



SA Water Regulatory Performance Report 2014-15

January 2016

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Glossary of terms

Term	Description
Commission	Essential Services Commission of South Australia
CPI	Consumer Price Index
ESC Act	Essential Services Commission Act 2002
kL	Kilolitres
Ombudsman	Energy and Water Ombudsman of South Australia
Regulatory Determination	SA Water's Water and Sewerage Revenues: 2013-14 to 2015-16 – Final Determination
Water Retail Code	Water Retail Code for Major Retailers
WI Act	Water Industry Act 2012
SA Health	South Australian Department of Health and Ageing

A traffic light system is used to display SA Water's performance against its service standards

Indicator	Best endeavours
	SA Water met the service standard
	SA Water did not meet the service standard

Executive summary

The Essential Services Commission (**Commission**) of South Australia reports annually on the performance of SA Water in delivering water and sewerage services to South Australian residential and business consumers. This is the Commission's third annual report on the performance of SA Water against its service and reliability standards and the consumer protection framework.

The Commission has functions under the Water Industry Act 2012 (**WI Act**) for licensing, consumer protection, performance monitoring, compliance and retail pricing. The WI Act applies to all water and sewerage service retailing operations, regardless of the number of customers to whom those services are provided. This includes services provided by SA Water, Local Government and private operators.

The SA Water regulatory framework has two aspects: a regulatory determination which determines the maximum amount of revenue that SA Water can recover from its customers for the delivery of water and sewerage retail services; and a consumer protection framework setting out the consumer protections and service standard performance targets with which SA Water must comply. In implementing the regime the Commission:

- ▶ ensures that SA Water has sufficient funds to invest and operate prudently, ensuring continuity in the supply of essential services at sustainable prices
- ▶ establishes consumer protection frameworks to promote the delivery of levels of service valued by consumers
- ▶ keeps SA Water accountable by monitoring and reporting on its performance and being prepared to take enforcement action where necessary.

This report forms part of the Commission's performance monitoring function and details SA Water's compliance with the regulatory requirements set by the Commission.

The Commission's key observations in regard to SA Water's performance during 2014-15 are:

- ▶ SA Water met 65 out of 66 service standards set by the Commission. It did not meet the service standard for restoration of partial loss events in the Adelaide Metropolitan area.
- ▶ The average duration of unplanned water supply interruptions was 163 minutes (165 for Adelaide Metropolitan customers, 158 minutes in regional areas).
- ▶ The average duration of unplanned sewerage service supply interruptions was 405 minutes (462 for Adelaide Metropolitan customers, 238 minutes in regional areas).
- ▶ SA Water received a similar number of complaints (2.45 complaints per 1,000 customers) as it did in 2013-14.
- ▶ The number of customers participating in SA Water's hardship program reduced during 2014-15, coinciding with SA Water suspending undertaking legal actions and restrictions for six months of the year while it transitioned to a new credit management agency.
- ▶ The average debt of Adelaide Metropolitan customers participating in SA Water's hardship program was \$1,272 (equivalent to just less than the annual combined typical residential water and sewerage bill in the Adelaide Metropolitan area of \$1,326). For regional customers participating in the program, the average debt was \$1,833 (equivalent to about 1.6 times the annual combined typical residential water and sewerage bill in regional areas of \$1,162).
- ▶ In line with SA Water's Water and Sewerage Revenues: 2013-14 to 2015-16 Final Determination (**Regulatory Determination**), drinking water and sewerage service charges increased on average by the Consumer Price Index (2.9 per cent) in 2014-15.

1 Introduction

The Commission is a statutory authority established as an independent economic regulator and advisory body under the Essential Services Commission Act 2002 (**ESC Act**).

The Commission has economic regulatory responsibility in the water and sewerage, electricity, gas, maritime and rail industries, conducts formal public inquiries and provides advice to Government on economic and regulatory matters. The ESC Act, together with various industry Acts, provide the Commission with those regulatory and advisory powers and functions.

Under the ESC Act the Commission has the primary objective of:

“...protection of the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services”.

The ESC Act, the Water Industry Act 2012 (**WI Act**) and the regulations under the WI Act establish the Commission’s regulatory powers and functions in relation to the water and sewerage industries.

The Commission’s role includes the licensing of water and sewerage retail service providers, service standard setting, consumer protection, retail price regulation and performance monitoring and reporting.

1.1 Purpose

The Commission publishes annual regulatory performance reports for SA Water to inform stakeholders and consumers of regulatory performance outcomes for SA Water (a licensee under the WI Act).

Reporting of service and operational performance outcomes helps provide greater transparency of these matters to SA Water’s customers. Further, it forms part of the evidence base for the next four yearly SA Water regulatory review in 2016 (for example, identifying baselines for the setting of future service standard targets).

This report covers regulatory outcomes for SA Water for the period 1 July 2014 to 30 June 2015.

1.2 Regulation of the water and sewerage service industry

The WI Act commenced on 1 July 2012 and governs all water industry entities providing ‘retail services’ to South Australian customers. It establishes the regulatory framework for the water and sewerage industry covering economic regulation, technical regulation, water planning and customer complaint handling.

The Commission’s regulatory role includes industry licensing, consumer protection and retail pricing (Table 1). It does not have any role in environmental, health or social policy. Those matters are addressed by other regulators and Government agencies such as SA Health.

