approach should assist customers in interpreting the results. Also, as no measure adopts a 100% target, there is some room to accommodate any anomalies in performance. It might be expected that providing adequate systems are in place then it should be possible to address low occurrence of events without material resource implications.

In any event, the Commission notes that, under a best endeavours regime (as described above), the actual number of events is not necessarily determinative in a best endeavours assessment: when a target is not met the determinative consideration is whether or not, despite the failure to meet the target, SA Water did all it could in its attempts to do so. As explained above, missing a target does not necessarily mean that the Commission will determine that best endeavours have not been applied by SA Water. For example, in the case of “low occurrence events” (e.g. less than 7 events) where even one failure may result in a performance of 85% or less, the Commission will have regard to this in assessing best endeavours. This is one of the reasons the Commission requests the underlying data for each measure reported, rather than only requesting the resulting percentage outcome

## 5.2 Telephone responsiveness

No change proposed as this is a utility-wide standard and consistent with recent SA Water performance.

## 5.3 Complaint responsiveness

The Commission considers this an important metric in terms of the importance to the customer in receiving prompt service and given the requirement in the Water Retail Code<sup>7</sup> to have procedures in place to deal with complaints. SA Water advises that it has achieved 2012/13 year to date (YTD)<sup>8</sup> 81% for the first measure and 90% for the second measure. In adopting the SA Water proposed targets of 90%, the Commission draws attention to the definition of ‘respond’ as outlined in Water Industry Guideline No.2, in particular:

*“... Where the complaint cannot be resolved within the set timeframes,  
“responded to” means the customer has been advised of the licensee’s suggested*

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<sup>7</sup> Essential Services Commission of South Australia, *Water Retail Code-Major Retailers (WRC-MR/01)*, available at <http://www.escosa.sa.gov.au/library/121116-WaterRetailCode-MajorRetailers.pdf>

<sup>8</sup> As at 30 March 2013.

*course of action, identified when the action will be taken and the name of the appropriate contact person for further enquiries.”*

It should be possible to provide this level of customer contact, without incurring material additional resourcing costs.

#### *5.4 Drinking water quality complaint responsiveness*

Having regard to SA Water’s proposal for revised targets and 2012/13 YTD performance, the Commission is proposing small reductions in targets for the Adelaide metropolitan measures, whilst retaining the draft targets for regional measures.

This will result in a target for priority 1 complaints higher than 2012/13 YTD performance (Adelaide metropolitan 67%, regional 86%).

Whilst SA Water argues that low occurrences make a 99% target difficult to achieve (only 20 occurrences 2012/13 YTD Adelaide metropolitan), a priority 1 event means there is a potential for serious risk to human health. With the right systems in place, and appropriate training of call centre staff to be able to confirm with some certainty that a priority 1 complaint is valid, it is considered reasonable to expect that such events be responded to within the prescribed time. The definition of “responding to” set out above also applies to this measure.

Noting that a priority 3 event does not involve a risk to human health, the Commission proposes to adopt SA Water’s proposed definitional change to the measure, with the reference to “next business day” to allow for weekends.

#### *5.5 Timeliness of connection*

SA Water proposed that measures for non-standard connections be removed due to low occurrences and that such connections are not a measure of performance for the majority of customers. The Commission does not accept this argument, with the service standards designed to assess performance over a range of customer services. The metrics in the measures (e.g. non-standard water connections installed within 35 business days) recognise that it is likely to take longer to deal with a non-standard connection. Means to address any issues arising from reporting performance in relation to small number events has been discussed above. The low number of events should minimise any resourcing implications from retaining the draft targets, noting that they broadly reflect recent performance (2012/13 YTD). Accordingly, the Commission is not proposing any variations in relation to this standard.

#### *5.6 Timeliness of processing trade waste applications*

No change proposed as consistent with recent performance.

