

7 April 2017

Ms Tracey Horsfall
National Water Reform Inquiry
Productivity Commission
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CANBERRA ACT 2601



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Dear Ms Horsfall

Submission on the National Water Reform Issues Paper

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Productivity Commission's *National Water Reform Issues Paper*.

In this submission, the EWOSA primarily addresses matters that are specifically of interest to the EWOSA Scheme.

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.

We believe many of the reforms associated with the provision of water services have been positive, including many of the initiatives under the *Water Industry Act 2012* (SA). In particular, the addition of water companies to the EWOSA Scheme in 2011 and 2012 has provided water consumers with access to a free and independent dispute resolution service. SA Water voluntarily joined the Scheme in December 2011. From July 2012, minor and intermediate suppliers of water (those with less than 50,000 customers) were also able to become members of the EWOSA Scheme, either voluntarily or if directed to do so by the Essential Services Commission of South Australia (ESCOSA).

In 2015-16, EWOSA handled 741 water-related cases, 8 per cent of total cases. This was a 6 per cent rise over 2014-15. According to ESCOSA, 27 per cent of the complaints received by SA Water were escalated to EWOSA in 2015-16.

ESCOSA assumed economic regulation responsibilities for water and sewerage services in July 2012 through the *Water Industry Act 2012*. The role includes industry licensing and codes, reporting and compliance, customer protection, retail pricing and overseeing the third party access regime. We believe ESCOSA is performing appropriately as an independent regulator and the shift of the role in determining pricing and revenue allowances for SA Water from the Department of Treasury and Finance to ESCOSA was an important reform to split and better allocate policy and regulatory responsibilities.

ESCOSA's strong community engagement processes ensure all stakeholders, including water customers and their advocates, are provided with an opportunity to comment on important reviews and inquiries. These include the regulatory determinations which provide allowable revenues for SA Water for efficient and prudent capital and operating expenditures.

ESCOSA is currently conducting an inquiry into the regulation of small-scale and off-grid energy and water services in South Australia. This provides a substantial opportunity for appropriate reforms to be pursued, including widening EWOSA's jurisdiction to incorporate small-scale and off-grid water service providers where it is not too costly to do so. Other areas of reform may include pricing that enables improved cost recovery, reporting and compliance, industry codes and other customer protections, such as hardship policies.

An important part of the customer protection role of ESCOSA includes the development of service standards. SA Water achieved compliance with 65 out of 66 service standards in 2015-16, implying that many customer expectations are being met. These relate mainly to customer service, financial assistance for customers and the reliability of drinking water and sewerage services.

Any further water reform must ensure that current customer protections continue to be provided. These include consumer access to EWOSA's dispute resolution services and the application of approved hardship policies.

While we acknowledge that the removal of State-wide 'postage-stamp' pricing for water services in South Australia would represent a substantial reform and a significant shift towards cost-reflective pricing, this is also an important customer protection that we believe should not be removed.

We support efforts to increase competition and innovation in the supply of recycled water, other water supply sourcing, water treatment services and water efficiency products and services. South Australia's water industry third party access regime introduced in July 2016 should assist in some of these areas.

Should you require further information or have any enquiries in relation to this submission, please email me

Yours faithfully

Antony Clarke
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