Table 1: Commission's regulatory functions in the water industry

Legislation	Regulatory functions
Water Industry Act 2012	Water and sewerage retail service providers: <ul style="list-style-type: none"> ▶ licensing ▶ retail price regulation ▶ consumer protection ▶ service/reliability standard setting ▶ performance monitoring and reporting

As a condition of its retail licence, SA Water is required to comply with a Regulatory Determination, operational service standards and the consumer protection measures set by the Commission. Those regulatory obligations are summarised below:

- ▶ **Water and sewerage services prices** – the Regulatory Determination sets out the maximum revenue per unit sold that SA Water can recover from its drinking water and sewerage customers over the regulatory period. SA Water is responsible for setting specific charges (such as supply and usage charges) for residential and non-residential customers; however, those charges must comply with the average revenue caps set out in the Regulatory Determination.
- ▶ **Operational service standards** – SA Water has an annual obligation to use its best endeavours to meet the customer service and retail service reliability targets set by the Commission.
- ▶ **Consumer protection measures** – the Water Retail Code for Major Retailers (**Water Retail Code**) sets out the behavioural standards and minimum requirements to be complied with by major retailers when dealing with their customers. It also details retailers' requirements in respect of consumers of retail services in tenancy arrangements who are, nevertheless, granted limited consumer protections, but do not have a direct contractual relationship with a retailer.

1.3 Overview of the water industry

The WI Act gives the Commission broad regulatory powers and functions within the South Australian water industry related to economic regulation of water and sewerage services. The WI Act applies to all water and sewerage retailing operations, with three retail licence classes:

- ▶ **Major** – more than 50,000 customers (currently only SA Water)
- ▶ **Intermediate** – between 500 and 50,000 customers (37 licences)
- ▶ **Minor** – fewer than 500 customers (26 licences)

Collectively, the retailers licensed under the WI Act provide drinking water services to 750,000 properties (servicing 1.6 million people) and sewerage services to 675,000 properties (servicing 1.5 million people) in South Australia. SA Water is the largest retailer, servicing over 99 per cent of total drinking water connections and 87 per cent of total sewer connections. The other licences are held by councils (56) and private businesses (seven).

2 SA Water revenues

2.1 Background

SA Water, in consultation with the South Australian Government, sets the prices it charges customers; however, those prices must comply with SA Water's Water and Sewerage Revenues: 2013-14 to 2015-16 - Final Determination (**Regulatory Determination**), which sets two revenue caps: average water revenue per kilolitre (kL) and average sewerage revenue per connection. Average drinking water and sewer revenues will only increase in line with the annual rate of change in the Consumer Price Index (CPI) until 2015-16 (Table 2).

Table 2: Annual allowable average water and sewerage revenue caps (nominal)

Revenue	2012-13	2013-14	2014-15	2015-16
Water revenue (\$ per kL)	4.34	4.098 (-5.5%)	+ CPI (2.9%)	+ CPI
Sewerage revenue (\$ per connection)	600.40	610.113 (+1.6%)	+ CPI (2.9%)	+ CPI

2.2 Drinking water prices

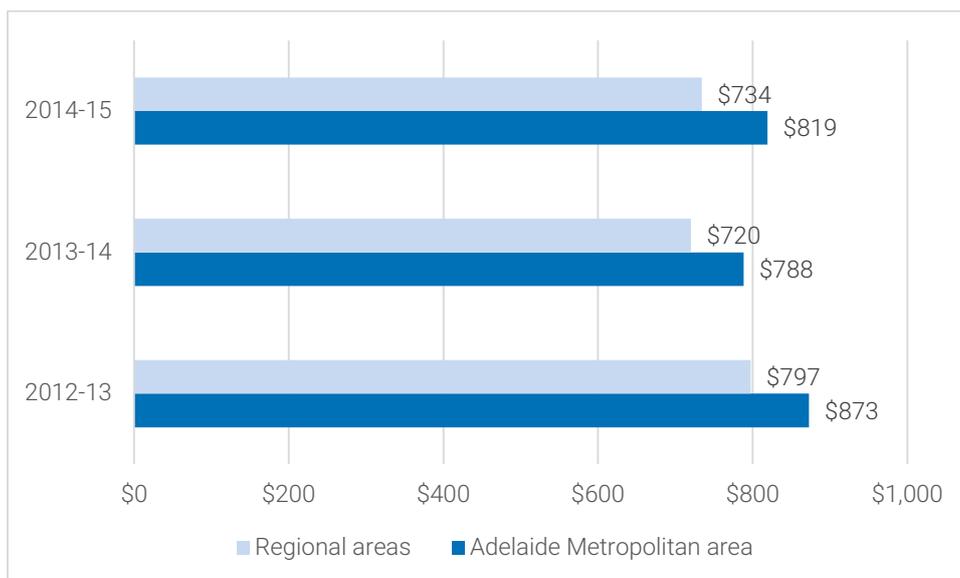
There is a statewide price for water. Water customers pay the same price per kL irrespective of whether they are located in the Adelaide Metropolitan area or regional areas.

In 2014-15, SA Water increased its average residential drinking water charges in line with the allowable CPI change of 2.9 per cent set out in the Regulatory Determination.

2.2.1 Typical drinking water bills

Figure 1 shows how the typical residential water bill of a SA Water customer has changed since the WI Act commenced on 1 July 2012. The typical bill is based on average residential consumption per property, so changes in the typical bill from year to year are driven by both changes in consumption and price.

Figure 1: Typical annual residential water bill (nominal)



