



ENERGY & WATER  
OMBUDSMAN SA

GPO Box 2947  
Adelaide SA 5001

T 1800 665 565  
F 1800 665 165

ABN 11 089 791 604

[ewosa.com.au](http://ewosa.com.au)

Mr Nathan Petrus  
Director Consumer Protection and Pricing  
Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001

Submitted electronically [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

11 December 2019

Dear Mr Petrus,

**Submission to the Essential Services Commission of South Australia's  
("the Commission") Consultation on the SA Water  
Regulatory Business Proposal ("SAW RBP")**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Commission's Consultation on the SAW RBP.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

## **Background**

The Commission released a final Framework and Approach for the economic regulatory determination to apply to SA Water (SAW) from 1 July 2020 to 30 June 2024 (SAW RD20) on 2 July 2018. In its final determination, the Commission released details of the framework it had designed which would put "customers' interests and the consumer voice at the centre of the regulatory process".<sup>1</sup>

Central to the new framework was the introduction of the Negotiation Forum ("NF") which aimed to allow a group of customer representatives to challenge SAW during the development of its business plan. The NF comprised:

- a three-member Customer Negotiation Committee ("CNC"), led by an Independent Customer Chair appointed by the Commission
- a three-member SAW Negotiation Committee, sourced and supported by the highest levels of SAW's management
- an independent Probity Advisor appointed by the Commission.

---

<sup>1</sup> The Commission (2018) SA Water Regulatory Determination 2020: Framework and Approach at <https://www.escosa.sa.gov.au/projects-and-publications/projects/water/sa-water-regulatory-determination-2020-framework-and-approach> p.1

From 2017 to 2019, SAW engaged with more than 12,000 customers online and face to face to attempt to better understand customer values relating to SAW’s water and sewerage services. The methods included the establishment of a Customer Working Group, a choice modelling survey, a ‘What matters to you’ survey and a contingent valuation survey.

In November 2019, SAW released its regulatory business proposal, titled “Our Plan 2020-24”. The Chair of the CNC also released a report on SAW’s proposals and the Independent Probity Advisor released a report on the fairness of the challenge process.

## Submissions

EWOSA receives complaints and disputes between consumers of electricity, gas and water services and members of the scheme. SAW is a member of EWOSA.

Over the 2018-19 financial year, EWOSA received complaints relating to SAW in the following broad categories:

Category of complaint
Billing
General Enquiry
Supply Quality
Land
Provision
Credit
Customer Service
Sales & Marketing

**Table 1: Complaints received by EWOSA related to SAW for 2018-19 financial year**

A breakdown of the categories is provided in Appendix A (confidential).

The following water and sewerage cases were classified as Out of Jurisdiction for the 2018-19 financial year for the stated contact reason.

Contact reason
Civil / Legal Dispute
Referred to State Ombudsman
Pricing & Concessions
Supplier not a member
Government Agency
Other grouped issues (<5 cases)
Unexplained Usage
Contribution to Capital Works
Fitting/Appliance
Interstate
Credit Liability Historical Mapping

**Table 2: Out of Jurisdiction water and sewerage cases received by EWOSA for 2018-19 financial year**

The proportion of complaints that EWOSA receives for water is relatively low, compared to electricity and gas. This is consistent with experience interstate as table 3 illustrates.

Ombudsman Scheme	Proportion of complaints water
EWON	3% of all cases
EWOQ	5% (of all closed cases)
EWOSA	5% of all cases
EWOV	6% of all cases

**Table 3: Water cases as proportion of all cases for 2018-19 financial year**

## Prices

The EWOSA case categories and subcategories are indicative of customer values around a range of SAW services. Customer concerns around high bills lends support to SAW's findings that low and stable prices are important to customers.

## Community Engagement

SA Water has undertaken a very extensive engagement program and is to be commended for its efforts in this regard. EWOSA understands that SAW is keen to continue high level community engagement beyond the revenue determination process and we support this direction.

