



Water

Issues paper



Review of the small-scale water regulatory framework

August 2025

Request for submissions

The Essential Services Commission (**Commission**) invites written submissions from members of the community on this paper. Written comments should be provided by **14 November 2025**.

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The Commission may also exercise its discretion not to publish any submission based on length or content (for example containing material that is defamatory, offensive or in breach of any law).

Responses to this paper should be directed to: **Review of the small-scale water regulatory framework**

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Glossary of terms

ACL	Australian Consumer Law, which is a Schedule to the <i>Competition and Consumer Act 2010 (Cth)</i>
CAC	Consumer Advisory Committee
Code	Water Retail Code – Minor and Intermediate Retailers WRC-MIR/02
Commission	Essential Services Commission of South Australia
CWMS	Community Wastewater Management System
DEW	Department for Environment and Water
ESC Act	<i>Essential Services Commission Act 2002</i>
EWOSA	Energy and Water Ombudsman SA
Guideline 5	Small-scale Networks Guideline No. 5 – Regulatory Reporting Requirements for Small-scale Networks
LG Act	<i>Local Government Act 1999</i>
NWI	National Water Initiative
SAWRD24	SA Water Regulatory Determination 2024
TR	Technical Regulator
TTY	Teletypewriter
VTa approach	Verified Trust and Accountability regulatory approach to small-scale networks
WI Act	<i>Water Industry Act 2012</i>
WI Minister	Minister for Climate, Environment and Water

1 Executive summary

The Essential Services Commission (**Commission**) is established under the *Essential Services Commission Act 2002* and is the independent economic regulator of essential services in South Australia.

Small-scale retailers are those with 50,000 or fewer connections. In South Australia, approximately 110,000 customers receive water and/or sewerage retail services from 71 small-scale retailers. They offer drinking water, non-drinking water, and sewerage – including Community Wastewater Management System – retail services. Generally, these retailers hold a monopoly provider position in the market in which they operate and are not subject to competition.

The provision of water and sewerage services is regulated in South Australia, including through service level and price regulation by the Commission, referred to as ‘economic regulation’. Economic regulation aims to facilitate provision of an appropriate level of service for a price which reflects efficient costs. The objective is to ensure the licence holder delivers long-term sustainable water and/or sewerage retail services, operating as efficiently as reasonably practicable in the circumstances that relate to that industry overall and to its business.

The economic regulatory framework the Commission applies to small-scale retailers is comprised of a licensing regime, consumer protections, a price determination, reporting requirements and a compliance and enforcement regime.

The Commission is reviewing the economic regulatory framework that applies to small-scale retailers, to assess how well it protects the long-term interests of South Australian consumers with respect to the price, quality and reliability of water retail services.

It will do so by considering the risks to customers and consumers of small-scale retailers, how these are managed by small-scale retailers, and the Commission’s role in responding to those risks. In weighing the use of economic regulation to manage risks, the review will focus on assessing costs and benefits. The Commission will make changes where expected benefits outweigh costs.

This review will focus on assessing the effectiveness of two elements of the regulatory framework – the price determination, and the Code’s consumer protections. The review will only seek to amend licence conditions, reporting requirements, or the compliance and enforcement regime if required to address key risks.

While most small-scale retailers are similar in that they tend to exhibit monopoly characteristics, this review will consider the extent to which certain features (for example, size, scale, type of services provided, or the possible availability of alternative methods of supply) might require consideration in the setting of economic regulations, such as consumer protections and the price determination.

Currently, the price determination requires small-scale retailers to apply National Water Initiative pricing principles. This is flexible enough to accommodate the varying size, scale and service offerings of small-scale retailers. The Commission is seeking feedback on continuing with this principles-based approach, and on the challenges that retailers face in applying the National Water Initiative pricing principles.

Consumer protections, the behavioural standards and minimum requirements that apply to small-scale retailers when engaging with their customers, are set out in the *Water Retail Code – Minor and Intermediate Retailers WRC-MIR/02*. This review will consider opportunities to improve the clarity, efficiency or effectiveness (including cost effectiveness) of these consumer protections.

Next steps

The Commission is seeking feedback on any matters related to the small-scale water and sewerage regulatory framework, including the issues highlighted in this paper, by **14 November 2025**.

A further consultation opportunity will be provided following the release of a draft decision in March 2026. Key dates for the review are set out in Table 1.

Table 1: Key dates for the remainder of the review

Stage	Timing
Consultation on issues paper closes	14 November 2025
Draft decision released	March 2026
Consultation on draft decision	March – May 2026
Final decision released	August 2026
Proposed date varied Code and new price determination comes into effect (if applicable)	1 July 2027

2 Introduction

The Essential Services Commission (**Commission**) is established under the *Essential Services Commission Act 2002* (**ESC Act**) and is the independent economic regulator of essential services in South Australia. The Commission's primary objective is the protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.

Small-scale retailers are those with 50,000 or fewer connections.¹ In South Australia, approximately 110,000 customers receive water and/or sewerage retail services from 71 small-scale retailers.

The provision of water and sewerage services is regulated in South Australia, including through service level and price regulation by the Commission, generally referred to as 'economic regulation'. The Commission's regulatory framework that applies to small-scale retailers is detailed in Box 1.

2.1 Small-scale retailers operate within a broader policy framework

The Commission undertakes its role as economic regulator within a broader legislative and policy framework. The South Australian Government develops and implements, through legislation, public policy in relation to public health, the environment, water supply and demand planning, technical standards, safety and social welfare. This impacts small-scale retailers.

The Commission and other regulators perform roles and functions assigned to them by the South Australian Government and Parliament under that policy and legislative framework. A summary of the key entities involved in the regulation of small-scale retailers is provided in Table 2.

The Commission's role is limited, by legislation, to considering the price, quality and reliability of essential services; it does not extend to assessing affordability or an individual customer's capacity to pay for essential services. The South Australian Government makes decisions about social policy, including policies about subsidising water and sewerage services² and supporting customers to meet the costs of accessing essential services.³

The Commission influences the governance of small-scale retailers, including through requiring sound risk management and compliance frameworks. Small-scale retailers make the day-to-day commercial decisions about the operations and investments required to deliver water and sewerage services that meet their regulatory obligations.

Consumer and industry advocates have an important role to play in the economic regulation of small-scale retailers, through understanding and representing or reflecting the views of their constituents in consultation and engagement processes. They may advocate for changes where their constituents' interests are not being met.

The Commission has an established Consumer Advisory Committee (**CAC**), comprising consumer representatives, which advises the Commission on its regulatory functions, including the economic regulation of small-scale retailers. Those consumer advocacy representatives and associated organisations help the Commission to understand consumer experiences and expectations, and provide evidence to inform the Commission's regulatory decision-making process.⁴

¹ A connection, as defined in the Code, is the agreed point of supply at which a customer receives a retail service from a network.

² For example, decisions about the state-wide pricing policy (under which all customers on the SA Water network pay the same fixed water supply charge and the same water usage tariffs) and the Community Wastewater Management System subsidy funding partnership.

³ Through the South Australian Water and Sewerage Concession Scheme.

⁴ As established by section 17 of the ESC Act and section 14 of the WI Act.

Box 1: Small-scale water and sewerage regulatory framework

The regulatory framework that the Commission applies to small-scale water and sewerage retailers has been in place since 2013. It consists of:

- ▶ **A licensing regime:** In accordance with the *Water Industry Act 2012 (WI Act)*, the Commission licences persons who provide retail services to South Australian consumers. Licences are subject to conditions that address compliance with applicable codes and industry rules, minimum standards of service, dispute resolution processes, and accounting and reporting requirements.⁵
- ▶ **Consumer protections:** The *Water Retail Code – Minor and Intermediate Retailers WRC-MIR/02* (the **Code**) sets out behavioural standards and minimum requirements that apply to small-scale retailers' operations.⁶ These relate, for example, to customer information, connections and sale contracts, customer service and service restrictions.⁷
- ▶ **A price determination:** The price determination aims to facilitate customers paying the prudent and efficient costs of service provision.⁸ Retailers are responsible for setting their own prices, but must comply with National Water Initiative (**NWI**) pricing principles. The Commission monitors and enforces compliance with these principles, and may make a specific price determination for an individual water retailer, if it considers one is necessary.
- ▶ **Monitoring:** Reporting requirements enable the monitoring of operational, service and financial performance. Reporting requirements that apply are set out in a guideline that applies to all small-scale networks regulated by the Commission including those that supply electricity, gas and water.⁹ To enhance its understanding of small-scale networks, including infrastructure maintenance, asset management quality and adequacy of funding, the Commission has recently initiated the Small-scale Networks Assessment project.¹⁰
- ▶ **A compliance and enforcement regime:** The Commission uses a Verified Trust and Accountability approach (**VTA approach**) to regulation of small-scale networks. Under this approach, the Commission assesses whether licensees are running a competent operation for the benefit of their customers. Competent licensees benefit from reduced annual reporting requirements.¹¹

⁵ WI Act, division 2, sections 18 to 34.

⁶ The Code is established under the ESC Act.

⁷ The Commission is empowered to make industry codes and rules regulating the conduct or operations of a regulated industry or regulated entities by Part 4 of the ESC Act.

⁸ The price determination is established under the ESC Act as authorised by the WI Act.

⁹ That guideline is the *Small-scale Networks Guideline No. 5 – Regulatory Reporting Requirements for Small-scale Networks*, available at <https://www.escosa.sa.gov.au/industry/water/codes-and-guidelines/guidelines>.

¹⁰ Essential Services Commission of South Australia, 2025, *Small-scale Networks Assessment*.

¹¹ Essential Services Commission of South Australia, *Small-scale Networks Bulletin No. 6 – VTA approach*, available at <https://www.escosa.sa.gov.au/industry/water/licensee-information/small-scale-water-networks>.