2.3 Sewerage service prices

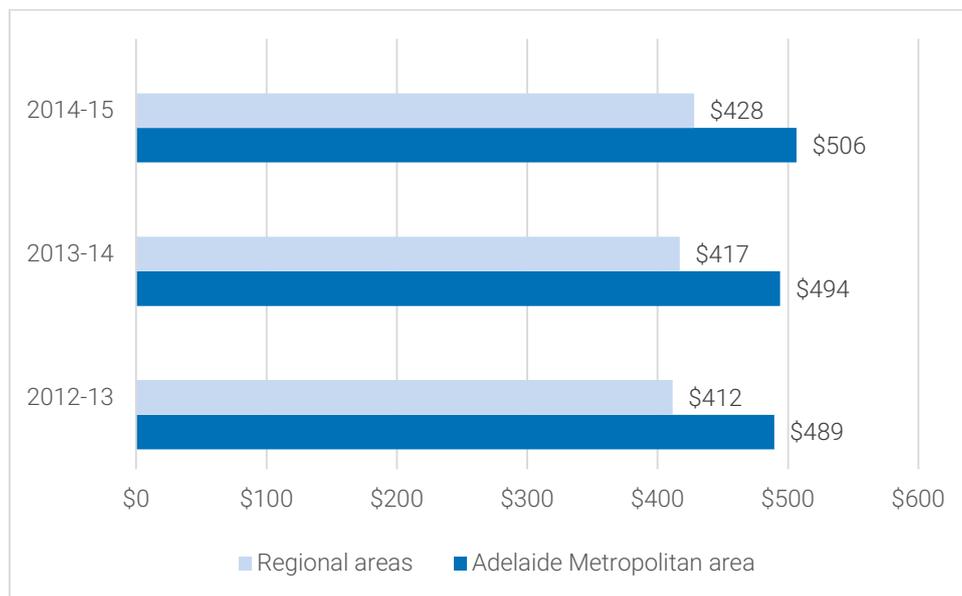
SA Water sewerage service prices are based on the capital value of the customer's property and are set on the number of cents per \$1,000 of property value, as set by the Valuer-General every June for the following 12 months.

In 2014-15, SA Water increased its average metropolitan sewerage charges in line with the allowable CPI change of 2.9 per cent set out in the Regulatory Determination. To achieve the same revenue per connection outcome, and to reflect the lower property values in regional areas, the average increase in country sewerage charges was higher at 3.4 per cent.

2.3.1 Typical sewerage service bills

Figure 2 shows how the typical residential sewerage bill of a SA Water customer has changed since the WI Act commenced on 1 July 2012.

Figure 2: Typical annual residential sewerage bill (nominal)



3 Customer service

3.1 Background

The Water Retail Code places obligations on SA Water relating to customer responsiveness and complaints. These obligations include requirements for handling customer enquiries, complaints and dispute resolution processes, and compliance with customer service standards.

3.2 How performance is measured

The Regulatory Determination sets maximum average revenues that SA Water can earn in return for meeting certain regulatory obligations – for example, reliability and customer service standards set by the Commission. The Commission monitors SA Water's customer service performance to assess whether the standards are being met.

3.2.1 Customer service standards

SA Water has an annual obligation to use best endeavours to achieve certain customer service standards. The key service standards are:

- ▶ telephone responsiveness
- ▶ complaint responsiveness
- ▶ drinking water complaint responsiveness.¹

These service standards have two elements. Firstly, SA Water is set a target (for example, a minimum average time to respond to all telephone calls received in a year). Secondly, SA Water is required to use best endeavours to meet that target.

Where a target is not met, SA Water can still meet the standard if it can demonstrate to the Commission's satisfaction that best endeavours were used in attempting to meet the target. Under the Water Retail Code best endeavours means 'to act in good faith and use all reasonable efforts, skill and resources' to achieve an outcome in the circumstances.

3.2.2 Other metrics

The Commission monitors other customer service metrics that impact on South Australian customers, notably:

- ▶ complaints
- ▶ number of complaints escalated to the Energy and Water Ombudsman of South Australia (**Ombudsman**).

3.3 Customer service performance in 2014-15

In the customer service category, SA Water met all 16 service standards (Table 3). In doing so, it did not meet a target for responding to Priority 3 water quality complaints for the Adelaide Metropolitan area and did not meet four targets for timeliness to install a water or sewer connection; however, it was assessed as having used best endeavours in attempting to meet those targets.

¹ The service standards applicable for the 1 July 2013 to 30 June 2016 determination period are available at: http://www.escosa.sa.gov.au/library/130926-SAWaterServiceStandards_2013-2016-Schedule.pdf.

Table 3: SA Water 2014-15 performance against customer service standards

Standard		Performance
Telephone responsiveness		1 out of 1 met
Complaints responsiveness		2 out of 2 met
Water quality complaint responsiveness	Adelaide metropolitan	4 out of 4 met
	Regional	4 out of 4 met
Timeliness of connection		4 out of 4 met
Timeliness of processing trade waste applications		1 out of 1 met

3.3.1 Telephone responsiveness

SA Water met the telephone responsiveness standard, answering 85 per cent of all calls within 30 seconds, albeit a slight deterioration from the 88 per cent achieved in 2013-14 (Table 4).

Table 4: Telephone responsiveness

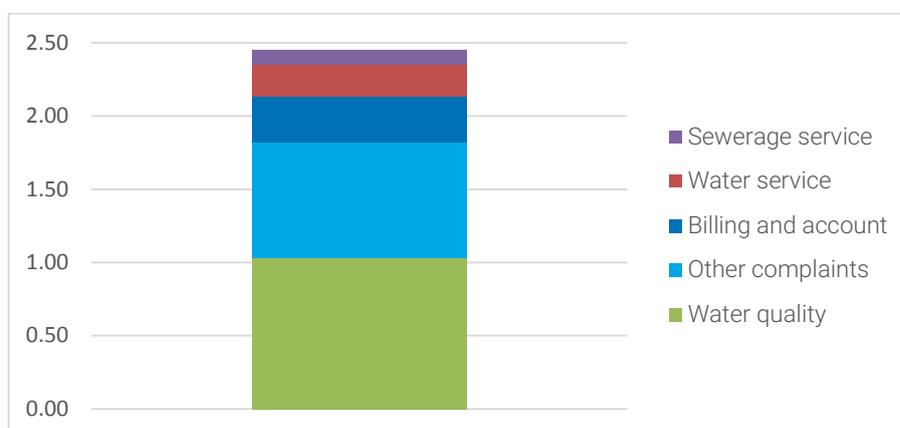
Standard	Target	2014-15 result	Service standard met
Telephone calls answered within 30 seconds	85%	85%	●

3.3.2 Complaints

SA Water received 1,832 customer complaints in 2014-15, equating to 2.45 complaints per 1,000 customers (Figure 3). Forty two per cent of those complaints related to drinking water quality (noting that the quality of drinking water is regulated by SA Health and not the Commission).