EWOSA notes that our cases reflect a range of priorities and preferences of customers including about:

- high bills
- general information
- water quality.

As these complaints can be taken to reflect a broader level of customer priorities, it is pleasing to see that SAW has addressed these issues in the SAW RBP. The provision of general information includes information provided about water pressure, supply charges and water leaks. While we cannot comment on the quantum proposed, SAW's proposed investment in more accessible customer services appears to help address this need.

## Service standards

EWOSA commends SAW for its engagement with the Customer Working Group and Customer Negotiation Committee around its proposed service standards. The engagement appears to have been well received by both groups and a broad range of standards considered.

EWOSA supports the proposal to introduce a standard about the percentage of complaints escalated to the Ombudsman. We believe the simplest way to measure this is to compare complaints received by SAW and EWOSA. We encourage the Commission to undertake this analysis to consider whether the <15% proposed measure is appropriate. EWOSA also considers that the ratio of complaints received by SAW compared with those which progress to EWOSA should be monitored over time. Ideally, there will be an improvement in this ratio over a five year period.

From our analysis of the issues which customers have presented to us, we can not identify any gaps in the proposed service standards.

## **Capital expenditure**

### *Water mains renewal to reduce the number of mains breaks*

EWOSA notes the spike in mains breaks in 2016 and the community concern around this at that time. We are not in a position to be able to comment on whether the number of mains breaks occurring now is reasonable given the environment and compared with other utilities. However, these breaks can have a significant detrimental impact on customers and we support approaches by SAW to restore customers to where they were prior to the incident occurring. In this regard, we commend SAW for demonstrating good will to its customers in its approach to mains breaks in recent times.

EWOSA considers that approval of expenditure for water mains renewal should be in line with the SA Government independent review of SA Water's network management.

### *Support for customers in financial hardship*

EWOSA believes that support for customers in financial hardship is a core expenditure priority. We support the continuation of support for customers in financial hardship including payment matching, free home audits and referrals to financial counsellors. We note the comments made by the Independent Chair of the CNC that SA Water asked customers whether they were prepared to pay more for SA Water to employ extra staff to help people struggling with their bills and that a differently framed question may have yielded a different, more favourable, response.

While it is outside the scope of this review, EWOSA further submits that serious consideration should be given to providing for the Commission to develop and publish the hardship policy referenced in the Water Industry Act. The Commission directly monitors the performance of the water industry entities and has broader information about the retail base. The Commission also has access to the range of information about the diversity of complaints. These factors position the Commission to develop hardship policies in line with trends in customer experience. Enabling the Commission to develop and monitor the hardship policy would also align water regulation with energy in the interests of consistency.

### *Digital presence*

EWOSA notes that increased utilities expenditure on Customer Relationship Management systems is an emergent trend and we encourage the Commission to benchmark this proposed expenditure. We support the move to digital metering as it equips customers to make better choices. We also welcome the proposal to provide customers with more information to facilitate the option of paying monthly – this is an important means of managing financial pressures and has been utilised in the energy sector for some time.

## Documentation

SAW has provided a high level easy to read plan which is lacking in detail in some instances. For example, on proposed capital expenditure, SAW has not provided detailed information about:

- performance during previous regulatory period – allowance; actual and forecast
- drivers
- key assumptions
- gross capex trend over three regulatory periods
- staged costs over several regulatory periods

We note that SAW has offered to provide as appropriate any further information to EWOSA that we require and thank SAW for this offer. We also note that the above information is generally provided to the public in appendices to the RBP in revenue determination processes.

Thank you for consideration of this submission. Should you require further information or have any enquiries in relation to this submission, please contact Jo De Silva via [jo.desilva@ewosa.com.au](mailto:jo.desilva@ewosa.com.au) or phone (08) 8216 1851.

Yours sincerely,



Jo De Silva  
Policy and Communications Lead  
Energy and Water Ombudsman SA