



Notice

16 January 2023

Water Corporation

2022 Operational audit

The Economic Regulation Authority has published the 2022 [operational audit report](#) and [post-audit implementation plan](#) for the Water Corporation's water services licence WL32.

The Water Corporation is a statutory State-owned corporation that provides potable and non-potable water supply, sewerage and drainage services to households, businesses and rural communities in an area that spans over 2.6 million square kilometres. It also provides bulk water to farms for irrigation.

As at 30 June 2022, the Water Corporation had 1.239 million customers.

The ERA's decision

The ERA considers that the Water Corporation achieved an adequate level of compliance with its licence, but that its performance has deteriorated since the last audit and it needs to improve its licence compliance.

The ERA has decided to maintain the audit period at 24 months. The next audit will cover the period 1 July 2022 to 30 June 2024, with the report due to be provided by 30 September 2024.

Audit findings

The audit of the 228 licence obligations applicable to the Water Corporation found 35 non-compliances and three controls deficiencies.

The auditor found that the Water Corporation breached obligations that could have had a material effect on customers, including:

- The Water Corporation was non-compliant with parts of the *Water Services Code of Practice (Family Violence) 2020*. It's family violence policy did not include all the information required by the code and it did not inform customers affected by family violence of the existence of the Water Corporation's complaints procedure when those customers first disclosed family violence.¹
- The Water Corporation did not comply with obligations in the *Water Services Code of Conduct (Customer Service Standards) 2018*, including:

¹ Due to the sensitivity of calls received from customers that are affected by family violence, the Water Corporation considers it is not appropriate to notify customers about the Water Corporation's complaints procedure at the time of the first contact.

- From 105 samples reviewed, the auditor found three customers experiencing financial hardship or payment difficulties were charged interest or late fees for the late payment of a bill.
- From 19 samples reviewed, the auditor found two instances where the Water Corporation continued proceedings to recover a debt from customers who were experiencing financial hardship.
- From 15 sampled accounts, the Water Corporation charged three customers interest or late payment fees on an undercharged amount when they were not allowed to.
- The auditor identified 1,833 instances where the Water Corporation did not, within 15 business days, credit an overcharged amount to the customer's account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer's account.
- 465 customers were not informed of the outcome of the review of their bill within 15 business days.
- The Water Corporation did not provide 1,022 customers with a bill for a quantity (usage) charge at least once in a 4-month period.
- The Water Corporation did not provide 718 customers with a bill for usage based on a meter reading at least once in a 12-month period.

The auditor made 25 recommendations to address the non-compliances and controls deficiencies. The post-audit implementation plan states that the Water Corporation will address most of the recommendations by 31 December 2023, with a small number to be addressed by 30 September 2025.

The ERA's assessment of the audit findings

The Water Corporation continues to report a high number of non-compliances, with some relating to obligations that apply to vulnerable customers, such as customers affected by family violence and customers in financial hardship. In some cases, these are repeat non-compliances from a previous audit.

While 35 non-compliances are considerable, the Water Corporation has a substantial number of licence obligations to comply with and a large customer base of more than 1.2 million customers. It processes millions of customer transactions each year, which makes achieving absolute compliance with some obligations challenging.

Nevertheless, there is scope for the Water Corporation to improve and customers have an expectation that utilities will provide them with the protections they are entitled to. As the Water Corporation is the State's largest water services provider, the potential for large numbers of customers to be affected by a material non-compliance is high.

The ERA expects the Water Corporation to improve its licence compliance, particularly in meeting obligations that affect vulnerable customers, and will seek regular updates and information from the Water Corporation on its progress with implementing the proposed actions in its post-audit implementation plan.

Further information

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