

# Service Standards Seminar Statements of Obligations

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# Service Standards

- **Customer Service Standards** mandated by the ESC under section 4F of the *Water Industry Act 1994*
- **Drinking Water standards** imposed by the Department of Health under the *Safe Drinking Water Act 2003*
- **Environmental standards** imposed by the EPA under the *Environment Protection Act 1970*, principally in relation to discharges to the environment
- **Government Policy** imposed under the Statements of Obligations, e.g. backlog sewerage and country towns projects, etc

# What is a Statement of Obligations?

“....the community's relationship with water is far more complex and sometimes contradictory, than has been acknowledged.....

These complexities and contradictions are reflected in the many roles expected of, and played by, governments”

# Requirements in the SoOs

- Require the water businesses to prepare a **Water Plan** (this obligation is not applied anywhere else by the regulatory framework)
- Require the businesses to engage in **water planning** (e.g. prepare WSDS, drought response plans etc.)
- **Create regulatory certainty and manage risk** by applying standards (e.g. for dam safety, risk management etc.)
- Require water businesses act **collaboratively** (e.g. in preparing WSDS, the Metropolitan Water Conservation and Recycling program etc.)

# Challenges

- Precision of Government Policy
- Understanding priorities of Government policies
- Defining obligations without sufficient information (costs of obligations)
- Allowing for scale and local diversity

# Risks

- Imposing obligations which have unacceptable price impacts
- Leaving policy decisions to the water businesses
- Leaving policy decisions to the economic regulator



# Expected Timelines

- Dec 2010 – consult on existing obligations
- June 2011 – circulate working draft for comments
- July 2011 – further consultation
- Aug 2011 – Minister sends draft SoO for 2 week comment
- Oct 2011 – SoO finalised by Government