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Mr Paul Reid
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PUBLIC COMMENTS - DRAFT INCIDENT REPORTING MANUAL FOR ELECTRICITY, GAS AND WATER LICENSEES

Dear Paul,

Thank you for the opportunity and extension of time to comment on the content and requirements detailed in the draft 'Incident Reporting Manual for Electricity, Gas and Water Licensees.' While the Corporation recognises the Authority's intention to monitor incidents and potential impact on services to customers, we have concerns about the broad range of incidents, tight time frames for reporting to the Authority and the associated costs of compliance with this manual.

This response is split into 3 components: an indicative cost of implementation, alternative proposals and specific comments relating to Water Corporation concerns.

1. Financial Impact of Reporting

The Corporation is of the opinion that to implement the requirements of the Manual would result in a large cost.

The new requirements would need to be controlled through a central area. Due to the sometimes complex nature of the incidents, it is a necessity that the reporting be done by a manager, or a member of staff in a senior position, with adequate technical knowledge and ability to analyse data. As this proposed area would need to operate on a 24/7 basis – three people on eight hour shifts will need to be employed. It is also estimated that to comply with the new requirements an additional three FTEs will be needed to service the six regional offices and one FTE for the metropolitan area.

A substantial training program would need to be undertaken for all operational staff to inform them of these changes and an ongoing program put in place to ensure compliance.

System enhancement costs are also required.

A table has been generated to provide an indicative cost of implementation:

Additional Resources	Estimated Cost
Additional 3 senior staff at central area	$420k pa
Additional 3 staff in Regions and 1 in metro	$400k pa
System Changes	$250k one off
Training Program Initial (up to 15 sites)	$50k one off
Training Program ongoing	$50k pa
Develop online training	$50k one off
Total One off costs	**$350k**
Total Ongoing costs	**$870k pa**

With this proposal, in the first year of these changes it is estimated to cost the Corporation an additional $1.2m in operating costs.

Due to the scale of the Corporation's operations, to develop and implement the required changes would take considerable time and may not be in place by 1 January 2010.

Given these significant additional costs, we ask the Authority to review the benefit to be gained by the Authority or our customers if this draft Manual is implemented.

2. Alternative Proposals

2.1 Notification – As soon as practicable

The notification requirement under section 72 (1) of the Environmental Protection Act 1986 is "as soon as practicable after that discharge..." This provides the Corporation with the opportunity to immediately address the incident at hand and mitigate the resulting damage without having to divert resources to notify a regulator within strict time lines.

The Corporation is proposing this form of notification is used in the Incident Reporting Manual. It provides the ability to deal with an incident and once damage is contained, report to the Authority. It is interesting to note that the time frame in the Incident Reporting Manual is more onerous than those prescribed by the primary regulator i.e. section 72 reports to the Department of Environment and Conservation (DEC) does not require notification within 24 hours, but uses the "as soon as practicable" approach as recommended above.

Changing to this approach will require system enhancements and a substantial training program for all operational staff, both initially and ongoing.

An additional three FTEs will be needed to service the six regional offices and one FTE for the metropolitan area.

As indicated in the section above a senior member of staff is required with adequate technical knowledge and the ability to analyse data to review the complex nature of our operations to ensure the reporting requirements are met.

A table has been generated to provide an indicative cost of implementation:

Additional Resources	Estimated Cost
Additional 1 senior staff in central area	$140k pa
Additional 3 staff in Regions and 1 in metro	$400k pa
System Changes	$250k one off
Training Program Initial (up to 15 sites)	$50k one off
Training Program ongoing	$50k pa
Develop online training	$50k one off
Total One off costs	**$350k**
Total Ongoing costs	**$590k pa**

With this proposal, in the first year of these changes it is estimates to cost the Corporation an additional $940k in operating costs.

2.2 Notification by end of next business day

An alternative proposal to 2.1 is to change the 24 hour notification for type 1 incidents to the close of the next business day. In the 2006 Operational Audit it was identified that 73% of incidents occur outside of normal business hours and as such the introduction of the 24 hour time frame will put additional pressure on the resources of the Operational teams on weekends and after hours.

While the "as soon as practicable" option in 2.1 is the preferred Corporation option, next business day is a reasonable and realistic time frame to control or contain the incident and meet the notification requirements.