Table 2: Entities involved in the regulation of the small-scale water industry

Entity	Overview of role within the small-scale water industry	Relevant legislation
Minister for Climate Environment and Water (WI Minister)	Administers the <i>Water Industry Act 2012</i> and is responsible for non-regulatory instruments (eg schemes) and appointing water industry entities.	<i>Water Industry Act 2012</i>
Treasurer	Sets licence fees for water industry entities and issues Pricing Orders.	<i>Water Industry Act 2012</i>
Essential Services Commission	Licences persons who provide water and sewerage retail services. Regulates customer service standards for, and makes a price determination relating to, the sale and supply of water and sewerage retail services.	<i>Essential Services Commission Act 2002</i> <i>Water Industry Act 2012</i>
Environment Protection Authority	Regulates the environmental impact of water businesses.	<i>Environmental Protection Act 1993</i>
Department for Environment and Water	Regulates State water resources, and other natural resource management matters.	<i>Natural Resources Management Act 2003</i>
SA Health	Regulates public health requirements for providing drinking water supplies.	<i>Safe Drinking Water Act 2011</i>
Technical Regulator	Regulates safety and technical matters.	<i>Water Industry Act 2012</i>
Consumer and Business Services	Responsible for administration of the Australian Consumer Law (SA), covering consumer protection and fair trading, in South Australia. Regulates the relationship between landlords and tenants for the payment of rates and charges for water and sewerage services. Regulates the professional conduct of plumbers and plumbing contractors.	<i>Competition and Consumer Act 2010 (Cth)</i> <i>Fair Trading Act 1987</i> <i>Residential Tenancies Act 1995</i> <i>Plumbers, Gasfitters and Electricians Act 1995</i>
Department of Human Services	Develops customer hardship and concession policies.	<i>Water Industry Act 2012</i>
Energy and Water Ombudsman SA (EWOSA)	Resolves complaints from customers of water retailers. Small-scale retailers are required to be members of EWOSA.	<i>Water Industry Act 2012</i> <i>Corporations Act 2001</i>
Minister for Local Government	Administers the <i>Local Government Act 1999</i> which includes requirements related to the recovery of charges for water and sewerage services, customer equity and financial difficulty, asset management, and financial sustainability.	<i>Local Government Act 1999</i>
Minister for Energy and Mining	Administers the <i>Roxby Downs (Indenture Ratification) Act 1982</i> which makes requirements that apply to setting of fees and charges by Roxby Downs Council.	<i>Roxby Downs (Indenture Ratification) Act 1982</i>

2.2 Economic regulation of retail services

The Commission regulates the customer service and pricing aspects of small-scale retailers' operations because, generally, these retailers hold a monopoly provider position in the market in which they operate and are not subject to competition. This means there is a risk that consumers may pay excessive prices and/or receive poor quality service.

Economic regulation can counteract this risk. It aims to facilitate provision of an appropriate level of service for a price which reflects efficient costs. The objective is to ensure the retailers deliver long-term sustainable water and/or sewerage retail services, operating as efficiently as reasonably practicable in the circumstances that relate to that industry overall and to its business.

The Commission considers all relevant legislative requirements, objectives and factors in making a determination about the form and nature of economic regulation, including the provisions of the ESC Act and the WI Act (and Pricing Orders issued under the WI Act). Detailed information about the existing legal requirements for the review can be found in Appendix 1 of this report.

The Commission's economic regulation of small-scale retailers' operations is comprised of a price determination and the consumer protections established in the Code (which in part relate to service reliability and quality). These regulatory obligations apply to all small-scale water retailers who hold licences issued by the Commission.

Licensing provides the foundation for other elements of the regulatory system (application of the price determination and Code, monitoring and the compliance and enforcement regime). Through the licensing process, the Commission assesses applications to determine whether the applicant is a suitable person to be an essential services provider and likely to be capable of satisfying relevant regulatory obligations, including financial, operational and technical requirements.

2.2.1 Price determination

The price determination aims to facilitate customers paying the prudent and efficient costs of service provision.¹² Retailers are responsible for setting their own retail prices, but must comply with a set of pricing principles. Retailers are required to comply with specific National Water Initiative (NWI) pricing principles in developing prices for drinking water, sewerage, and recycled water or stormwater services. Retailers must comply with similar principles (that relate to costs being met by the end user, prices reflecting efficient costs, and transparency) in developing retail prices for developer/augmentation services and other water services.¹³

Retailers must report to the Commission on how they are complying with pricing principles. Retailers are required to provide to the Commission, annually, their Pricing Schedule (which sets out retail prices, fees and charges for current and previous financial year) and their Pricing Policy Statement (which demonstrates compliance of retail prices with relevant NWI principles).

This approach is flexible, to accommodate the varying size, scale and service offerings of small-scale retailers. It allows the Commission to monitor, as it sees fit, prices charged by each retailer, and it has the ability to enforce compliance with these principles, as necessary. In that regard, the Commission may make a specific price determination for an individual water retailer if that is necessary to protect

¹² The price determination is established under the ESC Act as authorised by the WI Act.

¹³ The price determination defines developer/augmentation services as the provision of new infrastructure and/or the augmentation of existing infrastructure to allow for retail services to be provided. It defines other water services as all other retail water services, as per the meaning in the WI Act, that are not recycled water services, stormwater services or drinking water services.

the long-term interests of consumers. To date, the Commission has made one individual price determination, for Robusto Investments Pty Ltd.¹⁴

2.2.2 Asset management and long-term service sustainability

Full cost recovery, as provided for by the price determination, incorporates recovery of future asset replacement costs. This ensures that retailers have the required resources to maintain their assets and continue to deliver reliable, quality services to their customers. In establishing future asset replacement costs, the Commission has outlined that a retailer must have undertaken a recent asset valuation, or if using a renewals annuity methodology, have an Asset Management Plan that specifies prudent and efficient capital expenditure forecasts.

For all small-scale licensees, the Commission periodically reviews how well infrastructure is maintained, the quality of asset management, and the adequacy of funding to pinpoint networks at risk of failing to provide essential services to their communities. This proactive approach helps the Commission engage with service providers early to address any issues that may be identified.

Information from these assessments, and other intelligence, informs application of the Commission's VTA approach to compliance and enforcement in small-scale networks. Under the VTA approach, the Commission continually assesses whether licensees are running a competent operation for the benefit of their customers, and annual reporting requirements are adjusted accordingly.

2.3 Intended outcomes and approach

To protect the long-term interests of consumers with respect to the price, quality and reliability of retail services, the intended outcomes of the small-scale water regulatory framework are that small-scale retailers:

- ▶ deliver quality, reliable water and sewerage services that are valued by customers
- ▶ charge prices that reflect the efficient costs of delivering those services
- ▶ have in place sound long-term asset management, operating and financing strategies, which support the provision of those services for current and future customers, and
- ▶ transparently demonstrate and provide evidence of performance to the people, businesses and communities that use those water and sewerage services as an essential part of their everyday lives.

2.3.1 Scope

This review will focus on assessing the effectiveness of two elements of the regulatory framework – the price determination, and the Code's consumer protections.

The review will only seek to amend licence conditions, reporting requirements, or the compliance and enforcement regime if required to address key risks. These elements of the regulatory framework require less focus because:

- ▶ minimum licence conditions are prescribed by the WI Act (the Commission imposes additional conditions on a case-by-case basis)

¹⁴ See Essential Services Commission of South Australia, *Decision to make a price determination to apply to Robusto Investments Pty Ltd (trading as Compass Springs)*, available at <https://www.escosa.sa.gov.au/projects-and-publications/projects/water/decision-to-make-a-price-determination-to-apply-to-robusto-investments/decision-to-make-a-price-determination-to-apply-to-robusto-investments-compass-springs>.

- ▶ reporting requirements were substantially reviewed in 2022 and subject to a limited review that concluded in May 2025, and
- ▶ the compliance and enforcement regime was substantially reviewed in 2022 and is being refined through other work at the Commission, including through the Small-scale Networks Assessment Project.¹⁵

2.3.2 Approach

This review will assess the effectiveness of the price determination and Code by considering the risks to customers and consumers of small-scale retailers, how these are controlled, and the Commission's role in responding to those risks. The range of risks to customers and consumers of small-scale retailers is introduced in Box 2.

Box 2: Risks to customers and consumers of small-scale retailers

Customers and consumers of small-scale retailers face a range of risks (a detailed initial identification is included in Appendix 2). They include, for example, that:

- ▶ Before becoming a customer or consumer, a person may not know or understand that services are provided by a small-scale retailer. They may miss the opportunity to consider if price, quality or reliability of the services on offer is acceptable and may need to use the service regardless because there are no viable alternatives.
- ▶ If assets are not properly maintained, water services may not be safe, good quality, or reliable. This may not be apparent until underinvestment has been occurring for some time and is costly to rectify.
- ▶ Some customers may contribute to services they do not use if a small-scale retailer is subsidising its water or sewerage businesses with revenue from other businesses.
- ▶ Where there are not staff who work exclusively on customer service, service issues may take more time or be more difficult to resolve, and there may be privacy concerns where staff and customers or consumers live in the same community.
- ▶ If the small-scale retailer becomes unwilling or unable to continue providing services, customers or consumers may be left without supply. Customers or taxpayers may face the costs of securing an alternative supply.

This review will undertake more detailed analysis of these risks, which will involve documenting the potential impact of risks on consumers, engaging with other regulators involved in managing those risks, and identifying where there is a role for the Commission. This will inform the need for, and design of, changes to the regulatory framework.

In weighing the use of regulation to manage risks, the review will focus on assessing costs and benefits. Regulation imposes a necessary cost on small-scale retailers, which is typically passed on to customers and consumers. The Commission will only make changes where expected benefits outweigh costs.

This issues paper sets out proposed areas of focus for the review, for feedback and discussion. It separately addresses issues related to pricing (section 4) and consumer protection (section 5).

¹⁵ Essential Services Commission of South Australia, 2025, *Small-scale Networks Assessment*, available at <https://www.escosa.sa.gov.au/projects-and-publications/projects/water/small-scale-networks-assessment>.

Questions for stakeholders

- ▶ What do you think are the most important risks faced by customers or consumers of small-scale water and sewerage retailers? Why? How do you think they can they be managed?
- ▶ Are there opportunities to improve the outcomes of the Commission's small-scale water regulatory framework, or reduce its costs? What are they?
- ▶ Do you think the requirements of the regulatory framework should be the same for all small-scale entities, or vary depending on, for example, certain features, such as the types of services they provide?

3 Small-scale water and sewerage retailers

Small-scale water and sewerage retailers in South Australia are diverse. This section describes the retailers as well as features and risk characteristics of the sector.

3.1 Key facts and features

Currently, there are 71 small-scale water and sewerage retailers in South Australia. Small-scale retailers are those with fewer than 50,000 connections.¹⁶ Of these, 58 are councils and 13 are private entities.¹⁷ The services they offer include:

- ▶ **Drinking water retail services:** provision of water through a reticulated system that is intended for human consumption or for purposes connected with human consumption.
- ▶ **Non-drinking water retail services:** provision of any water other than drinking water through a reticulated system, including recycled water or stormwater.
- ▶ **Sewerage retail services:** the collection, storage, treatment or conveyance of sewage through a reticulated system. Sewerage retailer services include Community Wastewater Management System (CWMS) services, which collect, treat, convey or dispose of sewage from septic tanks on individual properties.

Fourteen small-scale entities are licensed to supply drinking water services, 42 to supply non-drinking water services, 49 to supply CWMS services and six to provide other sewerage services. Several of the small-scale retailers provide more than one service (see Table 3).

Table 3: Types of services offered, by number of retailers and number of connections

Services	Number of retailers	Number of connections
Drinking water services	14	5,578
Non-drinking water services	42	5,598
CWMS services	49	94,702
Other sewerage services	6	7,874

As at financial year 2023-24, small-scale retailers reported that they collectively served 113,752 connections and had 109,782 unique customers.¹⁸ Approximately 88 percent were residential customers.

