



## Regulatory Reporting Fact Sheet Minor and Intermediate Water Retailers

Minor and Intermediate Retailers have ongoing monitoring and reporting obligations in respect of three areas: Financial Reporting, Operational Performance Reporting and Compliance Reporting.

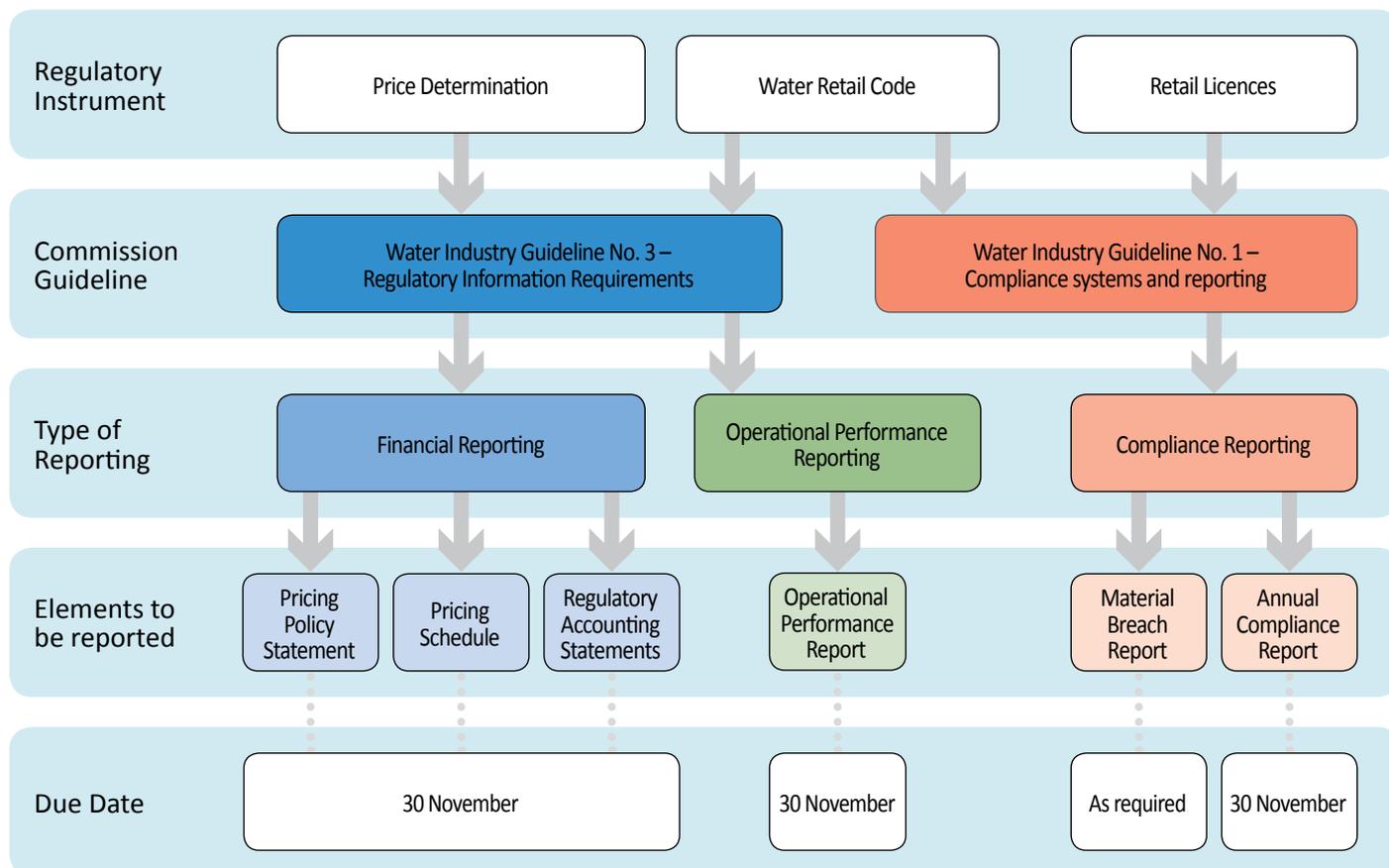
A minor retailer means a retailer which provides retail services to 500 or fewer connections, with minor licensee having the same meaning. An intermediate retailer means a retailer which provides retail services to more than 500 but fewer than 50,000 connections, with intermediate licensee having the same meaning.

The figure below summarises the reporting requirements in **Water Guideline No. 3 (Financial Reporting and Operational Performance Reporting)** and **Water Guideline No. 1 (Compliance Reporting)**.

### MORE INFORMATION – REPORTING OBLIGATIONS

Refer to **Water Guideline No. 1, Water Guideline No. 3** and the accompanying **Explanatory Memorandum** for further information.

### Reporting Framework for Minor and Intermediate



## FINANCIAL REPORTING

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There are two elements to the financial reporting framework: financial performance reporting; and price monitoring information reporting.

### Financial Performance Reporting

Minor and Intermediate Retailers are required to provide annual *Regulatory Accounting Statements* that cover all of their business activities relating to the provision of water and sewerage services, as set out in Water Guideline No. 3.

The financial information required includes:

- operating costs and income split into specified activities or revenue sources; and
- capital expenditure split into investment drivers and asset categories.

The *Regulatory Accounting Statements* must be provided to the Commission by 30 November each year.