## *5.7 Timeliness of attendance at water breaks, bursts & leaks*

Taking into account 2012/13 YTD performance, the Commission is proposing to adopt SA Water's proposed revised targets for Adelaide metropolitan which would result in a small reduction in priority 1 targets for these measures. This standard requires physical attendance and so it is recognised that attendance within one hour of notification 99% of the time for priority 1 events could be onerous. Nevertheless, a priority 1 event can have serious repercussions given that it includes events that pose risk of damage to property and danger to people or the environment, and so the Commission will closely monitor achievement of the revised target.

## *5.8 Timeliness of water service restoration*

Taking into account 2012/13 YTD performance, the Commission is proposing to adopt SA Water's proposed revised targets for Adelaide metropolitan which would result in a reduction of targets for these measures, but targets in excess of recent performance (2012/13 YTD) in some areas.

No changes are proposed for category 3 events as the draft targets reflect recent performance.

The Commission notes that, subject to the results of stakeholder consultation, should the proposed revisions be adopted, this standard will be closely scrutinised over the next regulatory period, to check the veracity of SA Water's reporting data, and seek to discern any effect of reduced targets on customers, (noting SA Water's view that recent performance levels are consistent with historic performance, although SA Water cannot confirm this through the use of performance data).

## *5.9 Timeliness of sewerage service restoration*

Only one change to targets is proposed for this standard, with the target for category 2 events restored within 5 hours in Adelaide metropolitan reduced from 95% to 90%, due to the level of recent performance (2012/13 YTD) which is lower still than the proposed target.

Given the low number of category 1 and 2 events reported, SA Water proposed collapsing this standard into one measure, whilst retaining the draft target. At this time, the Commission proposes to retain three separate categories so it can monitor SA Water's performance in addressing high priority events over time.

## *5.10 Timeliness of sewerage overflow attendance*

The Commission is only proposing a small downward adjustment (99% to 95%) in two of the targets applying to Adelaide metropolitan for this standard to reflect recent performance (2012/13 YTD).

### 5.11 *Timeliness of sewerage overflow clean up*

The Commission is only proposing a small downward adjustment (99% to 95%) in one of the targets applying to Adelaide metropolitan for this standard to reflect recent performance (2012/13 YTD).

### 5.12 *Excluded events*

SA Water proposed to exclude a range of events, such as where a customer has provided inaccurate information leading to an unnecessary response or diversion of SA Water resources or where SA Water staff cannot reach site due to flooding etc. Consistent with the Commission's approach in monitoring performance in other industries, the Commission does not support the exclusion of any events. If extraordinary events affect SA Water meeting the targets, it is SA Water's responsibility to advise the Commission of such instances to assist the Commission in determining whether best endeavours has been achieved, notwithstanding any failure to meet a target.

## 6. CONSEQUENTIAL CHANGES

Any changes to the service standard targets that are adopted will result in consequential changes to Water Industry Guideline No.2 and the accompanying Explanatory Memorandum. Once any submissions received have been considered, the Commission will release the final set of SA Water service standards (incorporating targets) to apply from July 2013, together with a revised Water Industry Guideline No.2 and the accompanying Explanatory Memorandum.

## 7. FURTHER REVIEW

The final set of service standards to apply from July 2013 will be subject to annual review during the forthcoming revenue determination period, with a view to resetting the targets closer to the initially proposed targets, should performance or data testing provide support.

## 8. REQUEST FOR SUBMISSIONS

The Commission welcomes comment from all interested parties on the matters raised in this paper. Comments are required by close of business **26 June 2013**. Instructions on how to make a submission are contained on the inside cover of this paper.

## 9. FURTHER INFORMATION

Any queries relating to this consultation should be directed to:

- ▲ Mike Philipson, Manager Regulatory Programs

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The Essential Services Commission of South Australia

Level 8, 50 Pirie Street Adelaide SA 5000

GPO Box 2605 Adelaide SA 5001

T 08 8463 4444 | F 08 8463 4449

E [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au) | W [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)