Of the total complaints received, 20 per cent were escalated to the Ombudsman - a slight increase from 19 per cent reported during 2013-14.

Figure 3: Number of complaints per 1,000 customers



3.3.3 Complaint responsiveness

The Commission has set two service standards relating to SA Water's responses to customers following receipt of a written complaint.

In 2014-15, SA Water met both service standards for responding to written complaints (Table 5).

Table 5: Written complaints responsiveness

Standard	Target	2014-15 result	Service standard met
Written complaints that do not require investigation responded to within 10 business days	90%	99%	
Complaints where an investigation is required responded to within 20 business days	90%	97%	

3.3.4 Drinking water complaint responsiveness

SA Health has established water quality guidelines for the provision of drinking water. The Commission has no role in monitoring or enforcing those guidelines but has set timeliness of response standards for complaints made to SA Water about water quality depending on the potential severity or priority of the issue, as follows:

- ▶ **Priority 1** – where there is a potential for serious risk to human health
- ▶ **Priority 2** – where there is the potential for low risk to human health
- ▶ **Priority 3** – all other complaints.

SA Water met all eight service standards for timeliness in responding to water quality complaints (Table 6). It did not meet the Priority 3 water quality complaints target for the Adelaide Metropolitan area (missing the target by three per cent) but was assessed as having used its best endeavours in attempting to meet the standard (refer discussion in the box below).

Table 6: Timeliness of response to water quality complaints

Standard	Adelaide metropolitan			Regional		
	Target	2014-15 result	Service standard met	Target	2014-15 result	Service standard met
Priority 1 complaints responded to within 1 hour	95%	100%		99%	100%	
Priority 2 complaints responded to within 2 hours	90%	97%		95%	100%	
Priority 2 complaints responded to within 12 hours	95%	100%		99%	100%	
Priority 3 complaints responded to within 48 hours or next business day	99%	96%		99%	100%	

Best endeavours assessment – Responsiveness to Priority 3 water quality complaints, Adelaide Metropolitan area

SA Water did not respond to four out of 101 Priority 3 water quality complaints within the required timeframe.

The Commission has considered the circumstances of the missed events and the information provided by SA Water and has assessed that SA Water **has used its best endeavours to meet the standard** for the following reasons:

- ▶ The four events missed the 48 hour target for response by a small margin - between one and six hours.
- ▶ Three events missed the target due to unplanned staff leave coinciding with a high number of daily events and SA Water having to divert resources to respond to higher priority events. SA Water reported that it has reviewed its response to these events and concluded that both the resource level and priority allocation procedures were adequate.
- ▶ One event was missed due to a contractor's IT system outage at the time of dispatching the event to field staff. To reduce the risk of future IT outages and allow manual dispatch of field crews in the event of a future IT system outage, SA Water has developed plans to migrate the contractor's IT system to be managed in-house by SA Water.

3.3.5 Customer connections

The Commission has set four service standards relating to SA Water's timeliness for installation of standard water or sewer connections, and non-standard water or sewer connections. There is also a standard for processing of trade waste applications.

A standard water or sewer connection is where there is an existing water or sewer network adjacent to the property being connected. A non-standard connection requires an extension of water or sewerage mains/network or other specific construction work.

In 2014-15, SA Water met all five service standards for timeliness of new water or sewer connections (Table 7). It did not meet four of these targets but was assessed as having used its best endeavours in attempting to meet the standards (refer discussion in in the box below).

Table 7: Timeliness to install a new water or sewer connection

Standard	Target	2014-15 result	Service standard met
New water connections			
Standard water connections installed within 25 business days	95%	91%	
Non-standard water connections installed within 35 business days	95%	77%	
New sewer connections			
Standard sewer connections installed within 30 business days	95%	86%	
Non-standard sewer connections installed within 50 business days	95%	88%	
Trade waste applications processed within 10 business days	99%	99%	

Best endeavours assessment – Timeliness for installation of new water or sewer (both standard and non-standard) connections

SA Water did not install 847 out of 8,923 water connections and 287 out of 2,055 sewer connections within the required timeframes.

The Commission has considered the circumstances of the missed events and the information provided by SA Water and has assessed that SA Water **has used its best endeavours to meet the standards** for the following reasons:

- ▶ Some of the delays were as a result of customer and third-party related delays. If these delays were excluded, SA Water would have met the targets for installing standard water and sewer connections.
- ▶ SA Water took prompt remedial action to identify the reasons for poor performance against these standards early in 2014-15. Procedural issues in the connections process were identified and SA Water put improvements in place. This action led to a noticeable improvement in performance during subsequent quarters – for example, the remedial action contributed to a 78 per cent fall in events missed due to administrative errors between the first and fourth quarters of 2014-15.
- ▶ The Commission is satisfied that the remedial actions undertaken, and planned, by SA Water will improve future performance.

4 Customers facing payment difficulties and debt recovery

4.1 Background

The Water Retail Code places obligations on SA Water relating to financial assistance requirements. These include flexible payment arrangements, customer hardship policies and rules governing the circumstances in which supply may be restricted or debt recovery commenced.

It allows those customers who are willing to pay, but are unable to do so due to financial difficulty, to maintain their supply and avoid restriction or debt recovery action. However, where a customer is not willing to participate or ceases making payment for reasons other than financial difficulty, restriction or debt recovery may apply.

The Minister for Communities and Social Inclusion has developed and published a Residential Customer Hardship Policy for SA Water. That policy or a modified version must be adopted. The policy outlines processes and programs that SA Water must use to assist customers identified as experiencing payment difficulties. Where a customer is participating in a hardship program, SA Water cannot arrange for water restrictions and legal actions to be applied for non-payment.

SA Water is not permitted to disconnect a sewerage service or water service for non-payment of a bill. It may, however, restrict the supply of a water service (but not a sewerage service) by constraining the maximum flow of water into a property or commence debt recovery action for non-payment of a bill (although not both simultaneously).

