



Service standards and regulation

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Service Standards and regulation

- Background on service standards and regulation
- Performance reporting
- Looking to the next Water Plan

Service standards and pricing

- Agreed service levels form the basis of the Commission's price determinations
- Key steps in price approval process:
 1. Agree on service standards
 2. Work out revenue required to deliver standards
 3. Work out prices to achieve the revenue required

Sources of service standards

1. Technical standards

- e.g. water quality, sewerage discharge, dam safety

2. Core service standards approved by Commission

- e.g. network reliability, customer response, repair times

3. Additional service standards

- Can reflect business needs or policy
- e.g. reducing water quality complaints, sewer backlog/small town sewerage, water recycling

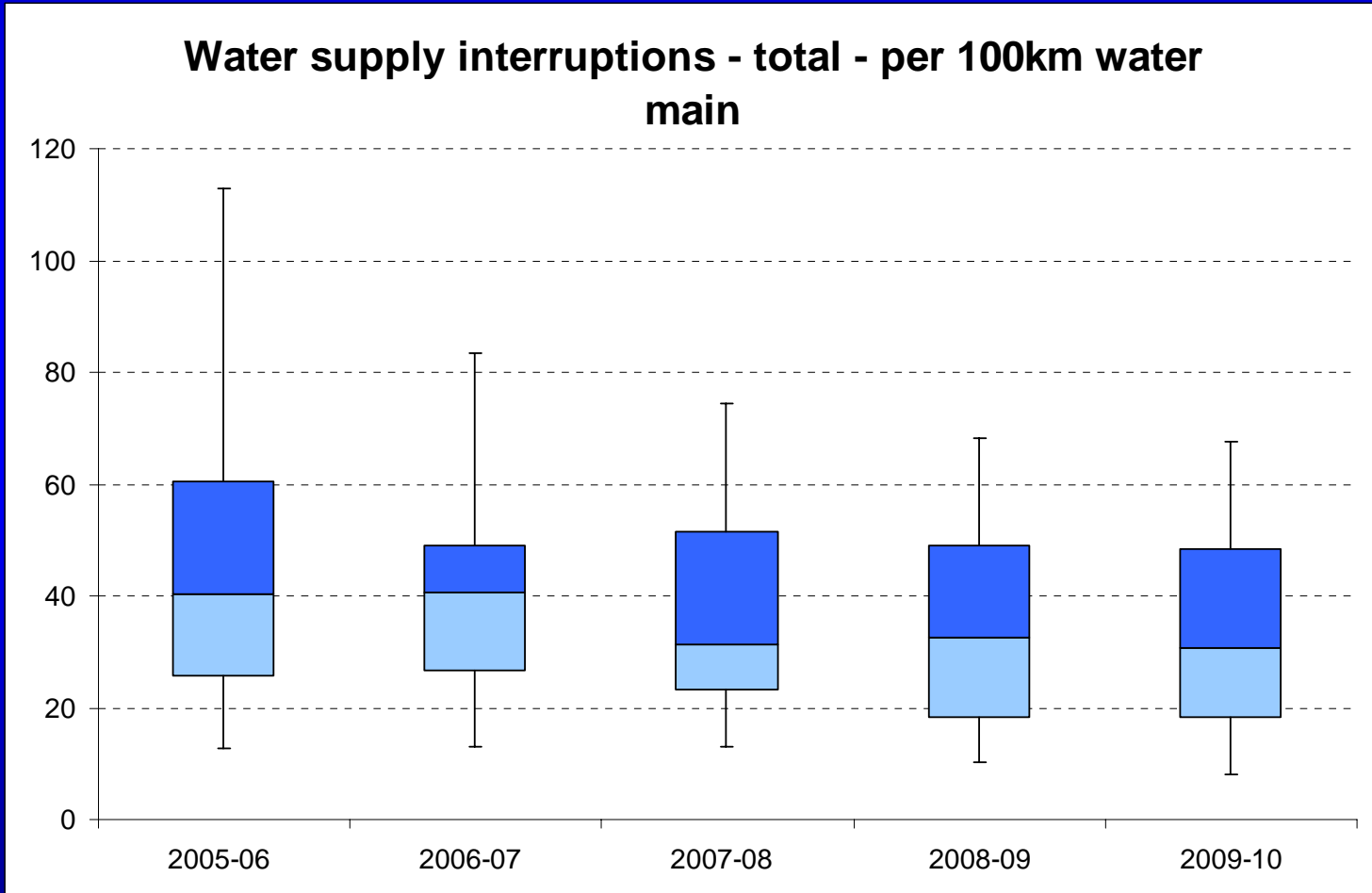
Performance reporting

- Performance report a key part of the Commission's approach to regulating service standards
- Promote comparative competition between businesses
- Commission's performance reporting framework covers
 - Affordability
 - Customer responsiveness and service
 - Network reliability
 - Drinking water quality
 - Environmental
 - Major projects