### Price Monitoring

Minor and Intermediate Retailers are subject to a price determination made by the Commission. That determination involves price monitoring, a light-handed form of price regulation where the Commission observes certain aspects of the regulated business, such as prices and/or costs, but does not directly set prices.

To satisfy the public information disclosure arrangements under the Price Determination, Minor and Intermediate Retailers are required to maintain a *Pricing Schedule* and an accompanying *Pricing Policy Statement*.

The *Pricing Schedule* must provide:

- prices for the current year;
- prices that applied for the previous financial year; and
- percentage change in those prices.

The *Pricing Policy Statement* must explain how prices were developed by the retailer. Minor and Intermediate Retailers must also submit a *Pricing Policy Questionnaire* to the Commission, stating their level of compliance with the pricing principles set out in the Price Determination.

Minor and Intermediate Retailers must provide their *Pricing Schedule*, *Pricing Policy Statement* and *Pricing Policy Questionnaire* to the Commission by 30 November of each reporting year.

Minor and Intermediate Retailers are required to clearly disclose both their *Pricing Schedule* and *Pricing Policy Statement* to their customers and ensure they are permanently available on their website, within two months of changing prices.

### MORE INFORMATION – FINANCIAL REPORTING

Refer to ***Water Industry Guideline 3 – Regulatory Information Requirements*** and the accompanying ***Explanatory Memorandum*** for further information.

## OPERATIONAL PERFORMANCE REPORTING

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Performance monitoring and reporting provides a means by which the Commission can inform customers about the level of service they are receiving (at an aggregate level) and reasons for any poor performance. It allows for the comparison of business performance, by gauging relative performance within an industry (comparative competition) or with businesses performing comparable operations in other industries. It also identifies baseline performance of individual businesses, providing incentives for improvement.

Performance monitoring also provides the information and data required for developing service standards (or targets) and for ongoing assessment of compliance with such standards. It also informs the decision making processes of regulatory agencies, water businesses and the Government.

Minor and Intermediate Retailers are required to report annually on the following metrics:

- customer complaints;
- restrictions & legal action for non-payment;
- financial support measures;
- infrastructure reliability; and
- statistical information.

Operational Performance Reports must be provided to the Commission annually by no later than 30 November each year.

## COMPLIANCE REPORTING

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### MORE INFORMATION – OPERATIONAL PERFORMANCE REPORTING

Refer to ***Water Industry Guideline 3 – Regulatory Information Requirements*** and the accompanying ***Explanatory Memorandum*** for further information.

The Commission has established *Water Industry Guideline 1 – Compliance Systems and Reporting (Water Guideline No. 1)* which:

- encourages regulated entities to actively cooperate in the early reporting and rectification of any identified non-compliance;
- uses a risk based approach as far as possible in both compliance monitoring and enforcement, based on the likelihood of a breach of a regulatory obligation and the possible consequences (for example, on South Australian consumers) of such a breach; and
- reserves stronger enforcement action (e.g. prosecution) for more serious cases involving wilful or systemic non-compliances with major consequences, or circumstances in which other processes have not had the desired remedial effect.

The Commission adopts a multi-tiered approach to compliance reporting, based on the assessment and categorisation of obligations arising under applicable regulatory instruments (for example, the water retail licence and the *Water Retail Code – Minor and Intermediate Retailers*).

The Commission expects that Minor and Intermediate Retailers will monitor compliance with all regulatory obligations throughout the year and resolve any potential **non-compliances** as they arise. However, the Commission only requires reporting on these regulatory obligations as follows:

- **Type 1:** those regulatory obligations which are identified as being of such importance that a breach of one gives rise to an immediate requirement to provide to the Commission a Material Breach Compliance Report; and
- **Type 3:** all regulatory obligations other than those identified as Type 1, a breach of which must be identified to the Commission in the Annual Compliance Report.

**Material Breach Compliance Reports** must be provided to the Commission in the form set out in Guideline No.

1 if a Minor or Intermediate Retailer breaches a Type 1 obligation, or an obligation that the Commission or a retailer otherwise considers to be “material”. This report must be provided as soon as the retailer becomes aware of the breach and, in any event, no later than 3 days after becoming aware that the breach has occurred.

**Annual Compliance Reports** must be provided to the Commission by Minor and Intermediate Retailers in respect of all Type 1 and Type 3 obligations in the form set out in Water Guideline No. 1, by 30 November of each reporting year. Minor and Intermediate Retailers are required in their Annual Compliance Reports to warrant the accuracy of information contained in all of their annual reports to the Commission.

The Commission encourages Minor and Intermediate Retailers to remain in regular contact with it, should any issues or questions arise.

The Commission also has a range of stronger administrative enforcement options provided for in the ESC Act and relevant industry regulation acts, such as verbal and written warnings, formal Warning Notices and prosecutorial and disciplinary powers (reserved for the more serious matters of non-compliance). The Commission has published an **Enforcement Policy**, providing guidance on the criteria and processes it uses in determining the type of enforcement action required on a case by case basis.

#### MORE INFORMATION – COMPLIANCE REPORTING

Refer to **Water Industry Guideline 1 – Compliance Systems and Reporting** and **Enforcement Policy** for further information.

#### FURTHER INFORMATION

If you have any questions or would like to discuss any matter relating to regulatory reporting, please contact the Commission on 08 8463 4444 or at [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)



The Essential Services Commission of South Australia is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, please visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).

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