To assist customers with the cost of water and sewerage services, the South Australian Government offers a concession to eligible South Australians on low or fixed incomes. The water concession is calculated as up to 30 per cent of the total annual bill, subject to different minimum and maximum thresholds depending on the customer category. The current maximum sewerage service rate remission is \$110 per annum.

4.2 How performance is measured

SA Water has an obligation to actively engage with those of its customers who are in financial hardship by assisting them in meeting their payment obligations.

To ensure SA Water is offering the appropriate financial assistance to customers in financial hardship, the Commission monitors the following:

- ▶ the number of customers given access to flexible payment plans
- ▶ the number of customers on a hardship program, debt levels of customers entering a hardship program and the number of successful exits from the program
- ▶ the number of legal actions or restrictions of supply.

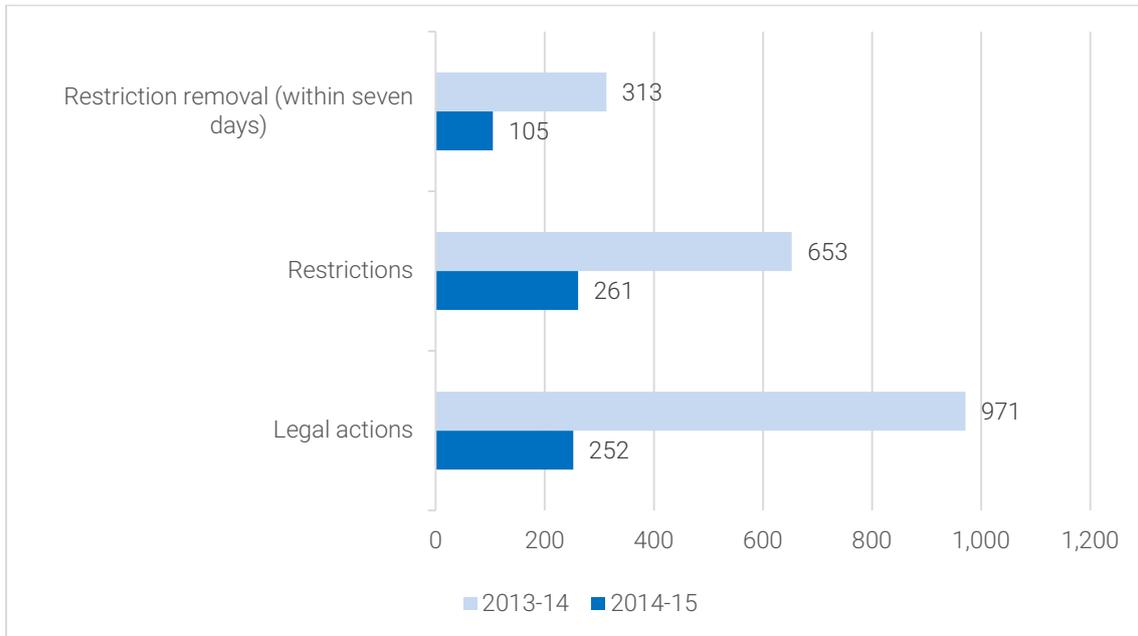
4.3 Financial assistance performance in 2014-15

In 2014-15, SA Water undertook fewer legal actions and restrictions than in 2013-14, mainly because those activities were temporarily ceased in quarter one of 2014-15 as SA Water transitioned to a new credit management agency. Those activities recommenced in quarter three of 2014-15 when new debt management processes were established.

4.3.1 Legal actions, restrictions and restriction removals

In total, SA Water applied 261 water restrictions (0.37 per 1,000 customers) and commenced 252 debt recovery actions (0.39 per 1,000 customers) for non-payment of bills during 2014-15 (Figure 4). Of the households that had water supply restricted for non-payment, 40 per cent had that restriction removed within seven days.

Figure 4: Number of legal actions, restrictions and restriction removals



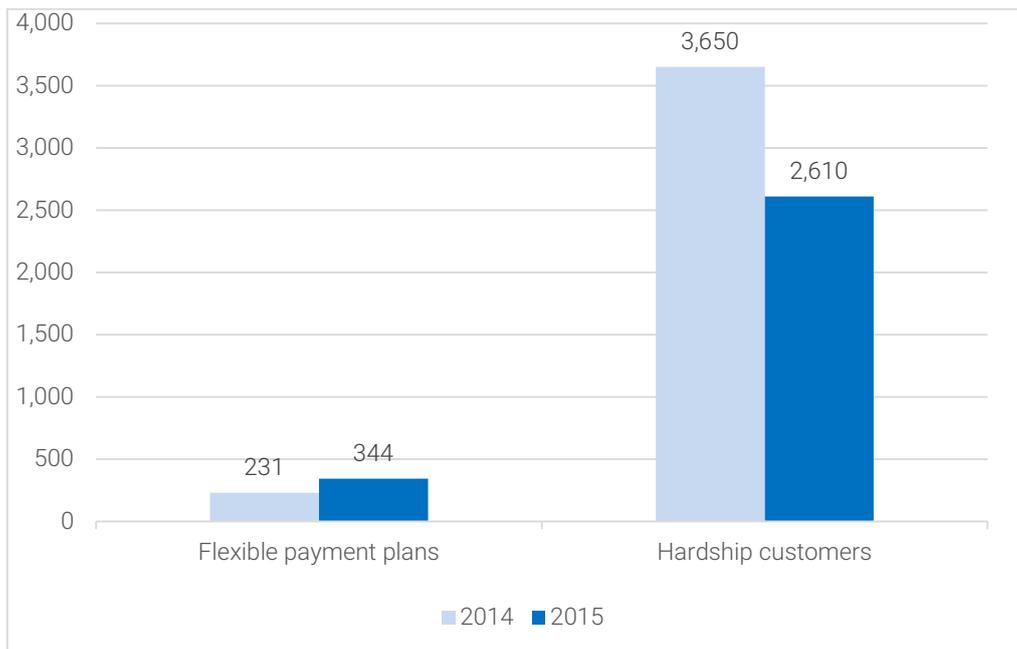
4.3.2 Flexible payment plans and hardship customers

At 30 June 2015, 3.4 per 1,000 Adelaide Metropolitan customers participated in SA Water's hardship program compared to 4.9 per 1,000 customers at 30 June 2014. The average debt of those customers was \$1,272 (below the annual combined typical residential water and sewerage bill in the Adelaide Metropolitan area of \$1,326).