The size of small-scale retailers varies considerably (as shown in Figure 1 below). For instance, there are 13 very small retailers (with up to 100 connections), 18 small retailers (with 101 to 500 connections), 36 medium retailers (with 501 to 5000 connections) and four large retailers (with 5001 to

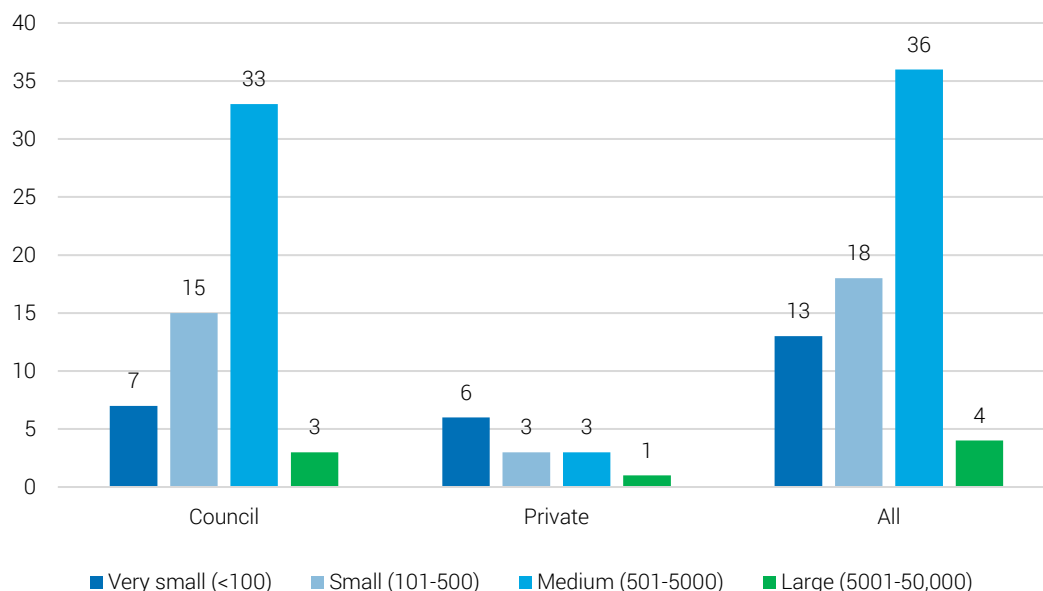
¹⁶ Small-scale retailers include both minor retailers (those which provide retail services to up to and including 500 connections) and intermediate retailers (those which provide retail services to more than 500 and up to and including 50,000 connections). Connection, as defined in the Code, means the agreed point of supply at which a customer receives a retail service from a network.

¹⁷ A list of all 71 small-scale retailers, the services they provide, and the number of connections they provide those services to, is set out in Appendix 3.

¹⁸ As defined in the Code, the term customer has the meaning given to that term in the WI Act, namely a person who owns land in relation to which a retail service is provided. There are more connections than unique customers because some customers have more than one connection (for example, receive both a drinking water service and a CWMS service). Further, some connections have multiple customers (for example, a single connection may serve a block of units with several unit owners).

50,000 connections).¹⁹ The largest is Mount Barker District Council with close to 15,000 connections to sewerage and non-drinking water services, while very small retailers can have less than 100 connections (for example, the Corporation of City of Whyalla has 17 connections to drinking water and non-drinking water services).

Figure 1: Number of retailers by size and ownership type, 2023-24



The 13 privately-owned retailers are predominantly small and very small.²⁰ Of these, 4 are licenced to provide drinking water services, 8 are licenced to provide non-drinking water services, and 3 are licenced to provide sewerage services.

Many small-scale retailers are not stand-alone entities. For instance, councils provide a broad range of services, of which small-scale water and sewerage retail services are one part, and some small-scale entities provide water and sewerage services directly to affiliated or related businesses.

Retailers with similar numbers of connections can have variations in the scale of their operations. For example, in 2020-21 the Rural City of Murray Bridge reported owning 5 km of mains to supply 159 connections with drinking water, while in the same year the District Council of Ceduna used 90 km of mains to supply 213 connections with drinking water.

Most small-scale retailers are similar in that they tend to exhibit natural monopoly characteristics. That is, they have a high proportion of fixed-to-variable costs, which usually makes it uneconomic to duplicate the infrastructure, and their customers cannot, at a low-cost, switch to an alternative supplier. At face value, water and sewerage retailers that hold a monopoly position carry lower levels of risk than, say, businesses operating in competitive markets.

¹⁹ Annual licence fees are set by the Treasurer are based on the number of connections each licensee has, using these categories.

²⁰ The large privately-owned retailer, Fairmont Utilities, is licenced to provide 7500 water, non-drinking water and sewerage services within the Seaford Heights Estate and at Seaford Heights. Its licence was issued in 2013, the connections have not been constructed. One medium privately-owned retailer, Select Utilities Pty Ltd, is licenced to provide 4,500 sewerage connections at Angle Vale. Its licence was issued in 2024, the connections have not yet been constructed. Another medium privately-owned retailer, Alano Utilities Pty Ltd, was initially licenced to provide sewerage services at Mount Barker. Its licence has been varied several times. It currently has 1847 sewerage connections; it is licensed to provide additional connections including at Two Wells and Angle Vale, which have not yet been constructed.

However, the nature of those monopoly characteristics can vary. Some customers of small-scale retailers may be able to access alternative methods of supply, placing competitive pressures on retailers. For example, some customers of retailers that only provide non-drinking water services may have the option of using drinking water services instead, if they are not satisfied with price or quality. In some situations, customers may have viable alternatives to supply from a small-scale retailer (such as supply from retailers in adjacent areas, or self-supplied rainwater or septic systems).

4 Price regulation

Economic regulation can take different forms (shown in Table 4). Currently, the Commission employs a principles-based approach. The price determination requires small-scale retailers to apply NWI pricing principles. This approach is flexible enough to accommodate the varying size, scale and service offerings of small-scale retailers.

The Commission considers that, for small-scale retailers, principles-based regulation is preferable to the other forms of economic regulation and proposes to continue this approach. The review will seek feedback on doing so.

Table 4: Forms of economic regulation that could be applied to small-scale retailers, from most prescriptive (price or revenue cap) to non-prescriptive (no regulations)

Type of regulation	Description
Price or revenue cap	Regulator determines a formal limit on prices or revenue and, to offset the incentive to increase profit by reducing service levels, sets minimum service standards. Typically incorporates detailed assessment of efficient costs.
Rate of return	Regulator specifies a rate of return that a monopoly provider can earn on its asset base, with an associated revenue/price limit. Typically, less focus on ensuring efficient costs when compared with price or revenue cap regulation.
Negotiated settlement	Regulator negotiates with monopoly providers and consumer groups to agree a price and service package. Typically, greater emphasis is placed on customer preferences rather than detailed cost assessment.
Principles-based	Regulator sets broad behavioural principles for monopolies to follow. May be bolstered through use of enforcement action, including by regulator making a formal price/service determination in cases of non-compliance.
Reputation-based	Regulator facilitates comparison by customers to incentivise service improvements or price reductions (for example, through a league table).
No formal economic regulation	Monopoly providers are free to choose price and service levels. No formal economic regulation is put in place, but customers are protected by general customer protection legislation (for example, Australian Consumer Law, ACL), competition legislation (for example, <i>Competition and Consumer Act 2010 (Cth)</i>) including in respect of misuse of market power for the purpose or effect of substantially lessening competition) and other regulation (for example, WI Act licence conditions which include some consumer protections).

Questions for stakeholders

- Do you support the current principles-based approach to the economic regulation for small-scale water retailers? Why or why not?
- If you do not support the current principles-based approach, which approach do you prefer and why?

4.1 National Water Initiative pricing principles

Under the current price determination,²¹ retailers are responsible for setting their own prices, but must comply with NWI pricing principles (see Box 3). The price determination does not prescribe specific prices or provide for the Commission to approve price schedules.

Box 3: National Water Initiative pricing principles

The NWI is a plan for water reform that all Australian States and Territories agreed to in 2004. It aims to increase the efficiency of Australia's water sector, including by improving pricing for water storage and delivery.²²

NWI pricing principles exist to guide pricing practices to support that improvement. They require retailers to:

- ▶ set prices at a level sufficient for full recovery of the efficient costs of providing services to customers, in addition to allowing for a return on capital²³
- ▶ set prices that are reflective of the efficient costs of providing end services to customers
- ▶ set prices using a transparent methodology which is open to public scrutiny, and
- ▶ redistribute revenue to customers where prices lead to revenues that are greater than efficient costs plus an appropriate return.

If applied correctly, the NWI pricing principles facilitate consumers paying prices that are reflective of the efficient costs of the services they receive, retailers being financially viable in the long term, and customers and consumers using water efficiently.

The Commission has published a Fact Sheet which describes the NWI pricing principles and small-scale retailer compliance with the NWI principles.²⁴

The Commonwealth Government is reviewing the National Water Agreement, which underpins the NWI. The proposed new National Water Agreement will retain much of the NWI.²⁵ Current NWI schedules (which include the NWI pricing principles) are not being amended at this time.²⁶

The Commission monitors and enforces compliance with the NWI pricing principles and may make a specific price determination for an individual water retailer, if it considers one is necessary.

²¹ See Essential Services Commission of South Australia, 2013, *Economic regulation of minor and intermediate retailers of water and sewerage services – final decision*, available at <https://www.escosa.sa.gov.au/ArticleDocuments/413/130627-EconomicRegulationMinorIntermediateRetailer.pdf.aspx?Embed=Y>, and Essential Services Commission of South Australia, 2018, *Subsequent Determination to vary the 2013 – 2017 Price Determination For Minor And Intermediate Retailers*, available at: <https://www.escosa.sa.gov.au/ArticleDocuments/1226/20180626-Water-PriceDetermination2013-17Extension-MIR-FinalDecision.pdf.aspx?Embed=Y>.

²² Department of Climate Change, Energy the Environment and Water, *National Water Initiative*, available at <https://www.dcceew.gov.au/water/policy/policy/nwi>.

²³ The return on capital should be calculated using a Weighted Average Cost of Capital. NWI principles (p. 6) state '[t]he rate of return should be consistent with the Weighted Average Cost of Capital (WACC) with the cost of equity derived from the Capital Asset Pricing Model (CAPM).'

²⁴ Essential Services Commission of South Australia, 2022, *Water Fact Sheet – Pricing principles guidance*, available at <https://www.escosa.sa.gov.au/ArticleDocuments/186/20220531-Water-NWIPricingPrinciplesFactSheet.pdf.aspx?Embed=Y>.

