



Water Utilities Group

14 May 2013

Mr Richard Webster  
Senior Regulatory Officer  
Water Industry Guideline No. 3  
Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001

Dear Sir

### **Water Regulatory Information Requirements for Intermediate and Minor Retailers**

Thank you for meeting with Water Utilities Australia on Tuesday 19<sup>th</sup> March 2013 to discuss the ESCOSA Water Regulatory Information Requirements and for the opportunity to comment on the Water Industry Guideline No.3 Consultation Draft (WG3/01).

Our comments relate to two matters:

#### **1. Part B of Water Industry Guideline No.3 – Financial Performance Reporting**

We welcome the provision of the consultation draft and draft pro-forma templates provided by ESCOSA to demonstrate the desired reporting requirements, and while we agree with the principle objective of transparency, the process for production of “Regulatory Accounts” will result in additional costs and a compliance burden that will be onerous for small to intermediate retailers.

This process creates a whole new set of compliance reports over and above current statutory financial reporting and taxation compliance requirements. The proposed preparation of Regulatory Accounts requires the statutory accounts to be disaggregated into regulated and unregulated services within the income statement and balance sheet and then a series of “regulatory adjustments” are applied to generate a split of reporting between Water, Sewage and Other Services in both the Income Statement and Balance Sheet.

We note these requirements are intended to apply for the financial year ended 30 June 2014 (from 1 July 2013). Accordingly, we believe an extension of up to three years should be provided to minor to intermediate size retailers for compliance with this regulatory requirement. This extension of time will provide minor to intermediate size retailers adequate time to install the appropriate systems and resources to implement the suggested ESCOSA financial performance reporting requirements.

#### **2. Part C Operational Performance Reporting**

As with the Financial Performance Reporting requirements, we welcome the provision of draft pro-forma templates to assist with standardisation and transparency of reporting. However we believe a number of the Operational Performance Reporting requirements are also onerous for minor to intermediate retailers. Examples include:

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- the reporting of timeliness of response to telephone calls including recording the number of calls answered by an operator
- the number and percentage of calls answered by an operator within 30 seconds
- average waiting times
- the number of calls sent to voicemail; and
- the number of abandoned calls.

These Operational Performance Reporting requirements will require the installation of expensive new telephone monitoring systems and reporting systems, as the proposed measures are not able to be measured manually with the accuracy required.

For many of the minor and intermediate retailers, particularly Councils, a customer service culture has been in place for years or decades, but this level of record keeping has not been required. It will require either a completely separate telephone system for utility customers, including the out of hours contact centre, from what is currently installed typically in SME businesses and Councils, or a very expensive upgrade. We question the value for money of such an onerous record keeping regime much more suitable for the Large Retailers in water, energy, telecommunications etc.

There are also other onerous statistical reporting measures and requirements including:

- value of typical residential bills; and
- reporting of residential customers participating in financial hardship/support programs

The capture of such detailed information for Operational Performance Reporting requirements is likely to require the installation of new systems, processes and databases, which are likely to be both costly and onerous for minor to intermediate retailers and it is proposed these requirements will take effect for the financial year ended 30 June 2014 (from 1 July 2013).

Accordingly, we believe an extension of up to three years should be provided to minor to intermediate size retailers for compliance. This extension of time will provide minor to intermediate size retailers the adequate time to install the appropriate systems and resources to implement the suggested ESCOSA Operational Performance Reporting requirements and that some simpler measures be required of the very small retailers.

We look forward to working closely with you in the reporting of regulatory information requirements going forward and to the release of the final version of Water Industry Guideline No.3.

Should you have any queries with regard to the details contained in the submission above or wish to discuss further, please contact me on 7220 0971.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Watson'.

Mark Watson  
Managing Director