SA Water largely relies on customers self-identifying themselves as experiencing financial hardship. Customers tend to do this after receiving late payment notifications or receiving site visits. As these activities were suspended for six months in 2014-15, there was a substantial decline in the number of residential customers participating in SA Water's hardship program (Figure 5). These changes to debt management processes do not appear to have had a detrimental impact on the success rate of the hardship program as a similar number of customers successfully exited the financial hardship program as in prior years.

The proportion of customers participating in the hardship program at 30 June 2015 was higher in regional areas, at 5.2 per 1,000 customers, as was the average debt of \$1,833 (equivalent to around 1.6 times the typical annual SA Water residential water and sewerage bill in regional areas of \$1,162) which increased from \$1,638 in 2013-14.

Figure 5: Number of residential customers on a flexible payment plan or participating in the hardship program at 30 June



5 Retail service reliability

5.1 Background

The Water Retail Code sets out minimum requirements to be complied with by SA Water when dealing with its customers and includes obligations relating to the quality, safety and reliability of the water and sewerage supply (including the requirement for SA Water to minimise supply interruptions and provide information to customers on planned interruptions).

5.2 How performance is measured

The Regulatory Determination sets maximum average revenues that SA Water can earn in return for meeting certain regulatory obligations – for example, reliability and customer service standards set by the Commission. The Commission monitors SA Water's retail service reliability performance to assess whether the standards are being met.

5.2.1 Reliability service standards

SA Water has an annual obligation to use best endeavours to achieve service standards relating to retail service reliability performance. The key service standards are:

- ▶ attendance at supply interruptions
- ▶ restoration of supply interruptions
- ▶ sewerage overflow clean up.²

The standards have two elements. Firstly, SA Water is set a target (for example, a minimum average time to restore water supply interruptions in a year). Secondly, SA Water is required to use best endeavours to meet that target.

Where a target is not met, SA Water can still meet the standard if it can demonstrate to the Commission's satisfaction that best endeavours were used in attempting to meet the target. Under the Water Retail Code best endeavours means "to act in good faith and use all reasonable efforts, skill and resources to achieve an outcome in the circumstances".

5.2.2 Other metrics

The Commission monitors other reliability service metrics that impact South Australian customers, notably:

- ▶ duration and incidence of unplanned interruptions
- ▶ incidence of water and sewerage supply interruptions.

5.3 Water retail services reliability performance in 2014-15

For the water services reliability category, SA Water met all 20 service standards (Table 8). In doing so, it did not meet the targets for restoration of Category 1 events for the Adelaide Metropolitan area (two targets) and restoration of Category 2 events in regional areas (two targets).

However, SA Water has been assessed as having used best endeavours in attempting to meet those four service standard targets (refer to discussion in section 5.3.2).

² The service standards applicable for the 1 July 2013 to 30 June 2016 determination period are available at: http://www.escosa.sa.gov.au/library/130926-SAWaterServiceStandards_2013-2016-Schedule.pdf.

Table 8: SA Water 2014-15 operational performance against water retail service reliability standards

Standard		Performance
Timeliness of attendance at water breaks, bursts and leaks	Adelaide Metropolitan	4 out of 4 met
	Regional	4 out of 4 met
Timeliness of water service restoration	Adelaide Metropolitan	6 out of 6 met
	Regional	6 out of 6 met

5.3.1 Attendance at water breaks, bursts and leaks

The Commission has set eight service standards to attend the location of breaks, bursts and leaks within specified timeframes. Recognising that not all such incidents are of the same scale or impact, and that not all bursts lead to a loss of supply, the service standards distinguish between different priority classes:

- ▶ **Priority 1** – high-priority events where a leak or burst may result in total loss of supply to a customer, major loss of water or damage to property, or may pose immediate danger to people or the environment.
- ▶ **Priority 2** – all other bursts or system failures.

During 2014-15, SA Water met all eight standards for timeliness to attend water breaks, bursts and leaks (Table 9).

Table 9: Timeliness to attend water breaks, bursts and leaks

Standard	Adelaide Metropolitan			Regional		
	Target	2014-15 result	Service standard met	Target	2014-15 result	Service standard met
Priority 1 events attended within 1 hour	95%	99%		95%	95%	
Priority 1 events attended within 2 hours	99%	100%		99%	99%	
Priority 2 events attended within 5 hours	95%	99%		95%	100%	
Priority 2 events attended within 12 hours	99%	100%		99%	100%	

5.3.2 Restoration of water service interruptions

The Commission has set service standards for restoration times according to the priority given to restorations:

- ▶ **Category 1** – the interruption could be life threatening or otherwise have serious consequences (for example impacting critical needs customers, hospitals, nursing homes, schools, child care centres etc).
- ▶ **Category 2** – the interruption causes a disruption to a customer’s business activities.
- ▶ **Category 3** – all other cases.

During 2014-15, SA Water met all 12 standards for timeliness to restore water supply interruptions (Table 10). It did not meet the targets for restoration of Category 1 events for the Adelaide Metropolitan area (two targets) and restoration of Category 2 events in regional areas (two targets) but was assessed as having used its best endeavours in attempting to meet the standards (refer discussion in the boxes below).