²⁵ Department of Climate Change, Energy the Environment and Water, *National Water Initiative*.

²⁶ Department of Climate Change, Energy the Environment and Water, *The new National Water Agreement*, available at <https://www.dcceew.gov.au/water/policy/policy/national-water-agreement>.

In making the price determination in 2013, the Commission recognised that some retailers would require time to become fully compliant with NWI pricing principles. Up to and including 2019-20, the Commission monitored levels of self-reported compliance with the NWI pricing principles, and other indicators of compliance.²⁷ In 2019-20, 72 percent of retailers self-reported full compliance (an increase on previous years) and 59 percent reported full cost-recovery (a decline from previous years).²⁸

As a signatory to the NWI, the South Australian Government has agreed to implement the NWI. When the price determination was initially made, the Pricing Order issued by the Treasurer specifically required the Commission to apply the NWI principles when making any price determination under the WI Act, including for small-scale retailers.²⁹ Currently, the Pricing Order only requires the Commission to apply NWI pricing principles when making price determinations regarding SA Water's services.³⁰ As NWI pricing principles relate only to water, the Commission has discretion about whether to apply them in relation to sewerage services.

Small-scale retailers have different approaches to applying the NWI pricing principles, and different levels of available support. For example, small-scale retailers that are councils are supported by guidance from the Local Government Association of South Australia (which includes the CWMS Accounting Principles and Property Units Code).

Questions for stakeholders

- Do you have feedback on using the NWI pricing principles to guide the development of small-scale retailers' water and sewerage prices?

4.2 Pricing outcomes

As mentioned earlier, most small-scale retailers hold a monopoly position. There is therefore a risk that retailers may set prices that do not reflect efficient costs. Prices may be set too high, which would deliver potentially excessive profits, or too low, to minimise short-term impacts on customers and consumers.³¹ Both would be inconsistent with the long-term interests of consumers.

A core requirement of the NWI pricing principles is that retailers must set prices that fully reflect efficient costs, inclusive of an appropriate return on capital. Prices that do not reflect efficient costs present risks to customers and consumers.

In situations where prices are set too high, customers will pay more than necessary for the level of service they receive. Where prices are too low, retailers may have insufficient revenue to maintain

²⁷ Essential Services Commission of South Australia, Small-scale historical performance outcomes, available at <https://www.escosa.sa.gov.au/industry/water/regulatory-performance/small-scale-water-networks/historical-performance-outcomes>

²⁸ Essential Services Commission of South Australia, 2021, *Minor and Intermediate Retailers Regulatory Performance Report 2019-20*, available at <https://www.escosa.sa.gov.au/ArticleDocuments/21836/20210604-Water-RegulatoryPerformanceReport2019-20-MinorIntermediateRetailer.pdf.aspx?Embed=Y>

²⁹ The pricing order issued by the Treasurer in 2012 required the Commission to apply NWI pricing principles. See Department for Treasury and Finance, 2012, *Water Industry Act 2012 (section 35) Pricing Order for the Regulatory Period 1 July 2013 – 30 June 2016*, clause 2.2, available at https://www.treasury.sa.gov.au/_data/assets/pdf_file/0003/515199/initial-pricing-order-for-regulatory-period-1july2013-30june2016.pdf.

³⁰ As set out in the current pricing order for 2024 – 2028 and all pricing orders issued since the one for 2016 – 2020. See Department for Treasury and Finance, 2024, *Water Industry Act 2012 (section 35) Pricing Order for the Regulatory Period 1 July 2024 – 30 June 2028*, clause 2.2, available at https://www.treasury.sa.gov.au/_data/assets/pdf_file/0010/990334/Pricing-Order-for-Regulatory-period-1-July-2024-to-30-June-2028.pdf.

³¹ The risk of under-pricing may be prominent in the context of retailers that are sensitive to the short-term impacts on customers and consumers.

assets or service levels. For example, underinvestment in assets has previously led to City of Tea Tree Gully Council CWMS customers experiencing declining service levels.³²

There is a risk that retailers, particularly council retailers, may face pressure to keep prices low due to the impact of cost-reflective prices on customers. Of the 28 percent of retailers who reported partial compliance with the NWI pricing principles to the Commission in 2019-20, the key reason was the difficulty in achieving full cost recovery due to a small customer base and/or customers' capacity to pay.³³

Retailers may seek to hold bills for water and sewerage services below the cost reflective level by cross subsidising them with revenue from unregulated activities. However, in doing so, pricing signals for the use of water may be impacted. In other cases, a monopoly retailer may increase the price for regulated services through, for instance, cross-subsidisation from unregulated activities. Ring-fencing can be an economic regulatory tool used to prevent regulated entities using cross-subsidies.

The review will explore whether pricing outcomes are consistent with NWI principles, and the impact of pricing outcomes on customers and consumers.

To do so, the review will draw on data held by the Commission (on prices, operating surplus/deficit, asset health, and retailer investment). It will also examine a sample of retailer's pricing approaches and methodologies in detail (including by requesting further information from some retailers).

Questions for stakeholders

- Are there any challenges to small-scale retailers setting prices that are consistent with the NWI pricing principles (for example, setting prices that accurately reflect costs)? If so, what are they and how might they be addressed?

³² Essential Services Commission of South Australia, 2021, *Minor and Intermediate Retailers Regulatory Performance Report 2019-20*.

³³ Ibid, p. 2.

5 Consumer protection

The Code sets out behavioural standards and minimum requirements that apply to small-scale retailers when engaging with their customers.

In making industry codes, the Commission is required to have regard to the scale and nature of the operations of water entities.³⁴ For this reason, the Commission maintains two water retail codes, the Code for small-scale retailers, and the *Water Retail Code – Major Retailers WRC-MR/06* for SA Water.

Both contain a core set of protections for all customers. The Code for small-scale retailers offers flexibility in how they meet their obligations, for example, it does not specify performance targets for minimum standards of service and its minimum billing obligations are less prescriptive. This recognises that small-scale retailers may have fewer dedicated resources and that there are instances where the costs of compliance may outweigh the benefits of more prescriptive regulation.

The Commission is interested in feedback on opportunities to improve the clarity, efficiency or effectiveness (including cost effectiveness) of the Code, in terms of protecting consumers' long-term interests. Proposed focus areas for the review are set out in this section.

The Code contains model customer charters and model standard contracts which retailers must adopt for residential customers.³⁵ There are separate versions for retailers that provide a water retail service, retailers that provide a sewerage retail service, and retailers that provide both a water retail service and a sewerage retail service. These will also be updated as part of the review, and the Commission welcomes feedback from stakeholders on those documents.

Questions for stakeholders

- ▶ Do you have any suggestions that could improve the clarity, efficiency or effectiveness (including cost effectiveness) of the Code in terms of protecting consumers' long-term interests?
- ▶ Do you have any suggestions about improvements to the model customer charters and model standard contracts included in the Code?

5.1 Service standards

The WI Act requires the Commission to make water retail licences subject to conditions that include compliance with provisions relating to minimum standards of service.³⁶ Rather than prescribing performance targets for minimum standards of service,³⁷ the Commission:

- ▶ requires general service outcomes – for example, in relation to network reliability the Code requires retailers to use their best endeavours to minimise interruptions and limitations to supply (and have policies, practices and procedures in place to minimise the impact of unplanned interruptions and bursts, leaks, blockages or spills)³⁸

³⁴ WI Act, section 25(2)

³⁵ Noting that retailers that charge for retail services as part of a rates notice do not need to adopt a standard contracts, as per WRC-MIR/02, clause 2.1.4(a).

³⁶ WI Act, section 25(1)(b)(ii).

³⁷ This contrasts with the Commission's requirements of SA Water. SA Water is required to use its best endeavours to meet a series of performance targets for 22 service standards related to customer service, connections, response and restoration. See Essential Services Commission of South Australia, *Water Retail Code – Major Retailers – Schedule 1: Service Standards*, available at <https://www.escosa.sa.gov.au/ArticleDocuments/22067/20240724-Water-ServiceStandardsSchedule-MajorRetailers-July2024-June2028.pdf.aspx?Embed=Y>.

³⁸ WRC-MIR/02, clauses 4.2.2 and 4.2.3.

- ▶ monitors operational performance to consider, on an ongoing basis, the need to establish specific service standards – for example, for all retailers the Commission evaluates detailed information about significant supply interruptions, as well as (from 1 July 2025) the number and duration of unplanned interruptions,³⁹ and additional service reliability metrics for higher-risk retailers, and
- ▶ has the discretion to establish specific service standards for small-scale retailers (either individually or as a group) if necessary.

This approach recognises that, because of their inherent differences, each small-scale retailer is capable of delivering slightly different outcomes. Changing the approach to prescribe specific performance targets or set targets to increase service levels is likely to affect retailer's costs, which are ultimately borne by customers and consumers.

In relation to reliability, on average and based on available performance data, customers of small-scale retailers appear to be receiving reliable services, with a low number of complaints being escalated to the Energy and Water Ombudsman SA (EWOSA).⁴⁰

Questions for stakeholders

- ▶ Are customers and consumers satisfied with the reliability and quality of services provided by small-scale retailers? If not, what improvements would customers and consumers value and be willing to pay for?

5.2 Information for consumers

EWOSA handles cases about the supply of water and sewerage services. Cases include enquiries and complaints. Enquiries are requests for information or assistance, and complaints are expressions of dissatisfaction. Amongst cases about small-scale retailers, there is a high proportion of enquiries (64 percent of all cases in the two years to December 2024) when compared to enquiries about SA Water (27 percent of all cases in the same period).

This may reflect a lower level of awareness about protections available to customers and consumers of small-scale retailers.

If so, this could be addressed by requiring small-scale retailers to make information about consumer protections more readily available. Alternatively, or to support this, the Commission could publish fact sheets summarising key protections (for example, about billing, hardship support, or life support equipment) for retailers, customers and consumers to use.⁴¹

³⁹ These measures were included in Water Industry Guideline No. 3, which was revoked following introduction of the VTA approach in 2022 and have been reintroduced following the limited review of Guideline 5, see <https://www.escosa.sa.gov.au/projects-and-publications/projects/energy/review-of-small-scale-networks-reporting-requirements-and-prescribed-customer-consumer-protections/review-of-small-scale-networks-reporting-requirements>.

⁴⁰ On average and based on available data, small-scale retailer performance in relation to reliability and complaint management has been consistent over time, and, though they are imperfect benchmarks, compares well against SA Water and 'small' retailers that report under the Urban National Performance Report (for 2023-24 data, this reporting is limited to retailers with 10,000 or more customers, but will be expanded to include smaller retailers from 2024-25, with those data available in December 2025). See Bureau of Metrology 2025, Urban National Performance Reporting, available at: <http://www.bom.gov.au/water/npr/>.

