

Appendix A

Our legal and regulatory responsibilities

Our expenditure is driven by a combination of delivering reliable, efficient services for customers and meeting regulatory responsibilities.

The capital expenditure proposed for 2020-24 is shown in Figures A.1, A.2 and A.3 by category.

More than 20 per cent of our capital expenditure is driven by regulatory responsibilities including:

- **Protecting public health** — we ensure our water is safe to drink and our sewerage services are dependable to protect the community from the germs and diseases carried in sewage.
- **Keeping our people and the community safe** — we support our people to work safely so they return home in the same condition they arrived at work. Likewise, we take the safety of our customers and the community seriously.
- **Protecting the environment from harm when operating, including the sourcing of water supplies** — we work to protect the environment for future generations, a value we share with our customers.
- **Meeting technical industry regulations** — for the construction, operation and maintenance of our infrastructure.
- **Revenue and customer service standards** — the revenue a utility can earn in South Australia for water and sewerage services and service standards for customers are set and monitored for compliance by the Essential Services Commission of South Australia (ESCOSA).

As well as meeting our legal and regulatory responsibilities, we are focused on delivering services our customers value and expect. To ensure prices for our customers stay low and stable, now and into the future, we will deliver services in the most efficient and innovative ways. We are open, honest and collaborative, and we regularly engage with customers, stakeholders and the community to stay across trends, sentiment and expectations. We will hold ourselves to account and be transparent in everything we do.

Figure A.1: Water investment by category

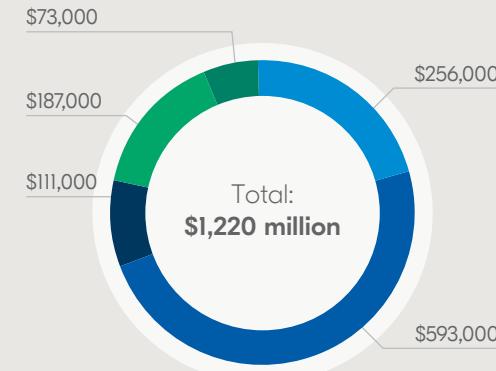


Figure A.2: Sewerage investment by category

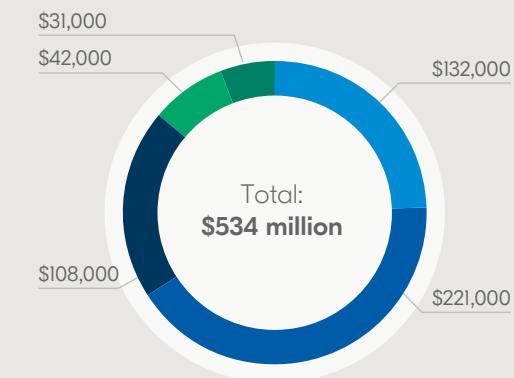
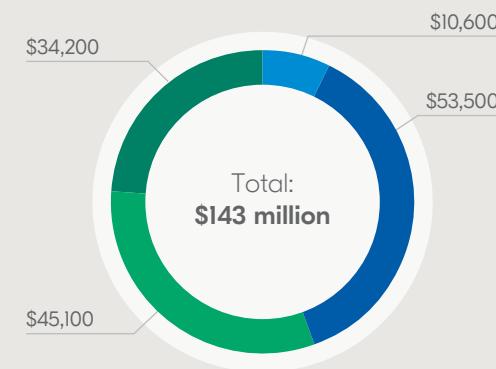


Figure A.3: Information technology investment by category



● External responsibilities ● Sustain services ● Enable growth ● Improve services ● Efficiency

All dollars in December 2018 dollars, unless otherwise stated \$k's.

Meeting and managing our responsibilities

Together with our regulators, we work to achieve shared goals and objectives and maintain transparent and respectful relationships. Our regulators set goals and requirements we must achieve, and we work closely with those that oversee areas impacting our day to day operations and financial activities. Meeting these responsibilities often drives costs in our business, but we work with our regulators to achieve these in the most innovative and efficient ways.

Figure A.4: Regulators and key areas of legal and regulatory obligations



Economic regulation

The *Water Industry Act 2012* empowers ESCOSA to regulate our business with respect to price, quality and reliability of service.