A table has been generated to provide an indicative cost of implementation:

Additional Resources	Estimated Cost
Additional 1 senior staff in central area	$140k pa
Additional 3 staff in Regions and 1 in metro	$400k pa
System Changes	$250k one off
Training Program Initial (up to 15 sites)	$50k one off
Training Program ongoing	$50k pa
Develop online training	$50k one off
Total One off costs	**$350k**
Total Ongoing costs	**$590k pa**

With this proposal, in the first year of these changes it is estimates to cost the Corporation an additional $940k in operating costs.

2.3 Reduced number of Type 1 Incidents

Many of the incidents in the Manual have been classified as type 1; the nature and importance of the events appear to be overstated.

The Corporation proposes the following incidents be reclassified to type 2:

- Failure of emergency telephone response service
- Continuity of supply
- Damage to property
- Incidents affecting a licensee's customer billing system
- Incidents affecting a licensee's customer service centre

2.4 Table 2 - Incidents to be reported by all licensees

'The licensee is required to notify the *Authority* of any incident, or event related to the operation of a licence granted by the *Authority* that requires a licensee to inform:

1) a responsible Minister of State'

The term 'event related to the operation of a licence' is very broad and has the potential to overlap with a number of Water Corporation operational processes. Some examples of this include the 'priority one' Ministerial correspondence process and notification to the Minister under the *Water Corporation Act 1995*. These are of an operational nature and would result in a large number of notifications to the Authority.

We recommend the replacement of 'event related to the operation of a licence granted by the *Authority* that requires a licensee' wording be changed to:

'notify the Authority of regulatory reporting'.

These notifications will include events required to be reported by statutory regulation and will exclude routine correspondence.

3. Specific Details

3.1 Drinking Water Quality Events

We propose the amendment of the wording to read:

'Incident is interpreted to mean that the Water Corporation will report any event that the Department of Health determines will have an impact on the level of service or result in the interruption of service to customers and it becomes apparent that a public announcement is required.'

It is recommended this be the type 1 incident for DWQ.

3.2 Pressure & Flow Reporting

The Corporation does not have the systems in place to monitor either the Water Pressure or Water Flow for individual premises across the state on a real time basis; as such the Corporation is not able to meet these requirements as written.

It proposes the use of the reporting requirements in the Operating Licence and Water Compliance Reporting Manual as the method of monitoring.

3.4 Clarification required for incident affecting a licensee's customer billing system

The Corporation is seeking clarification of "systematically issued customer bills" and the meaning of "five business days after the due date." Due to the size of our customer base, the running of the billing program and mail out of the accounts takes several weeks from final day of the rating period i.e. 30 June.

3.5 Clarification required for incident affecting a licensee's customer service centre

The Corporation does not use CTI technology as highlighted in the Note; the Corporation assumes this is a generic term to reflect call centre technical systems.

3.6 Drainage – Inundation of Land

The Corporation assumes this relates only to 'rural land and the manual does not take into account exceptions relating to low lying land areas where the contours make this impossible or where detention basins have been constructed for the retention of water for longer periods. Low lying areas include those areas within lots which abut the drain, which would normally not readily drain to the drain.'

3.7 Damage to property - Customers

The amount of $5,000 is not practical because of the nature of water services and the assets involved. In general any customer item that comes into contact with water would need to be replaced, i.e. carpets. The Corporation proposes an amount of $25,000 be used for customer items.

The Corporation is unclear as to the value of reporting a small amount to the Authority within 24 hours.

3.8 Damage to property – Corporation

In line with customer property, $50,000 is too low for the Corporation; we are proposing an amount of $250,000 to be used for Corporation assets.

The Corporation is unclear as to the value of reporting a relatively small amount to the Authority within 24 hours.

3.9 Small Towns – Unplanned Interruptions, Water Pressure and Water Flow

Not all small towns are serviced by their own scheme. In the case of a multiple town scheme, towns of less than 300 could be without services for greater than 8 hours and the Corporation would not be required to notify the Authority under this draft Manual.

The Corporation recommends the inclusion of "or an entire town of 50 or more services."

4. Final Comments

The implementation and ongoing compliance of the draft Incident Reporting Manual would be costly and we believe deliver marginal benefits, especially as the time frames required are more stringent than those of the primary regulator.

There is a high risk of double regulation and double reporting with this Manual.

The Corporation has a history of providing exceptional customer service and we do not believe this is an investment that will assist us in this endeavour.

Sincerely

Andrew Pascoe
Manager Regulation & Compliance