⁴¹ In 2023 the Commission published fact sheets about key protections for small-scale energy customers, see: Essential Services Commission of South Australia, 2023, *Small-scale Energy Networks Consumer Protection Framework Review – Final - Factsheets*, available at <https://www.escosa.sa.gov.au/projects-and-publications/projects/energy/off-grid-energy-consumer-protection-framework-review/off-grid-energy-consumer-protection-framework-review>.

Questions for stakeholders

- ▶ Do you think the high proportion of enquiries in EWOSA cases reflects a low level of awareness about the protections available to customers and consumers of small-scale retailers? Why or why not?
- ▶ Do customers and consumers need more information about key protections available to customers or consumers of small-scale retailers (for example, about billing or hardship support)? What sort of information do they need?
- ▶ Would small-scale retailers, customers and consumers value some information being provided by the Commission as a series of fact sheets?

5.3 Communication

When retailers communicate with their customers and consumers, it is important that they do so in a way that is timely, and that people can access and understand.

Options for direct communication to specific customers include paper letters or bills, email letters or bills, telephone calls and SMS messages. Options for broader communication include use of websites, apps, social media, SMS messages, radio and newspapers. Options have evolved over time and will continue to do so.

Some groups of people have specific communication needs. Provisions can be made to assist non-English speakers (multi-lingual services), those with low literacy (Easy English), visual impairment (large print, visual or audio aids), or hearing impairment (captions, teletypewriter (TTY) or National Relay Service).

The current communication provisions in the Code are that small-scale retailers: may issue documents, bills or notices by mail or email,⁴² must provide residential customers with access to multi-lingual services,⁴³ must provide an emergency telephone service to give and receive information about interruptions, and must provide at least four business days' notice of a planned interruption, which can be by radio or newspaper if writing to individuals is not practical due to the number of people affected.⁴⁴

There is scope for these communications provisions to be expanded to include newer forms of communication and communications to meet specific needs. For example, small-scale retailers could be:

- ▶ required to provide access to services for customers with specific needs (such as needs related to low levels of literacy, or disability or impairment),⁴⁵ and/or
- ▶ permitted to provide notice of a planned interruption in a manner that is likely to come to the attention of members of the public who may be affected by the interruption (which could be by radio, websites or social media).⁴⁶

⁴² WRC-MIR/02, clause 3.3.

⁴³ WRC-MIR/02, clause 3.3.4.

⁴⁴ WRC-MIR/02, clauses 4.2.5 and 4.3.1.

⁴⁵ A similar requirement is made of SA Water, see WRC-MR/06, clause 4.2.

⁴⁶ A similar requirement is made of SA Water, see WRC-MR/06, clause 16.3.2(b).

Questions for stakeholders

- ▶ Do small-scale retailers communicate with their customers and consumers in a way that is timely, accessible and easy to understand? If not, what improvements are needed?
- ▶ What barriers do customers or consumers of small-scale retailers face in accessing or understanding information? How might they be overcome?
- ▶ What barriers do small-scale retailers face in communicating with and providing access to services for customers with specific needs? How might they be overcome?

5.4 Billing

Small-scale retailers must provide customers with accurate and timely bills. Small-scale retailers that are councils may include water or sewerage charges in rates notices, if charges are separately identified and supporting information is included.

Billing obligations that only apply where retailers are providing metered supply do not apply to the provision of sewerage or CWMS services, which are not metered (90 percent of small-scale retailer connections).

There are several areas where changes to billing requirements may benefit customers:⁴⁷

- ▶ EWOSA contact details on bills – small-scale retailers could be required to include EWOSA contact details on bills to inform or remind customers about the support available to them if they have an unresolved dispute.

National electricity market retailers have been required to include EWOSA contact details in bills since September 2023, and SA Water has been required to include EWOSA contact details on bills since 1 January 2025.⁴⁸ The proportion of customers contacting EWOSA for support with unresolved disputes after learning about it on their bills has since increased.⁴⁹

- ▶ Regular meter reading requirement – small-scale retailers could be required to apply their best endeavours to conduct an actual meter read conducted at a customer's supply address at least once every 12 months. Currently, small-scale retailers must include details of meter reads or estimates in bills but are not explicitly required to base bills for metered supply on an actual meter read. This matter is only addressed in the model customer charter, which is not subject to legal enforcement.⁵⁰ Long periods between actual meter reads may lead to prolonged over- or under-charging.
- ▶ Defined estimation method – when using an estimate as the basis for a bill, small-scale retailers could be required to use a defined estimation method. Currently, for estimated bills for metered supply, small-scale retailers must include details of estimates in bills but are not obliged to use a particular method. Without this, there is a risk of over- or under-charging. For small-scale electricity

⁴⁷ These have been identified through initial scoping work, including review of submissions to the Commission's *Preservation Regulatory Determination for Robusto Investments Pty Ltd (trading as Compass Springs)*, several of which have raised concerns about billing, see <https://www.escosa.sa.gov.au/projects-and-publications/projects/water/preservation-regulatory-determination-robusto-investments/preservation-regulatory-determination>.

⁴⁸ Australian Energy Regulator, 2023, *Better Bills Guideline Version 2*, available at https://www.aer.gov.au/system/files/AER%20-%20Better%20Bills%20Guideline%20%28Version%20%29%20-%20January%202023_0.pdf, WRC-MR/06, clause 18.8.

⁴⁹ The proportion of customers contacting EWOSA after learning about it on their electricity bill increased from 3 percent in June 2023 to 21 percent in December 2023. The number of SA Water cases in the first five months of 2025 was 40 percent higher than in 2024, possibly due to inclusion of EWOSA's phone number on bills.

⁵⁰ The model customer charter includes an undertaking to base a bill on an actual meter read at least once every 12 months.

network providers regulated by the Commission, the circumstances where estimated bills can be issued, and the methods that can be used, are prescribed.⁵¹ SA Water must, where it bases bills on estimates, use an estimation method approved by the Commission.⁵²

- ▶ Timeframe for recovery of undercharged amounts due to error by retailer – this timeframe could be reduced for consistency with other entities and could provide additional protection for customers experiencing difficulty repaying undercharged amounts. Small-scale retailers can recover amounts they have undercharged a customer because of the retailer's error or omission. Currently, this is limited to the amount undercharged in the last 12 months.⁵³ In similar provisions for SA Water and small-scale energy network providers regulated by the Commission, and for National Energy Market retailers, recovery of undercharged amounts is limited to the last 9 months.⁵⁴
- ▶ Limitations on charging for paper bills – could be introduced to protect customers, or certain types of customers, from paying a specific fee for paper bills. Currently, small-scale retailers are not prohibited from charging for paper bills. Charging for paper bills has become common in the banking, energy and telecommunications sectors, where companies charge between \$1 and \$3 per paper bill. Since 2024, provisions have been in place to require that if SA Water charges for paper bills (which is not its current practice), it must meet specific requirements including providing exemptions for some customers and obtaining the approval of the Commission.⁵⁵

Questions for stakeholders

- ▶ Would retailers face any practical difficulties or costs if required to include EWOSA contact details on bills? How could these be addressed?
- ▶ Are you aware of cases where bills are issued for metered supply, but retailers do not regularly conduct meter reads? Why might retailers delay meter reads? How does this impact customers?
- ▶ How do retailers estimate bills when they do not have an actual meter read? Why do retailers use those methods? How does this impact customers?
- ▶ Do you have any concerns about how retailers manage under- or over-charged amounts? Do you think reducing the timeframe for recovery of undercharged amounts due to retailer error would assist customers? Why or why not?
- ▶ Are you aware of any small-scale retailers (including councils) that currently charge for paper bills (either for water and sewerage service bills or rates bills), or are considering doing so?
- ▶ Do you have other concerns or comments about billing for water and sewerage services by small-scale retailers?

⁵¹ Essential Services Commission of South Australia, *Small-scale Electricity Networks Code SENC/01*, clause 4.7.2.

⁵² WRC-MR/06, clause 18.5.1(c).

⁵³ WRC-MIR/02, clauses 5.7.1 and 5.7.2.

⁵⁴ WRC-MR/06, clauses 18.2 and 21.2.1, Essential Services Commission of South Australia, 2020, *SA Water Regulatory Determination 2020 – Final Determination Statement of Reasons*, section 5.2.6, available at <https://www.escosa.sa.gov.au/ArticleDocuments/21489/20200611-Water-SAWRD20-FinalDetermination-StatementOfReasons.pdf.aspx?Embed=Y>, and Essential Services Commission of South Australia, 2023, *Small-scale Energy Networks Consumer Protection Framework Review – Final decision*, pp. 8 and 14., available at <https://www.escosa.sa.gov.au/ArticleDocuments/21958/20230621-Energy-Small-scaleNetworks-ConsumerProtectionFrameworkReview-FinalDecision.pdf.aspx?Embed=Y>.

⁵⁵ WRC-MR/06, clause 18.4.2.

5.5 Consumer protections for tenants

The nature of consumer protections that the Commission may establish, and where it may extend those to tenants, are set out in the WI Act.

The Commission can establish protections in relation to water retailers which relate to customers, where customer is defined as per the WI Act as an owner of land to which a retail service is provided. *The definition of customer includes a consumer (for example, a tenant) in some defined circumstances.* These are in relation to: limitations on the grounds for and processes to be followed before disconnection; processes for dispute resolution; and for the purposes of an ombudsman scheme.⁵⁶

The WI Act⁵⁷ also requires that each water industry entity must adopt the hardship policy developed and published by the WI Minister. The hardship policy relates to residential customers, which are defined for that purpose only as a 'consumer who is supplied with retail services for use at residential premises'.

In the Commission's SA Water Regulatory Determination 2024 (SAWRD24), stakeholders raised concerns about the different level of protections that apply to tenants as consumers and encouraged the Commission to investigate ways to further extend protections to tenants.⁵⁸ Subsequently, the Commission extended some protections to include tenants as consumers of SA Water services, where consistent with the legal framework established by the WI Act. Protections that extend to tenants as consumers of SA Water and small-scale water entities' services are summarised in Table 5.⁵⁹

Questions for stakeholders

- Do you support extending protections for tenants as consumers of small-scale retailers' services, where consistent with the legal framework established by the WI Act? Why or why not?

⁵⁶ WI Act, section 25(1) and *Water Industry Regulations 2012*, Regulation 4.

⁵⁷ WI Act, section 37(5).

⁵⁸ Essential Services Commission of South Australia, 2024, *SA Water Regulatory Determination 2024 – Final Determination Statement of Reasons*, section 5.3.1.

⁵⁹ Essential Services Commission of South Australia, 2024, *SA Water Regulatory Determination 2024 – Final Determination Statement of Reasons*, section 5.3.1.

