



Notice

13 December 2024

Water Corporation

2024 operational audit

The Economic Regulation Authority has published the [2024 operational audit report](#) and the [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 across more than 2.6 million square kilometres. It also provides bulk water to farms for irrigation.

As at 30 June 2024, the Water Corporation had 1.26 million customers.

The ERA's decision

The ERA considers that the Water Corporation has achieved an adequate level of compliance with its licence but there is room for improvement.

The ERA has decided to maintain the audit period at 24 months. The next audit and review will cover the period 1 July 2024 to 30 June 2026, with the report due to be provided by 30 September 2026.

Areas of special focus

The ERA nominated 30 obligations for special focus in the audit, including billing, financial hardship, notifications of planned interruptions and supply restrictions, and family and domestic violence obligations.

Obligations nominated for special focus are required to have a higher audit priority to ensure there is a more in-depth assessment of the licensee's processes and procedures. The ERA nominated the obligations for special focus because they provide protections to vulnerable customers and the Water Corporation was found non-compliant with these obligations in the previous 2022 audit.

Audit findings

The audit of the 208 licence obligations applicable to the Water Corporation found 43 non-compliances and seven control deficiencies, compared to 35 non-compliances and three control deficiencies in the 2022 audit. The Water Corporation self-reported 37 of the non-compliances and five of the control deficiencies during the audit period.

The auditor found non-compliances with 18 of the 30 obligations nominated for special focus. For a majority of those 18 obligations, the Water Corporation achieved a compliance rate of between 95 and 99.99 per cent.

The main non-compliances were in:

- Billing, including late bills and bills not containing all the required information.
- Financial hardship, including customers not being given all the required information about the payment options available to them.
- Informing customers of their right to apply to the Water Ombudsman if the customer is not satisfied with how the Water Corporation has dealt with their complaint.
- Providing prior notice of supply restrictions and planned maintenance within required timeframes.

The auditor made 21 recommendations to address 18 non-compliances. For the remaining 25 non-compliances, the auditor considered that no further recommendations were required because:

- Adequate controls were implemented during the audit period to achieve compliance (12 non-compliances).
- The root causes were isolated, one-off incidents, which would not have been prevented by additional controls (11 non-compliances).
- Changes to the *Water Services Code of Conduct (Customer Service Standards) 2024* make the Water Corporation compliant from 1 July 2024 (two non-compliances).

The ERA will monitor the Water Corporation's progress with addressing the auditor's recommendations.

The ERA's assessment of the audit findings

The ERA considered that the Water Corporation's performance was adequate because:

- Most of the non-compliances are unlikely to have had a material effect on customers.
- The instances of non-compliance were relatively low compared to the large number of customers the Water Corporation supplies and the transactions and services it provides.
- Most of the non-compliances and control deficiencies were self-reported by the Water Corporation, so its controls are identifying problems when they arise, and the Water Corporation is taking actions to address the identified non-compliances and control deficiencies.
- Changes to the Water Code are expected to improve the Water Corporation's level of compliance with three non-compliances.

While the auditor observed that the Water Corporation has a strong compliance culture, including having robust controls in place to identify and resolve non-compliances in a timely manner, the ERA has decided to maintain the audit period at 24 months (the shortest period allowed by the *Water Services Act 2012*) because there was an increase in the number of non-compliances from the previous audit and there is room for the Water Corporation to improve its performance.

Further information

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