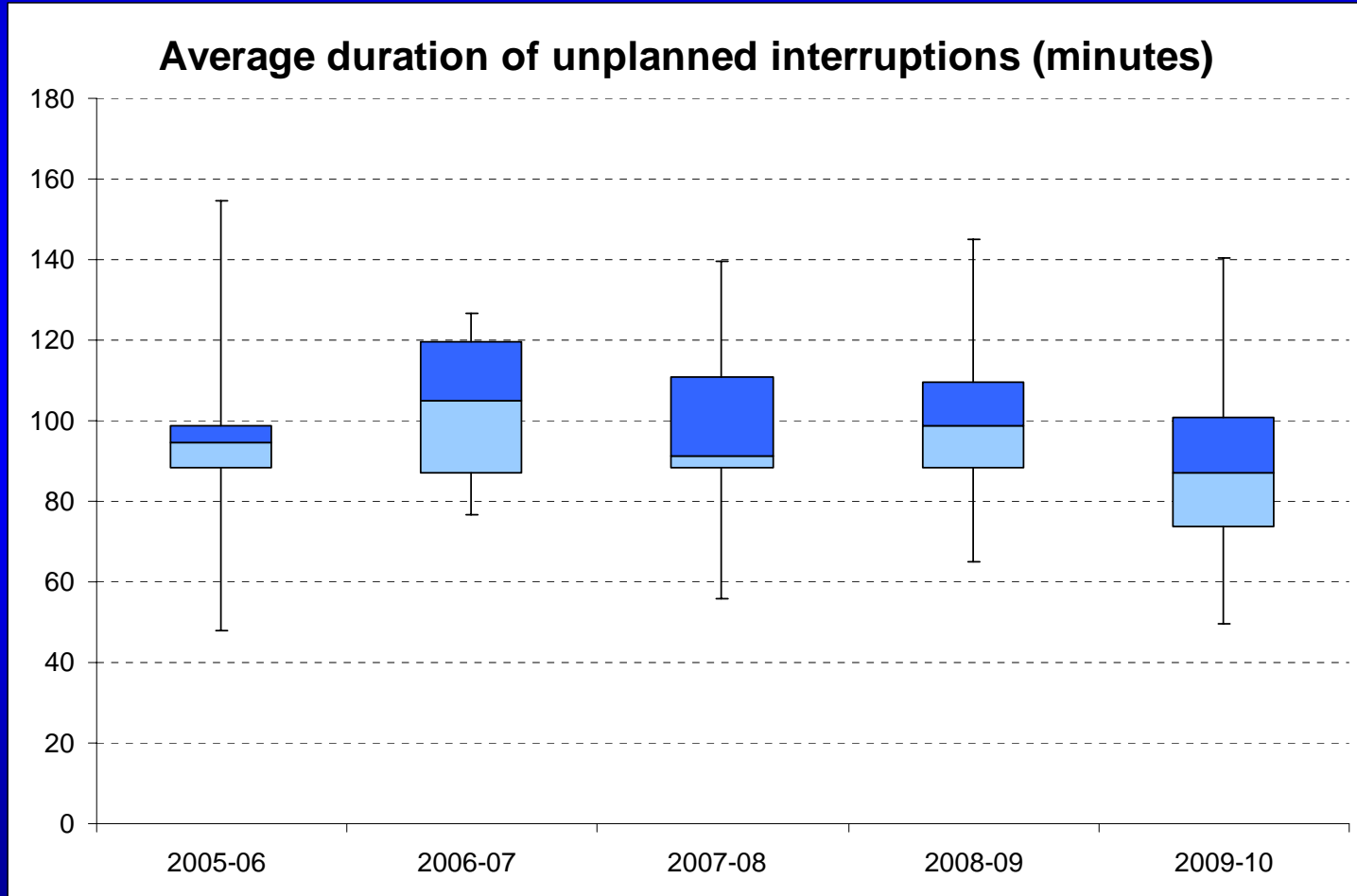
Performance reporting

- Historical data suggests improvement in measured service delivery over current regulatory period
- Still relatively large differences in best and worst performers across majority of indicators
- Performance data/report should inform the proposed service targets in Water Plans
- Reliant on measuring the right standards/outcomes