Table 10: Timeliness to restore water supply interruptions

Standard	Adelaide Metropolitan			Regional		
	Target	2014-15 result	Service standard met	Target	2014-15 result	Service standard met
Category 1 events restored within 5 hours	90%	85%		95%	100%	
Category 1 events restored within 12 hours	99%	95%		99%	100%	
Category 2 events restored within 5 hours	Not applicable			95%	78%	
Category 2 events restored within 8 hours	90%	97%		Not applicable		
Category 2 events restored within 18 hours	99%	100%		99%	91%	
Category 3 events restored within 12 hours	90%	98%		90%	99%	
Category 3 events restored within 18 hours	99%	100%		99%	99%	

Best endeavours assessment – Timeliness in restoration of Category 1 water supply interruptions, Adelaide Metropolitan area

SA Water did not restore three out of 20 outages within five hours, one of which was not restored within 12 hours.

The Commission has considered the circumstances of the missed events and the information provided by SA Water and has assessed that SA Water **has used its best endeavours to meet the standards** for the following reasons:

- ▶ All three outages involved increased complexity and needed special parts to be ordered that would not be expected to be held as standard stock. Field staff were on site for all of the three missed events in less than one hour (required for Priority 1 events) but technical repair of the burst water mains were more challenging than normal due to the extra excavation required and/or uncommon size of the respective mains.
- ▶ For the two outages that only missed the five hour target, one event involved a burst water main located on a busy road, which required traffic management before excavation could take place. The other event was missed due to the condition of the cast iron pipe which meant that a longer length of water main required replacement. The single event that missed both the five and 12 hour targets was due to the extended flushing required prior to the full restoration of water supply as a dialysis patient was residing in the shutoff area.

Best endeavours assessment – Timeliness in restoration of Category 2 water supply interruptions, Regional areas

SA Water did not restore five out of 23 outages within five hours, two of which were not restored within 18 hours.

The Commission has considered the circumstances of the missed events and the information provided by SA Water and has assessed that SA Water **has used its best endeavours to meet the standards** for the following reasons:

- ▶ The three outages that only missed the five hour target (by between one and two hours) involved complex restoration work and were missed due to circumstances that could not have been reasonably foreseen by SA Water – for example, rupture of the water main after it had been repaired and field crew being directed to higher priority events.
- ▶ For the two outages that missed the 18 hour target (by five hours), one was delayed at the request of the affected customer and the other restoration was delayed due to difficulty in locating the damaged section of the burst water main. The asset was located at an intersection of a large transmission pipeline and a smaller distribution main and therefore required additional time to repair.

5.3.3 Service interruptions

As unplanned water supply interruptions can cause significant disruption and inconvenience to customers, the Commission monitors two measures relating to the impact of unplanned interruptions on customers:

- ▶ The **incidence** (or frequency) of unplanned supply interruptions, measured by the number of customers experiencing a loss of water supply during the year (per 1,000 customers).
- ▶ The average **duration** of customer interruptions in minutes.

The average duration of unplanned customer interruptions increased in 2014-15, but the average incidence of unplanned interruptions fell (Table 11).

SA Water reported 2,038 unplanned interruptions to drinking water in the Adelaide Metropolitan area. Each event is likely to have affected multiple customers with 1,569 SA Water customers affected by three or more of those events. In regional areas, there were 1,342 instances of unplanned interruptions and 532 customers experienced three or more unplanned interruptions. SA Water reported that a total of 2,101 customers had three or more unplanned water supply interruptions in 2014-15 compared to 1,782 in 2013-14.

Table 11: SA Water water supply interruptions performance

Interruptions	SA Water (Adelaide region)		
	2012-13	2013-14	2014-15
Duration of interruptions (minutes)	158	153	165
Incidence of interruptions (per 1000 customers)	156	152	145

5.4 Sewerage retail services reliability performance in 2014-15

For the sewerage reliability category, SA Water met 29 out of 30 service standards (Table 12). In doing so, it did not meet the targets for attendance at inside building sewerage overflow events in regional areas and restoration of partial loss events in Adelaide Metropolitan area (within 18 hours).

SA Water has been assessed as having used best endeavours to meet the service standard target for attendance at inside building sewerage overflow events in regional areas but it has been assessed as not having used best endeavours to meet the service standard target for restoration of partial-loss sewerage events in Adelaide Metropolitan area.

Table 12: SA Water 2014-15 annual operational performance against sewerage services standards

Standard		Performance
Timeliness of sewerage service restoration	Adelaide Metropolitan	6 out of 7 met
	Regional	7 out of 7 met
Timeliness of sewerage overflow attendances	Adelaide Metropolitan	3 out of 3 met
	Regional	3 out of 3 met
Timeliness of sewerage overflow clean up	Adelaide Metropolitan	5 out of 5 met
	Regional	5 out of 5 met

5.4.1 Restoration of sewerage service interruptions

The Commission has set 14 service standards for sewerage service restoration within specified timeframes.

- ▶ **Full loss Category 1** – where the interruption could be life threatening or otherwise have serious consequences (impacting critical needs customers, hospitals, nursing homes, schools, etc).
- ▶ **Full loss Category 2** – where the interruption causes a disruption to a customer’s business activities.
- ▶ **Full loss Category 3** – all other interruptions.
- ▶ Partial loss of service.

In 2014-15, SA Water met 13 out of 14 standards for timeliness to restore sewerage service (Table 13). It did not meet the target for restoration of partial loss events within 18 hours for the Adelaide Metropolitan area and was assessed as not having used best endeavours to meet the service standard target for restoration of partial-loss sewerage events in Adelaide Metropolitan area (refer discussion in the box below).

Table 13: Timeliness to restore sewerage service loss events

Standard	Adelaide Metropolitan			Regional		
	Target	2014-15 result	Service standard met	Target	2014-15 result	Service standard met
Category 1 events restored within 5 hours	99%	100%		99%	100%	
Category 2 events restored within 5 hours	90%	96%		95%	100%	
Category 2 events restored within 18 hours	99%	100%		99%	100%	
Category 3 events restored within 12 hours	90%	97%		90%	100%	
Category 3 events restored within 24 hours	99%	100%		99%	100%	
Partial loss events restored within 18 hours	95%	88%		95%	99%	
Partial loss events restored within 36 hours	99%	100%		99%	100%	

Best endeavours assessment – Timeliness to restore partial-loss sewerage events, Adelaide Metropolitan area

In 2014-15, SA Water did not restore 613 out of 5,058 partial-loss sewerage events within 18 hours.