Figure A.5: Economic regulatory framework



ESCOSA is responsible for economic regulation and sets the maximum revenue we can collect from customers via their bills in four-year regulatory periods. They also ensure service standards are met and consumer protections are in place.

Environmental legislation

Environmental management and protection is regulated under various pieces of legislation, principally the *Environment Protection Act 1993*. The key requirements under the legislation are for us to:

- take all reasonable and practicable measures to minimise or eliminate environmental harm
- reduce pollution and waste generation
- comply with environmental authorisations (licences) for certain activities such as sewage treatment and desalination.

The *Natural Resources Management Act 2004* protects the state's natural resources, including water resources. It covers:

- minimum and maximum extraction of water from prescribed sources
- managing pest plants and animals
- habitat protection
- soil health
- protecting groundwater and surface water.

Other pieces of legislation that guide our environmental management and protection include:

- *Heritage Places Act 1993*
- *Fire and Emergency Services Act 2005*
- *Planning, Development and Infrastructure Act 2016*
- *Dangerous Substances Act 1979*
- *Murray-Darling Basin Act 2008*
- *National Parks and Wildlife Act 1972*
- *Native Vegetation Act 1991*
- *Aboriginal Heritage Act 1988*
- *Environment Protection and Biodiversity Conservation Act 1999*
- *National Greenhouse and Energy Reporting Act 2007*
- *River Murray Act 2003*
- *Agricultural and Veterinary Chemicals (South Australia) Act 1994*.

Work health and safety

SafeWork SA is the state's regulator of the *Work Health and Safety Act 2012* and regulations. These laws provide for the health, safety and welfare of people at work, as well as safety responsibilities a person conducting a business or an undertaking has for the wider community impacted by their operations. The health and wellbeing of our people is a priority and is managed under three streams:

- 1 safety management
- 2 injury management and first aid, including return to work
- 3 wellbeing, including mental health, and bullying and harassment.

Planning, development and infrastructure

Under the *Planning, Development and Infrastructure Act 2016*, the Department of Planning, Transport and Infrastructure regulates key development activities, including:

- building work
- change in land use
- regulated and significant trees.

Together with our contractors, we consider these requirements when planning minor and major developments, connections to our infrastructure, and when we deliver capital water and sewerage infrastructure projects.

Energy

As one of the state's largest users of electricity, we manage and operate our network with the view to minimising our electricity costs. This is managed by:

- monitoring prices on the electricity market to inform when we operate our assets
- installing solar technology on a number of our sites to generate electricity for onsite use and for export to the grid
- using gas generators on selected sites.

The energy market is regulated by the Australian Energy Regulator, and in part by ESCOSA, which issues licences for various activities and sites, and monitors compliance. Other energy market compliance requirements are monitored by the Australian Energy Market Operator, and the Clean Energy Regulator. The primary legislation for the energy market include:

- *National Electricity (South Australia) Act 1996*
- *National Gas (South Australia) Act 2008*
- *Australian Energy Market Commission Establishment Act 2004*
- Part IIIAA of *Competition and Consumer Act 2010*.

We operate in the energy sector as a generator for the purposes of 'on-site' electricity requirements. Surplus electricity from generation is exported to the National Grid.

Office of the Technical Regulator

The Office of the Technical Regulator (OTR) assists in the administration of the:

- Electricity Act 1996
- Gas Act 1997
- Energy Products Act 2000
- Water Industry Act 2012.

The primary objective of the OTR is to ensure safety of works, consumers and property, as well as compliance with legislation and applicable industry standards.

The *Water Industry Act 2012* empowers the OTR with responsibility for plumbing safety and technical regulation in South Australia, as well as to oversee infrastructure standards, using the Water Services Association of Australia standards as the minimum for plumbing and infrastructure regulation.

In addition, the OTR monitors and audits utilities against safety reliability, maintenance and technical management plans.

Drinking water quality regulation (public health)

As a drinking water provider, we adhere to the *Safe Drinking Water Act 2011* and associated regulations which requires:

- implementation of risk management plans including approved monitoring programs and incident notification protocols
- regular audits
- reporting of results to SA Health
- providing results to consumers on request
- observation of the Australian Drinking Water Guidelines, managed by SA Health.

Figure A.6: Drinking water quality framework

