

7 May 2013

Water Industry Guideline No 3

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

Via email escosa@escosa.sa.gov.au

**Re Water Regulatory Information Requirements for Intermediate and Minor Retailers
April 2013 Consultation Draft**

I refer to Commissions April 2013 Consultation Draft Regulatory Information Requirements for Intermediate and Minor Water Retailers in which the Commission is seeking general feedback.

Overall Council is fairly comfortable with the suggested approach recognising that there is a transition period involved as small operators such as Council's Roxby Water Business Unit will need to devote additional resources to address new reporting requirements.

However, the following points are requested to be noted and where appropriate changes specifically implemented.

General

1. As previously advised application of requirements to licence Roxby Council for the provision of Council's water and sewerage obligations under the *Water Industry Act 2012* by the Essential Services Commission (the Commission) will involve complex legislative and operational issues which will impact on the precise role the Commission takes.

Primarily this is due to the provisions of the *Roxby Downs (Indenture Ratification) Act 1982 (Indenture)*, which is an overriding piece of legislation which could render aspects proposed by the Commission to be inconsistent with the provisions of the Indenture, particularly in relation to the Commission's powers relevant to pricing determination where such inconsistency occurs the Indenture will prevail.

Disaggregation Statements

2. Requirements for apportionments of overheads are noted. Council currently undertakes this task as part of its responsibilities under the *Indenture* under an appropriate methodology acceptable to Council's Audit Committee, Auditor and the State Government and BHP Billiton. This methodology would meet the Commission's requirements under section 3.3.

Regulatory Accounting Statements

3. Comments are noted. Council currently separates its operations under the reporting lines as recommended and can expand the information sought if required. We note that there appears to be no requirement to develop specific Financial Indicators specific for water and sewerage operations. For our own purposes we are currently examining some appropriate Industry benchmarks. Any guidance that the Commission could bring would be appreciated.

Pricing Schedule and Pricing Policy Statement

4. Comments relating under 1 above are to be noted. As previously advised, under the Indenture the Commissions role in relation to Price determination is severely limited.
5. Under section 4.2.5, unless otherwise agreed be the Commission, a pricing schedule and pricing policy statement is to be submitted to the Commission no later than 30 May preceding the start of the regulatory year. We suspect that Local Government generally may find this difficult given that under the Local Government Act 1999 a Council has essentially until 31 August to declare rates and by implication adopt its budget.

In our case this timeline is regularly used given that under the *Indenture* Council's budget needs to be submitted to the State Government and BHP Billiton for approval and historically this timeline has rarely been met. Indeed consultation processes in relation to Council's Draft Annual Business Plan are always undertaken in May and are not completed until early June of each year. All that is included at this stage is the broad parameters associated with any general fees and charge increase.

In any event Council has adopted a timeline which ensures that water, sewerage and electricity charges are set to commence from 1 January of each year. This allows ample scope to determine and review the actual results from the previous financial year when all of the consumption and financials are known. Council undertakes water billing at the end of September, December, March and June of each financial year so the 30 May date suggested is impracticable and impossible to comply with.

Accordingly under section 4.2.5 a date in early December of each year is requested.

Operational Performance Proformas

6. Given the diverse nature of Council's operation involving municipal, water, sewerage and electricity operations where different staff regularly handle telephone calls, information collection will be problematical in relation to various aspects. For instance telephone call logging will be virtually impossible but over time collection of information associated with respect to customer complaints, restrictions and legal action for non payment, financial support matters, price movements, water and sewerage infrastructure reliability and general statistic can be developed. In addition some guidance with respect to what is desired will be appreciated.

We note the Commission intention to use some standard measures for the measure of price movements and express a view that in Roxby Downs a great deal of caution needs to be taken. For instance the towns water consumption is very much affected by weather as there are many homes with evaporative air conditioners which operate often all day and night during the peak of summer over extended periods. There are also many homes with swimming pools which lose approximately 3.0m of water annually due to evaporation.

Should you require any further information then please contact me to discuss

Yours Sincerely



Bill Boehm
Administrator
Roxby Council