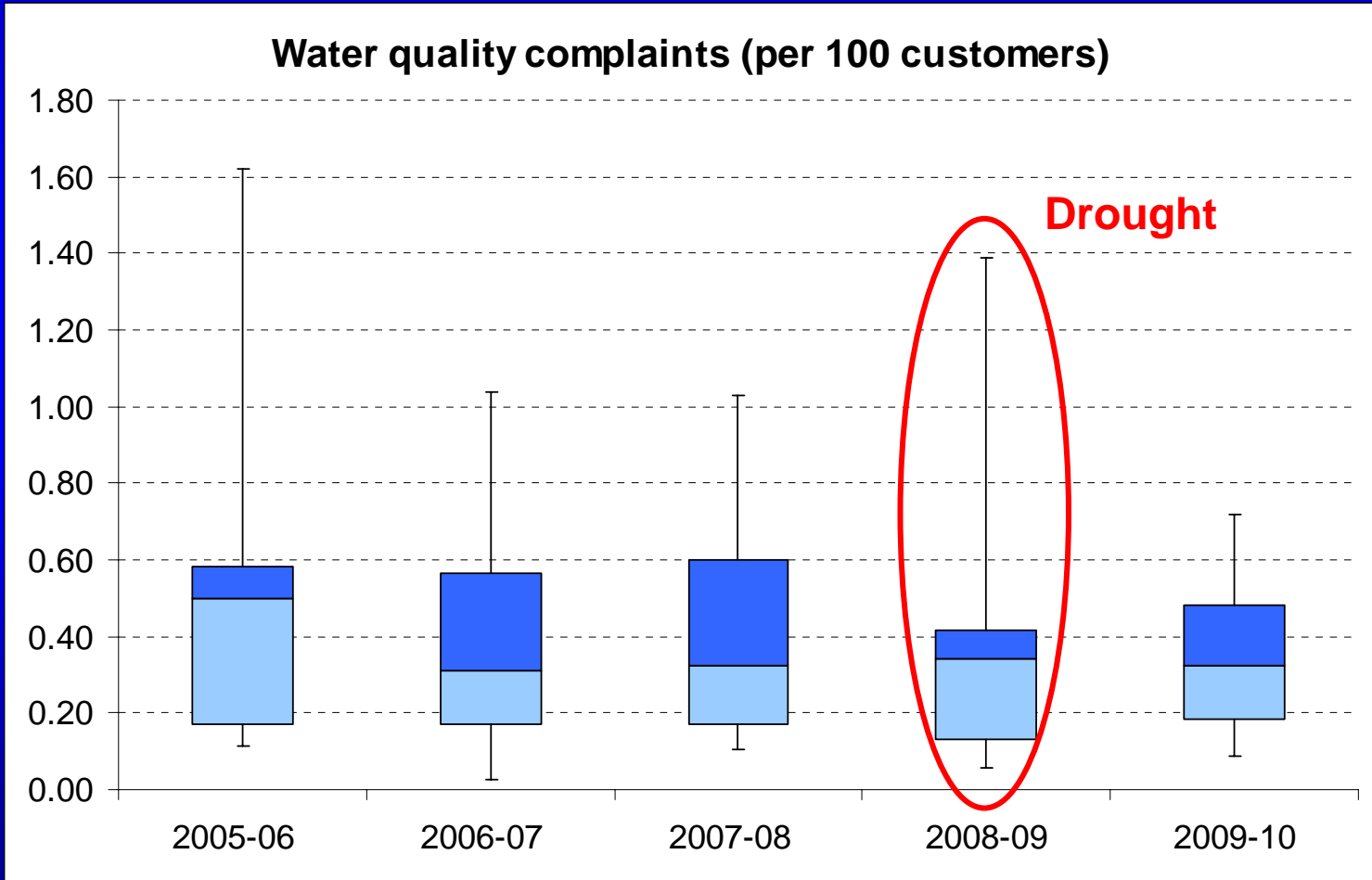
Reliability



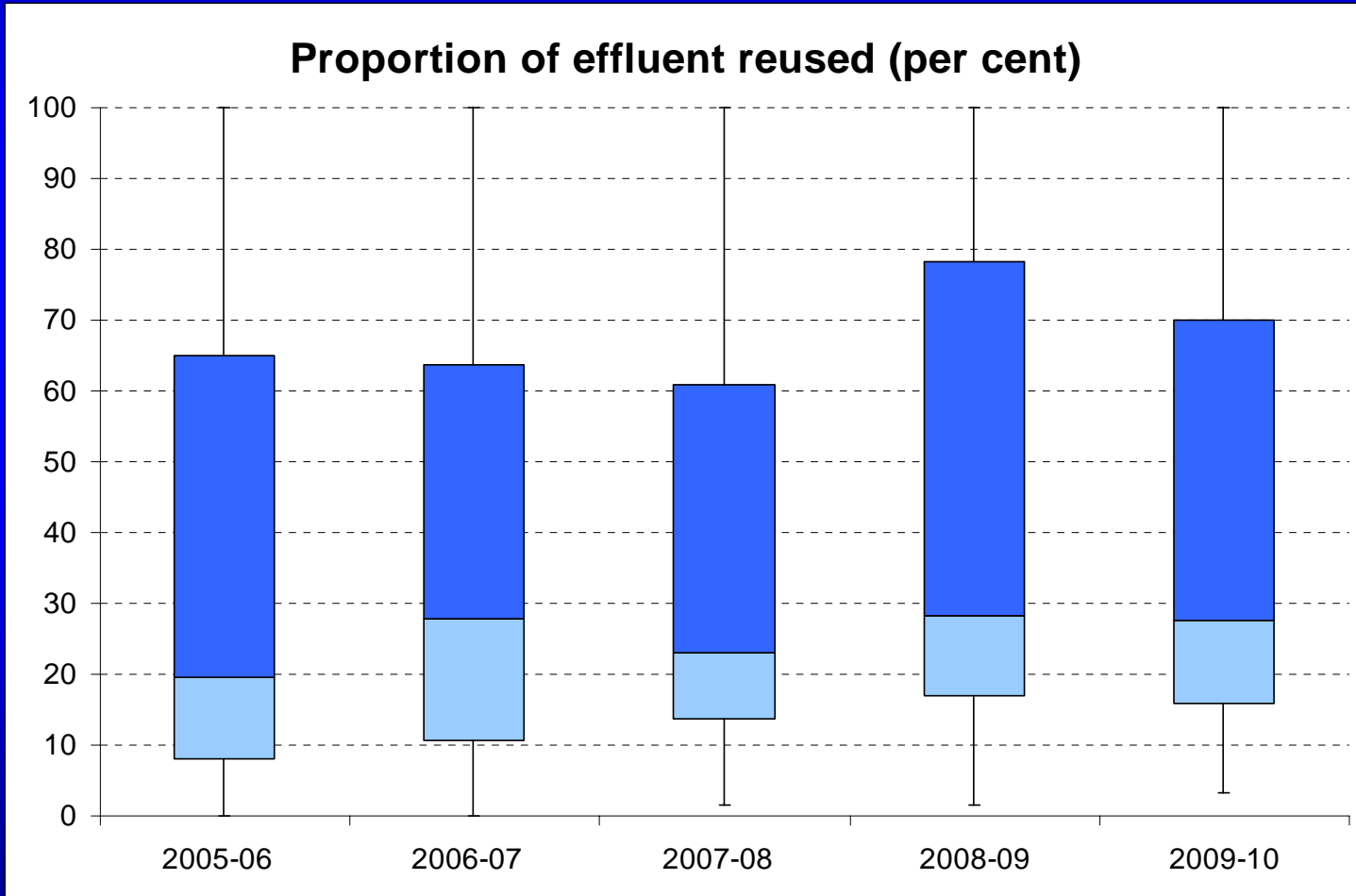
Interruptions



Water quality



Water recycling



Looking to the next Water Plan period

1. Technical standards

- Clarity about expectations and measurable targets
- Room for interpretation - early engagement is critical
- Evaluate options and tradeoffs to inform decision-making

2. Core service standards approved by Commission

- No deterioration in service standards, use 5 year benchmarks
- Increases in expenditure should be linked to improvements in proposed service outcomes
- This regulator will not arbitrarily ratchet up service standards
- Are we measuring the right things?

Looking to the next Water Plan period

3. Expect all businesses to propose Guaranteed Service Levels (GSLs)
 - Flagged in 2008 price review as desirable
 - All businesses now have data to establish baseline
 - Incentive to improve service for worst-served customers

Looking to the next Water Plan period

4. Additional service standards

Policy

- Clarity on what outcomes are expected by Government
- To the extent possible, measurable
- Assess who should pay?

Regional/business specific

- Increased focus on demonstrating customer willingness pay given recent price increases

Looking to the next Water Plan period

- Have water businesses delivered what they said they would in their second Water Plans?
- Translating past (and proposed new) investments into actual service improvements is critical (demonstrate customer benefits)