The Commission has considered the circumstances of the missed events and the information provided by SA Water and has assessed that SA Water **has not used its best endeavours to meet the standard** for the following reasons:

- ▶ SA Water has continued to underperform against this service standard target despite repeated concerns expressed by the Commission during the year.
- ▶ SA Water has informed the Commission that its service contract with Allwater only requires the contractor to meet a performance target of 90 per cent and not the 95 per cent service standard target. Further, the Commission understands that SA Water has not sought to increase expenditure to improve on its 2013-14 performance level of 91 per cent (four percentage points below the target) on the basis that customer feedback indicated satisfaction with current service levels.
- ▶ The Commission notes the discrepancy between regulatory and contractual performance targets and will review all service standards as part of the SA Water Regulatory Determination 2016.

5.4.2 Attendance at sewerage overflows

The Commission has set six service standards to attend sewerage overflow events within specified timeframes. Recognising that not all overflow events have the same impact, the service standards distinguish between where the overflow occurs – inside the building (higher priority), outside the building (but on customers’ property), and not on customers’ property - for example, on roads or footpaths (lower priority).

SA Water attended 8,404 sewerage overflow events during 2014-15, and met all six standards for timeliness to attend at sewerage overflow events in Adelaide Metropolitan and regional areas (Table 14). It did not meet the target for attendance at inside building overflow events within one hour in regional areas but is assessed as having used best endeavours to meet the service standard target (refer discussion in in the box below).

Table 14: Timeliness to attend sewerage overflow events (following restoration of service)

Standard	Adelaide Metropolitan			Regional		
	Target	2014-15 result	Service standard met	Target	2014-15 result	Service standard met
Inside building overflows attended within 1 hour	95%	99%		99%	95%	
Outside building overflows attended within 2 hours	95%	99%		99%	99%	
External overflows attended within 4 hours	99%	99%		99%	100%	

Best endeavours assessment – Attendance at inside building sewerage overflow events, Regional areas

SA Water did not respond to two out of 37 sewerage overflow events within the required timeframe.

The Commission has considered the circumstances of the missed events and the information provided by SA Water and has assessed that SA Water **has used its best endeavours to meet the standard** for the following reasons:

- ▶ The number of missed events was low and both events were missed by less than 10 minutes.
- ▶ SA Water has historically performed well against this target and the Commission is satisfied that the remedial actions undertaken by SA Water will improve future performance.

5.4.3 Sewerage overflow clean ups

The Commission has set 10 service standards to clean up overflow events within specified timeframes. The service standards distinguish between where the overflow occurs (as with the service standards for attendance at overflows). The timeframes for overflow clean up begin once the event has been attended.

SA Water undertook 3,890 sewerage overflow clean ups during 2014-15, and met all 10 standards for timeliness to clean up sewerage overflow events in Adelaide Metropolitan and regional areas (Table 15).

Table 15: Timeliness of cleaning up sewerage overflow events

Standard	Adelaide Metropolitan			Regional		
	Target	2014-15 result	Service standard met	Target	2014-15 result	Service standard met
Inside building clean ups completed within 4 hours	95%	99%		99%	100%	
Outside building (on property) clean ups completed within 6 hours	95%	97%		95%	100%	
Outside building (on property) clean ups completed within 15 hours	99%	99%		99%	100%	
External clean ups completed within 8 hours	95%	99%		95%	100%	
External clean ups completed within 15 hours	99%	100%		99%	100%	

5.4.4 Service interruptions

As unplanned sewerage service interruptions can cause significant disruption and inconvenience to customers, the Commission monitors two measures relating to the impact of unplanned interruptions on customers.

- ▶ The **incidence** (or frequency) of sewerage service interruptions, as measured by the number of sewer breaks and chokes during the year per 1,000 properties.
- ▶ The average **duration** of customer interruptions in minutes.

The average duration of interruptions and the average incidence of interruptions increased in 2014-15 (Table 16).

During the year, SA Water reported 3,982 unplanned interruptions to sewerage service events in the Adelaide Metropolitan area and 97 events in regional areas. Each event is likely to have affected multiple customers.

Table 16: SA Water sewerage supply interruptions performance

Interruptions	SA Water (Adelaide region)		
	2012-13	2013-14	2014-15
Duration of interruptions (minutes)	406	361	462
Incidence of interruptions (per 1,000 properties)	20	31	32

6 Compliance

During 2014-15, SA Water reported incidences of non-compliance with the Water Retail Code, including the following:

- ▶ **Unplanned interruptions** – SA Water is required to have a 24 hour emergency telephone service available to customers. A telephone outage occurred in the SA Water Customer Service Centre for a period of 1.5 hours causing SA Water to breach this requirement.
- ▶ **Planned interruptions** – SA Water is required to provide a customer with at least four business days' notice of any planned interruption to their supply. Thirty five customers did not receive the required notice due to either requests by third-parties to move forward planned works or administrative errors.
- ▶ **Billing** – SA Water is required to use its best endeavours to ensure that there are frequent actual reads of a customer's meter, and that a read occurs at least once every 12 months. SA Water did not receive actual reads for approximately 1,800 customers in 2014-15 as these customers did not provide SA Water's meter readers reasonable access to their meters.
- ▶ **Fees and charges schedule** – SA Water is required to publish on its website its Fees and Charges Schedule. During migration to its new website, an administrative error meant that the Fees and Charges Schedule was absent from its website for 13 days.

The Commission has reviewed the non-compliances notified by SA Water and is satisfied with the remedial actions taken. The Commission will continue to monitor SA Water's compliance with its obligations under the WI Act, its Water Industry Licence and the Water Retail Code.