Table 5: Comparison of protections for tenants as consumers– SA Water and small-scale retailers

Protection	SA Water	Small-scale retailers	Notes
Customer charter – send to customer or consumer on request.	✓	✓	
Enquiry, complaint and dispute resolution procedure – to apply to both customers and consumers and inform on request.	✓	✗	Small-scale entity requirement applies to customers only.
Customer and consumer communications - use form preferred by the customer or consumer.	✓	✗	Small-scale retailer requirements about form of communication relate to customers only.
Schedule of prices, fees and charges - provide customer or consumer on request.	✓	✗	Small-scale retailer requirement to provide schedule to customers only.
Advice on concessions, rebates or grants - provide to residential customer or consumer on request.	✓	✗	Small-scale retailers have no requirement to provide advice – though there is general information in customer charter.
Life support equipment – accept notification from and provide notices and communications to a residential customer or consumer.	✓	✗	Small-scale retailers have no requirement to accept notification from and provide notices and communications to consumers.
Hardship policy - inform residential customers and consumers of policy in defined circumstances. Publish information about how applies differently to residential customers and consumers.	✓	✗	Small-scale retailer requirement is to inform residential customers only.
Provision of billing data - on request by customers or consumers, subject to proof of residency.	✓	✗	Small-scale retailers have no requirement in Code – standard contract provides for release of billing data to a tenant.
Information for consumers – about how they can query or dispute a bill.	✓	✗	Small-scale retailers have no requirement.
Prohibition on water service flow restriction - where premises are occupied by a consumer that is not a customer.	✓	Partial	For small-scale retailers, restriction is prohibited for tenants where there is evidence of tenancy and where payment obligations have been satisfied. For SA Water, restriction is prohibited where it has been informed of or reasonably believes the property is tenanted.

5.6 Hardship and payment difficulties

Small-scale retailers have an obligation under the WI Act⁶⁰ to adopt the WI Minister's hardship policy,⁶¹ which addresses how retailers must identify and assist customers experiencing financial hardship.

Provisions in the Code support implementation of the hardship policy, including in relation to:

- ▶ the retailer adopting the hardship policy or a modified version with the Commission's approval, and informing residential customers of that policy in certain circumstances⁶²
- ▶ the retailer providing customers with information about flexible payment arrangements, the hardship policy, government concessions, and financial counselling services to residential customers experiencing payment difficulties,⁶³ and
- ▶ limitations on debt recovery, prohibitions on water flow restriction, and a requirement to waive restoration fees for residential customers.⁶⁴

Customers of small-scale retailers have higher participation in hardship programs than customers of SA Water.⁶⁵ These differences could reflect variation in how proactive customer service teams are in following up customers who are experiencing payment difficulty or could reflect variation in the average income or economic circumstances of small-scale retailers' customers affecting ability to pay.⁶⁶

Areas for change to hardship and payment difficulty provisions may include obligations about identification of hardship. Small-scale retailers could be required to have and adhere to policies and processes relating to the timely identification of residential customers experiencing payment difficulties, and making contact with those customers to provide information about assistance. This could give relevant customers early access to support.

Questions for stakeholders

- ▶ How could small-scale retailers better support customers experiencing financial hardship or payment difficulties? What practical difficulties or costs would retailers face in doing so?
- ▶ When is the right time for small-scale retailers to identify and intervene to support customers experiencing financial hardship? Why?

5.7 Family violence consumer protections

Family violence refers to any behaviour that is violent, threatening, controlling, or intended to make someone or their family feel scared and unsafe. Perpetrators of family violence can use essential services to cause harm by:

⁶⁰ WI Act, section 37.

⁶¹ Department for Human Services, *Hardship Policy for Residential Customers*, February 2013, available at https://dhs.sa.gov.au/_data/assets/pdf_file/0019/148204/Hardship-policy-for-residential-customers-of-minor-and-intermediate-water-industry-retailers-September-2013.pdf.

⁶² WRC-MIR/02, clause 3.5.

⁶³ WRC-MIR/02, clause 5.5.

⁶⁴ WRC-MIR/02, clauses 5.9, 6.2.1(a), and 8.2.

⁶⁵ In 2023-24, more small-scale residential customers (0.31 percent) participated in hardship programs than SA Water residential customers (0.12 percent), and more small-scale residential customers (1.96 percent) used flexible payment plans than SA Water residential customers (0.38 percent).

⁶⁶ In 2019-20, average household income was 22.5 percent higher in Greater Adelaide than in the remainder of the state. See Australian Bureau of Statistics, 2019-20, *Household Income and Wealth, Australia: Summary of Results*, available at [https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/2019-20/13.States and territories.xlsx](https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/2019-20/13.States%20and%20territories.xlsx).

- ▶ insisting an account is in a victim-survivor's name and refusing to contribute to the cost, resulting in victim-survivors being forced to bear the financial cost of utilities to have ongoing access to services
- ▶ putting a service in the name of the victim-survivor without their knowledge or consent
- ▶ holding a joint account with the victim-survivor and refusing to contribute to the cost, or
- ▶ threatening the victim-survivor's personal safety by accessing their personal information held by the essential services provider.

For this reason, the Commission has recently introduced family violence consumer protections to the *Water Retail Code – Major Retailers WRC-MR/06* (which applies to SA Water) and for a subset of residential customers of one small-scale electricity network provider, Cowell Electric.^{67,68}

These include requirements for each entity to have a family violence policy, provide training to staff, and adopt processes to avoid the need for customers to repeat disclosures. They also include requirements to protect account security and confidentiality, specify the approach to debt management, and provide information about external support services.

While these protections have been introduced for customers experiencing family violence, being able to access essential services in a safe manner benefits all customers. The Commission considers that it would be beneficial to introduce these protections for customers of small-scale water retailers.

Questions for stakeholders

- ▶ Do you support introduction of family violence consumer protections for customers of small-scale retailers? Why or why not?
- ▶ What sort of consumer protections should small-scale water retailers offer people who are experiencing family violence? Why?

5.8 Life support and special needs

The Code contains protections for residential water retail customers that use life support equipment. Life support equipment is defined as a dialysis machine or other equipment notified by the Commission from time to time.⁶⁹

The protections apply when the customer provides a retailer with confirmation from a registered medical practitioner that a person at the supply address requires life support equipment. When a small-scale retailer receives that notification, it must:

- ▶ register the supply address as a life support equipment address

⁶⁷ Essential Services Commission of South Australia, 2024, *SA Water Regulatory Determination 2024 – Final Determination Statement of Reasons*, section 5.3.8, available at <https://www.escosa.sa.gov.au/ArticleDocuments/22067/20240625-Water-SAWRD24-SAWaterRegulatoryDetermination2024-FinalDetermination-StatementOfReasons.pdf.aspx?Embed=Y>, and Essential Services Commission of South Australia, 2025, *Reporting metrics for family violence consumer protections – Final decision*, available at <https://www.escosa.sa.gov.au/projects-and-publications/projects/energy/family-violence-consumer-protections-reporting-metrics>.

⁶⁸ Essential Services Commission of South Australia, 2025, *Review of consumer protections for customers supplied electricity via mandatory prepayment meters – Final decision*, available at <https://www.escosa.sa.gov.au/projects-and-publications/projects/energy/review-of-small-scale-networks-reporting-requirements-and-prescribed-customer-consumer-protections/review-of-small-scale-networks-reporting-requirements>.

⁶⁹ WRC-MIR/02, clause 3.6.5.

- ▶ not arrange for the disconnection or restriction of supply while the person resides at the address and requires the life support equipment
- ▶ provide the residential customer at least four business days' notice of planned interruptions, advice there is likely to be a planned interruption, and an emergency telephone contact number.⁷⁰

While life support provisions currently relate to residential customers, there may be instances where people using life support equipment reside at a non-residential supply address (for example, at a hotel or boarding house). The Commission considers that it would be beneficial for the Code's life support provisions to apply more broadly, to capture such cases.

Recently, the Commission amended the life support equipment provisions that apply in relation to a subset of residential customers of one small-scale electricity network provider, Cowell Electric.⁷¹ The definition of life support equipment was changed to align with the definition used by the Australian Energy Regulator.

The revised definition includes an updated list of specific types of equipment and replaces *'other equipment as notified by the Commission from time to time'* with *'in relation to a particular customer—any other equipment that a registered medical practitioner certifies is required for a person residing at the customer's premises for life support'*. This is important because the Commission may not be best placed to assess types of equipment necessary for life support that use water.

The Code provides that customers identified as requiring life support equipment must provide the licensee with medical confirmation,⁷² but does not specify the timeframe in which it must be provided. The Code is ambiguous about whether a licensee still needs to provide life support protections if medical confirmation is not received, or not received in a timely fashion.

A licensee can deregister a supply address if the person for whom the life support system is required moves or no longer requires the life support system. The licensee may rely on written advice received from a medical practitioner or hospital that a life support system is no longer required if the customer has not provided the information, or cannot reasonably be contacted to make this request.

The Commission considers that it would be beneficial amend the defined processes for deregistering a supply address of its life support status, to address cases where if medical confirmation is not received in a timely fashion.

The Commission will separately consult on the above aspects of life support consumer protection provisions, as they relate to each relevant industry the Commission regulates, in November 2025. Submissions to that consultation process will also be considered as part of this review.

In its *Water Industry Standard – Urban Customer Service*, the Essential Services Commission of Victoria requires that water businesses must keep a register of customers who require water for life support equipment or other special needs (related to medical conditions or disability, such as showering or operating equipment) that may be affected by planned and unplanned outages.⁷³ Water businesses are required to contact registered customers as soon as possible in the event of an unplanned interruption, and at least four business days before a planned interruption, and minimise inconvenience.⁷⁴

⁷⁰ WRC-MIR/02, clause 3.6.1.

⁷¹ Essential Services Commission of South Australia, 2025, *Review of consumer protections for customers supplied electricity via mandatory prepayment meters – Final decision*.

⁷² WRC-MIR/02, clause 3.6.1.

⁷³ Essential Services Commission of Victoria, *Water Industry Standard – Urban Customer Service*, clause 12, available at <https://www.esc.vic.gov.au/water/industry-standards-codes-and-guidelines/water-industry-standards>.

⁷⁴ Essential Services Commission of Victoria, *Water Industry Standard – Urban Customer Service*, clause 12.

Question for stakeholders

- ▶ Can you foresee any practical difficulties in using a definition of life support equipment that includes any equipment that a medical practitioner certifies is required (rather than equipment as notified by the Commission from time to time)? What are they?
- ▶ Are there any other protections required for customers or consumers that use life support equipment? What are they and why?
- ▶ Do you think customers or consumers who require water for other special needs related to disability or medical conditions should have similar protections to those who require water for life support equipment? Why or why not?

6 Next steps

The Commission is seeking feedback on any matters related to the small-scale water and sewerage regulatory framework, including the issues highlighted in this paper, by **14 November 2025**. The Commission plans to publish a draft decision on proposed changes in March 2026, ahead of a final decision in August 2026. An indicative timeline for the review is outlined below.

