

Submission from Adelaide City Council by email dated 15 March 2013

Please accept Adelaide City Councils submission on the Ministers Report - Access to Water and Sewerage Infrastructure February 2013.

## 2. Options for access to water and sewerage infrastructure services

*Has the current policy framework applying to SA Water for voluntary access arrangements been successful in promoting access to water and sewerage infrastructure?*

Without evidence to the contrary, the current policy framework appears to have been successful however it is acknowledged that the decision making process lacks transparency and may be unfairly disadvantaging access applicants.

*Should the policy framework for access arrangements apply to other water industry participants (in addition to SA Water)?*

As a water industry participant, Council would support a policy framework applying other water industry participants however only with greater structure allowing negotiation between water industry participants and access seekers which would require a voluntary undertaking under Part IIIA of the CCA to avoid an access applicant from triggering a possible declaration under Part IIIA of the CCA.

*What is the impact on access seekers from the lack of certainty arising from the application of both the Water Act 2007 (Cth) and Competition and Consumer Act 2012 (Cth)?*

The main impact on access applicants requesting access to infrastructure carrying Murray Darling Water would be potential charges passed on by the industry participants to access users however the access seeker can mitigate through application of risk management.

*What are the costs and benefits of establishing a state-based legislative access regime?*

Given that the process will be regulated by ESCOSA, there is no reason why this scheme cannot operate on a low cost / high benefit basis. Costs would likely be shared by both parties with existing experience with the SA Rail access and ports access schemes providing an excellent template.

*If a certified state-based legislative access regime is implemented, is it also necessary to work with the Commonwealth Government to exclude or displace the operation of the Commonwealth water charge regime under the Water Act 2007 (Cth) from the areas of operation of a state-based legislative access regime?*

Council supports a state based access regime which precludes the South Australian Irrigation Trusts to maintain consistency with Rail and Ports Access regimes.

## 3. Implementation of a state-based access scheme

*What should the scope of a state-based legislative access regime be?*

Refer to comment below with respect to Transport Services and water storages / treatment plants..

*Should the scope include bulk water transport, water distribution transport, local sewage transport and bulk sewage transport?*

There is a question over whether access to bulk water and bulk sewer transport should be included in the scope as these services as they are far removed from retail distribution. Notwithstanding that access to the State Governments bulk water supply line from Morgan may promote demand for additional Murray-Darling water extractions, access to the mains will promote competition in bulk water supply therefore should be included in the scope. Some small water and local sewage transport should be precluded as markets are too small to promote competition.

*Should ancillary services, such as water storages and treatment plants, be included within the scope of a state-based legislative access regime? If yes, on what criteria?*

While water storages and treatment plants are part of product manufacture, not distribution there is an argument that they should not be included in the access scope however if access to bulk water transport is included then it follows that water storages should also be included..

*Should ESCOSA's role as the industry regulator for water be extended to include a state-based access regime?*

Yes, ESCOSA's role should be extended to include the state based access regime as discussed.

*Should the regulator be required to adopt a light handed regime (of monitoring, commercial negotiation and arbitration)? Is this sufficient? Or is a heavier handed regulatory regime required?*

*ESCOSA should adopt a light handed regime.*

*How should the initial assessment of which specific water and sewerage infrastructure services a state-based access regime should apply to be undertaken?*

Assessment should be based on promotion of competition in the market place however as discussed in the report, small local water & sewage distribution should be precluded. Initial assessment should be based on intermediate class of infrastructure.

*What criteria should be adopted for the initial assessment?*

Market diversity and essential service classification.

*Over time, how should the initial assessment of the application of the state-based access regime be reviewed?*

Annual review should be undertaken by ESCOSA.

*What time frame is appropriate for the periodic review of a state-based access regime?*

Timeframe will depend on level of activity generated by the regime – annually or bi-annually as appropriate by ESCOSA

*Should the review be undertaken by the regulator? If not, who should be responsible for undertaking the review?*

Yes, ESCOSA

*Does the Railways (Operations and Access) Act 1997 provide a good basis for the negotiation framework for a state-based access regime for water and sewerage infrastructure services?*

No Opinion.

*What information preparation requirements (e.g. pricing principles and accounting standards), if any, should the state-based access regime regulate?*

Yes, pricing principles and accounting arrangements preparation requirements should be included.

*Are there any specific considerations that should be taken into account by the public health, environmental and safety standard regulators if there is a state-based access regime for water and sewerage infrastructure services?*

Yes, existing environmental and safety standards that apply to SA for water and sewerage services should be included in the regime.