Table 6: Key dates for the remainder of the review

Stage	Timing
Consultation on Issues Paper closes	14 November 2025
Draft decision released	March 2026
Consultation on draft decision	March – May 2026
Final decision released	August 2026
Proposed date varied Code and new price determination comes into effect (if applicable)	1 July 2027

Further information

Any queries relating to this consultation should be directed to:

- Rowan McKeown, Director, Policy at reviews@escosa.sa.gov.au.

If you would like to keep up to date with the Commission's work and the release of papers for consultation, subscribe at <http://www.escosa.sa.gov.au/subscribe.aspx>.

Appendix 1 Legal requirements

The Commission makes regulatory determinations in accordance with its primary objective, which is to protect the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.

In doing so, it complies with the specific requirements of the *Essential Services Commission Act 2002* (ESC Act) and *Water Industry Act 2012* (WI Act) that relate to the making of a price determination, Codes and Rules that apply to small-scale retailers.

This appendix explains the statutory framework that applies to the making of a regulatory determination and includes a general description of the elements of the statutory regime governing small-scale retailer operations that are relevant in the regulatory determination context.

A1.1 Functions and powers of the Commission

The regulatory functions of the Commission are set out in section 5 of the ESC Act. Functions relevant to the economic regulation of small-scale entities include:

5 – Functions

The Commission has the following functions:

- (a) *to regulate prices and perform licensing and other functions under relevant industry regulation Acts;*
- (b) *to monitor and enforce compliance with and promote improvement in standards and conditions of service and supply under relevant industry regulation Acts;*
- (c) *to make, monitor the operation of, and review from time to time, codes and rules relating to the conduct or operations of a regulated industry or regulated entities.*

In performing these functions, the following objectives (including the Commission's primary objective when undertaking any function) inform and guide the Commission. They are set out in section 6 of the ESC Act.

6 – Objectives

In performing the Commission's functions, the Commission must –

- (a) *have as its primary objective protection of the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services; and*
- (b) *at the same time, have regard to the need to –*
 - (i) *promote competitive and fair market conduct; and*
 - (ii) *prevent misuse of monopoly or market power; and*
 - (iii) *facilitate entry into relevant markets; and*
 - (iv) *promote economic efficiency; and*
 - (v) *ensure consumers benefit from competition and efficiency; and*
 - (vi) *facilitate maintenance of the financial viability of regulated industries and the incentive for long term investment; and*
 - (vii) *promote consistency in regulation with other jurisdictions.*

With regard to the Commission's principal statutory objective, three elements of service delivery are captured – price, quality and reliability – and these are to be interpreted in a context of economic efficiency. That is particularly so in light of the fact that sections 6(b)(iv) and (v) of the ESC Act expressly refer to efficiency considerations.

A1.2 The Commission's price determination powers

A1.2.1 Under the ESC Act

Part 3 of the ESC Act sets out a legislative scheme governing the exercise of the Commission's price determination powers and functions.

Sections 25(1) and 25(2) have the combined effect of empowering the Commission to make price determinations where authorised to do so by a relevant industry regulation Act, which, in this case, is the WI Act.

Section 25(3) provides that a price determination may regulate prices, conditions relating to prices, or price fixing factors in any manner the Commission considers appropriate. Examples include:

- (a) fixing a price or the rate of increase, or decrease, in a price
- (b) fixing a maximum price, or maximum rate of increase, or minimum rate of decrease, in a maximum price
- (c) fixing an average price for specified goods or services, or an average rate of increase or decrease in an average price
- (d) specifying pricing policies or principles
- (e) specifying an amount determined by reference to a general price index, the cost of production, a rate of return on assets employed, or any other specified factor
- (f) specifying an amount determined by reference to quantity, location, period or other specified factor relevant to the supply of goods or services
- (g) fixing a maximum average revenue, or maximum rate of increase, or minimum rate of decrease in maximum average revenue, in relation to specified goods or services, or
- (h) monitoring the price levels of specified goods and services.

These examples are not exhaustive and the Commission may make a price determination to operate in a manner it considers appropriate, subject to any specific requirements of an industry regulation Act. In the case of the WI Act, certain requirements do exist, as discussed further below.

As well as the general factors set out in section 6 of the ESC Act, section 25(4) specifies additional factors to which the Commission must have regard when exercising its price determination function. They include:

- (a) the particular circumstances of the regulated industry and the goods and services for which the determination is being made
- (b) the costs of making, producing or supplying the goods or services
- (c) the costs of complying with the laws or regulatory requirements
- (d) the return on assets in the regulated industry

- (e) any relevant interstate and international benchmarks for prices, costs and return on assets on comparable industries
- (f) the financial implications of the determination
- (g) any factors specified by a relevant industry regulation Act, or by regulation under the Act, and
- (h) any other factors that the Commission considers relevant.

Two further statutory imperatives arise under section 25(5) of the ESC Act in relation to price determinations. They are:

- (i) wherever possible, the costs of regulation do not exceed the benefits, and
- (j) the decision takes into account and clearly articulates any trade-off between costs and service standards.

Finally, section 25(6) provides that subsections 25(3), 25(4) and 25(5) have effect in relation to a regulated industry, subject to the provisions of the relevant industry regulation Act for that industry (in this case, the WI Act).

A1.2.2 Under the WI Act

Section 17 of the WI Act declares that the water industry is a regulated industry for the purposes of the ESC Act. Accordingly, the Commission has a general power to regulate prices in the water and sewerage industries.

Specifically, in terms of the price regulation function, the WI Act provides that:

7 – Functions and powers of Commission

- (1) *The Commission has (in addition to the Commission's functions and powers under the Essential Services Commission Act 2002) –*
 - (a) *the licensing, price regulation and other functions and powers conferred by this Act...*

The provisions of the WI Act that confer pricing powers on the Commission are set out in section 35. Consistent with the general discretionary powers under Part 3 of the ESC Act, the price determination power set out in section 35 of the WI Act is discretionary:

35 – Price regulation

- (1) *Subject to this section, the Commission may make a determination under the Essential Services Commission Act 2002 regulating prices, conditions relating to prices, and price fixing factors for retail services.*

A 'retail service' is defined in section 4 of the WI Act to include a service constituted by:

- (a) *the sale and supply of water to a person for use (and not for resale other than in prescribed circumstances (if any)) where the water is to be conveyed by a reticulated system; or*
- (b) *the sale and supply of sewerage services for the removal of sewage,*
(even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations.

Accordingly, any operations or services falling outside the scope of the above definition are not subject to price regulation by the Commission. In addition, section 5(2) of the WI Act states that services provided, or infrastructure held, by irrigation trusts (as defined in the *Irrigation Act 2009*), the Renmark

Irrigation Trust or persons providing irrigation services designated by the WI Minister, are not subject to the provisions of the WI Act.

A1.3 Pricing Orders

The price regulation provisions of the WI Act also include a framework for the Treasurer to issue Pricing Orders. Section 35(4) provides that the Treasurer may issue a Pricing Order that:

- (a) sets out any policies or other matters that the Commission must have regard to when making a determination
- (b) specifies various parameters, principles or factors that the Commission must adopt or apply in making a determination, and
- (c) relates to any other matter that the Treasurer considers to be appropriate in the circumstances.

Pursuant to section 35(3) of the WI Act, the Commission must comply with the requirements of any Pricing Order when making a determination.

When the price determination was first made in 2012, the Commission was required to apply the NWI principles when making any price determination under the WI Act, including for small-scale retailers.⁷⁵ Currently, the pricing order only required the Commission to apply NWI pricing principles when making price determinations regarding SA Water's water retail and sewerage services.⁷⁶

A1.4 Industry licences, codes and rules

The Commission has additional powers to issue licences to entities providing water and sewerage retail services and make industry codes or rules that apply to the conduct or operations of such entities, once licensed.

A1.4.1 Under the ESC Act

Part 4 of the ESC Act provides the Commission with broad powers to make, vary and amend industry codes or rules. Industry codes prescribe the rules of conduct and procedures that must be followed by regulated entities providing essential services. The use of industry codes allows for a high degree of regulatory flexibility while maintaining appropriate scrutiny, accountability and transparency in the process of their development. Industry codes can cover any number of areas within a regulated industry, from consumer protection to technical matters.

Section 28(3) requires the Commission to consult with the relevant industry Minister, representative bodies and participants in the regulated industry prior to making, varying or revoking a code or rule. Further, section 28(8) requires that any codes or rules be periodically reviewed by the Commission to ensure they continue to be effective.

⁷⁵ See Department for Treasury and Finance, 2012, *Water Industry Act 2012 (section 35) Pricing Order for the Regulatory Period 1 July 2013 – 30 June 2016*, clause 2.2, available at https://www.treasury.sa.gov.au/_data/assets/pdf_file/0003/515199/initial-pricing-order-for-regulatory-period-1-july2013-30june2016.pdf.

⁷⁶ As set out in the current pricing order for 2024 – 2028 and all pricing orders issued since the one for 2016 – 2020. See Department for Treasury and Finance, 2024, *Water Industry Act 2012 (section 35) Pricing Order for the Regulatory Period 1 July 2024 – 30 June 2028*, clause 2.2, available at https://www.treasury.sa.gov.au/_data/assets/pdf_file/0010/990334/Pricing-Order-for-Regulatory-period-1-July-2024-to-30-June-2028.pdf.

A1.4.2 Under the WI Act

The WI Act requires the Commission to licence water retailers. Section 25(1) requires it to make a licence subject to various conditions. While some conditions must be imposed as stand-alone licence conditions, others must be prescribed in industry codes and rules made by the Commission under the ESC Act.⁷⁷

In issuing licences under section 25(1) of the WI Act, section 25(2) requires the Commission to have regard to the scale and nature of the operations of the water industry entity – determining the scale and nature after consultation with the entity or a person or body nominated by the entity.

In addition, and of relevance to the current review of Code (discussed in section 5), section 25(5) of the WI Act requires the Commission, in making an industry code, to include provisions to assist customers who may be suffering specified types of hardship relevant to the supply of any services (such provisions to comply with any direction of the WI Minister). This provision operates in conjunction with section 37(1) of the WI Act, which requires the WI Minister to develop and publish a customer hardship policy in respect of residential customers of water industry entities. In summary, the WI Minister's hardship policy must set out:

- ▶ the processes that water industry entities must have in place to identify residential customers experiencing payment difficulties due to hardship, and
- ▶ the range of processes or programs that a water industry entity should use to assist hardship customers.

The WI Minister published the applicable hardship policy in September 2013.⁷⁸

⁷⁷ The Code has been made by the Commission pursuant to the requirements of section 25(1) of the WI Act.

⁷⁸ Department for Human Services, 2013, *Hardship policy for residential customers of minor and intermediate water retailers*, available at: https://dhs.sa.gov.au/_data/assets/pdf_file/0019/148204/Hardship-policy-for-residential-customers-of-minor-and-intermediate-water-industry-retailers-September-2013.pdf.

Appendix 2 Risks to consumers of small-scale water retailers

Table 7: Risks to customers and consumers of small-scale water retailers and responsible regulators

	Timing	Issue	Risk to consumers	Responsible regulator(s)
1	Pre-contract	Before becoming a customer or consumer, a person may not know or understand that services are provided by a small-scale retailer, or the price, quality or reliability of the service on offer.	Customers or consumers may miss the opportunity to consider if the price, quality or reliability of the service is acceptable.	Commission Consumer and Business Affairs DEW Residential Tenancies Authority
2	Pre-contract	Potential (or new) customers may have no choice but to use the small-scale retailer's services. Supply-side substitutes (rain water tanks, bores, or septic tanks) may be costly (especially if rating on abuttal provisions apply). Other factors may be more important in a person's decision about where to live than water and/or sewerage services (for example, total housing costs or location of family).	Customers or consumers may need to use the service regardless of its price, quality or reliability, because there are no viable alternatives. This reduces economic efficiency and consumer welfare.	DEW Commission
3	Point of contract	A person may not understand important detail about the terms and conditions of service.	Customers or consumers may be contracted to terms and conditions of service they find unacceptable, with limited or no options to stop using the service.	Commission
4	Use of service	Assets are not maintained and/or operational practices are not adhered to.	Water services may not be safe, good quality, and/or reliable. Impact on performance may not be apparent until underinvestment has been occurring for some time and so be more costly to rectify.	Technical Regulator Commission
5	Use of service	Prices may be high or variable because they do not reflect costs of service delivery.	High or variable prices may reduce consumer welfare (and in some cases have hardship/debt implications). Cross-subsidisation may result in some customers contributing to the services they do not use.	Commission Department of Treasury and Finance

	Timing	Issue	Risk to consumers	Responsible regulator(s)
				DEW
6	Use of service	Customer or consumer ability to pay may be affected by changes in personal circumstances and/or broader changes in the cost of living.	Some customers or consumers may be unable to pay their bills and/or accumulate debt. Access to water services may be restricted.	DEW Commission
7	Use of service	Retailer may establish a water supply network that is not prudent or efficient (for example, too large or technically complex), the resulting prices may exceed customer's willingness or ability to pay, and so the retailer may not be sustainable over the long term.	If the retailer is not sustainable, customers or consumers may be left without supply of water or sewerage services. Some customers or consumers may be unable to pay their bills and/or accumulate debt.	Commission DEW
8	Use of service	Bills may not be issued at a regular frequency or contain enough information for consumers to verify charges.	Infrequent or unclear bills may take time to understand and/or query, for some customers or consumers there may be hardship/debt implications.	Commission
9	Use of service	Customers or consumers may experience poor customer service or interpersonal conflicts with retailer staff.	Service issues may be time-consuming or difficult to resolve. There may be privacy or financial implications.	Commission
10	Use of service	Customer or consumer data may not be securely held, may be inappropriately shared or used for unintended purposes.	Customers or consumers may have their personal information and/or usage data inappropriately shared. There are greater risks for some groups (for example, those experiencing family violence).	Office of the Australian Information Commissioner Australian Competition and Consumer Commission Commission
11	Use of service	Availability of supply -for water services, supply may be affected if there are issues with sources (bores, rainwater, river extraction, reservoirs) or licence availability and inappropriate back up arrangements in place.	Supply may become limited or unavailable.	DEW

	Timing	Issue	Risk to consumers	Responsible regulator(s)
12	Use of service/post-contract	Failure of entity - the small-scale monopoly service provider may be unable or unwilling to continue providing services	Customers or consumers may be left without supply of water or sewerage services. Customers may need to pay new connection fees to join an alternative network or establish an alternative supply. Taxpayers more broadly and/or SA Water customers or consumers may face costs of acting as a provider of last resort.	Commission DEW Environmental Protection Authority SA Health

Appendix 3 List of small-scale water and sewerage retailers

This table lists all 71 small-scale retailers licensed by the Commission, the services they provide, and the number of connections to which they provide those services.

Table 8: Small-scale water and sewerage retailers, licenced services, number of connections and size category

Licensee	Drinking water	Non-drinking water	Sewerage	CWMS	Number of connections	Size category ⁴
Adelaide Hills Berry Farms Pty Ltd ¹	✗	✓	✗	✗	70	Very small
Adelaide Hills Council	✗	✗	✗	✓	1607	Medium
Adelaide Plains Council	✗	✗	✗	✓	367	Small
Alano Utilities Pty Ltd ^{1,2}	✗	✗	✓	✗	1847	Medium
Alexandrina Council	✓	✓	✗	✓	8746	Large
Berri Barmera Council	✗	✓	✗	✓	3680	Medium
BHP Billiton Olympic Dam Corporation Pty Ltd ¹	✓	✗	✗	✗	47	Very small
City of Onkaparinga - sewerage	✗	✗	✗	✓	3902	Medium
City of Onkaparinga - water	✗	✓	✗	✗	68	Very small
City of Port Adelaide Enfield	✗	✓	✗	✓	124	Small
City of Port Lincoln	✗	✓	✗	✗	4	Very small
City of Salisbury	✗	✓	✗	✗	1482	Medium
City of Tea Tree Gully	✗	✓	✗	✗	2	Very small
City of Playford	✗	✓	✗	✗	67	Very small
Clare & Gilbert Valleys Council	✗	✓	✗	✓	2619	Medium
Coorong District Council	✗	✓	✗	✓	2081	Medium

Licensee	Drinking water	Non-drinking water	Sewerage	CWMS	Number of connections	Size category ⁴
Copper Coast Council	✗	✗	✗	✓	8852	Large
CPE Tonsley Pty Ltd ¹	✗	✓	✗	✗	277	Small
District Council of Barunga West	✗	✗	✗	✓	1269	Medium
District Council of Ceduna	✓	✗	✗	✓	1767	Medium
District Council of Cleve - Arno Bay	✗	✗	✗	✓	107	Small
District Council of Cleve - Cleve	✗	✗	✗	✓	493	Small
District Council of Coober Pedy	✓	✓	✗	✓	1692	Medium
District Council of Elliston	✓	✓	✗	✓	176	Small
District Council of Franklin Harbour	✓	✗	✗	✓	769	Medium
District Council of Grant	✗	✗	✗	✓	1199	Medium
District Council of Karoonda East Murray	✗	✗	✗	✓	294	Small
District Council of Kimba	✗	✓	✗	✓	394	Small
District Council of Lower Eyre Peninsula	✗	✗	✗	✓	1558	Medium
District Council of Mount Barker	✗	✓	✓	✓	14839	Large
District Council of Mount Remarkable	✓	✗	✓	✓	777	Medium
District Council of Orroroo Carrieton	✗	✓	✗	✓	41	Very small
District Council of Peterborough	✗	✗	✗	✓	1105	Medium
District Council of Robe	✗	✗	✗	✓	1731	Medium
District Council of Streaky Bay	✗	✗	✗	✓	816	Medium
District Council of Tumby Bay	✗	✓	✗	✓	1288	Medium

Licensee	Drinking water	Non-drinking water	Sewerage	CWMS	Number of connections	Size category ⁴
District Council of Loxton Waikerie	✗	✗	✗	✓	3039	Medium
ERA Water ¹	✗	✓	✗	✗	53	Very small
F.B. Pipeline Pty Ltd ¹	✓	✗	✗	✗	400	Small
Fairmont Utilities Pty Ltd ¹	✓	✓	✓	✗	0 ⁵	Large
Kangaroo Island Council	✗	✗	✗	✓	2127	Medium
Kingston District Council	✗	✗	✗	✓	850	Medium
Light Regional Council	✗	✓	✗	✓	2940	Medium
Lightsview Re-Water Supply Co Pty Ltd ¹	✗	✓	✗	✗	2121	Medium
Michell Infrastructure Pty Ltd ¹	✗	✓	✗	✗	1	Very small
Mid Murray Council	✗	✓	✗	✓	1923	Medium
Monarto Water Network Ltd ¹	✗	✓	✗	✗	26	Very small
Municipal Council of Roxby Downs	✓	✓	✓	✗	3869	Medium
Naracoorte Lucindale Council	✗	✗	✗	✓	193	Small
Northern Areas Council	✗	✓	✗	✓	1791	Medium
NWIC Pty Ltd ¹	✗	✓	✗	✗	2	Very small
Port Augusta City Council	✗	✓	✗	✓	1566	Medium
Port Pirie Regional Council	✗	✗	✗	✓	701	Medium
Regional Council of Goyder - Burra	✗	✗	✗	✓	0	Small
Regional Council of Goyder - Eudunda	✗	✗	✗	✓	406	Small
Renmark Paringa Council	✗	✗	✗	✓	3683	Medium

Licensee	Drinking water	Non-drinking water	Sewerage	CWMS	Number of connections	Size category ⁴
Robusto Investments Pty Ltd ¹	✓	✗	✗	✗	209	Small
Rural City of Murray Bridge	✓	✗	✗	✓	318	Small
Select Utilities Pty Ltd (trading as Factor UTB) ¹	✗	✗	✓	✗	0 ³	Medium
Southern Mallee District Council	✗	✓	✗	✓	703	Medium
Tatiara District Council	✗	✓	✗	✓	2568	Medium
The Barossa Council	✗	✓	✗	✓	9209	Medium
The City of Charles Sturt	✗	✓	✗	✗	397	Small
The Corporation of the City of Marion	✗	✓	✗	✗	50	Very small
The Corporation of the City of Whyalla	✓	✓	✗	✗	17	Very small
The Flinders Ranges Council - Hawker	✗	✗	✗	✓	195	Small
The Flinders Ranges Council - Quorn	✗	✗	✗	✓	390	Small
Wakefield Regional Council	✗	✗	✗	✓	2076	Medium
Wattle Range Council	✗	✗	✗	✓	1850	Medium
Wudinna District Council	✗	✓	✗	✓	316	Small
Yorke Peninsula Council	✓	✗	✗	✓	3606	Medium

Note: Services provided are those each entity is licenced to provide, as per the Commission's licence register. Information about whether each entity is licenced to provide sewerage services or CWMS is inferred from the most recent reporting to the Commission. Connection numbers are from the most recent reporting to the Commission.

¹ Privately-owned entity.

² Licenced for approximately 4000 connections at Two Wells, 550 connections at Angle Vale, and connections at Wallaroo and Mount Barker.

³ Licenced for up to 4500 connections (none yet constructed).

⁴ Size categories: Very small (<100 connections), Small (101-500 connections), Medium (501-5000 connections), Large (5001-50,000 connections).

⁵ Licenced for up to 7500 connections (none yet constructed).



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