

Preliminary Impact Assessment (PIA) Template

Name of department/agency Department of Water Name of proposal Approval to Print Water Services Bills - Water Service Ombudsman	Office Only: Database ID Number
Type and Mechanism of proposal implementation: {eg. type: legislation, local law, regulation; and mechanism: Parliament, <i>Government Gazette</i> } Legislation Proposal Decision Maker: {eg. Cabinet, Executive Council, responsible Minister} Cabinet	

Section 1: Initial Questions

1. Regardless of the outcome of this PIA do you elect to complete a RIS? If YES, go immediately to Section 2.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Is the proposal an Omnibus Bill (or otherwise multiple discrete issues proposal)? If YES, please immediately contact the Regulatory Gatekeeping Unit (RGU) to discuss your proposal, as the PIA form is not designed to deal with multiple discrete issues in the one assessment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Is the proposal likely to have a significant impact on small business? If YES, the RGU will provide a copy of the completed PIA to the Small Business Development Corporation (SBDC). If UNSURE, please contact the SBDC for assistance and then continue to complete the PIA and forward to the RGU. While you may elect to complete a Regulatory Impact Statement (RIS) generally you will not need to complete one in the following situations:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4. Is the proposal of a minor or machinery nature that does not substantially alter existing arrangements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. Does the proposal only result in a nil or small initial cost (including non-financial impacts) on business (including government businesses), consumers or the economy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. Does the proposal exclusively deal with administrative procedures within or between agencies, with no significant impacts on business, consumers, or the wider economy?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7. Is the proposal a response to meet an obligation under an inter-governmental agreement (such as COAG or Ministerial Council agreement) and primarily adopts the terms of the agreement (without significant deviation)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If YES, did the agreement process incorporate RIS style analysis (including of impacts on WA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8. Is the PIA being completed as part of implementing an election commitment or to meet the Government's financial targets, as endorsed by Cabinet?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If YES, please contact the Regulatory Gatekeeping Unit (RGU) to discuss whether a RIS would assist in identifying any implementation issues and options or whether a Treasurer's Exemption is more appropriate.	
9. Is the PIA being completed to implement the recommendations from a statutory, Ministerial or other formal review of an act or other regulatory instrument?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If YES, did the review incorporate RIS style analysis (including broad consultation)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
10. Are the cost and competition impacts purely on the player/s within the economy that has requested the change (with no differential impacts within the sector)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
11. Is the proposal purely a repeal or relaxation of existing regulation?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If you answered YES to any of the above questions 4 to 11: The completion of this PIA may fully meet the Government's Regulatory Impact Assessment (RIA) requirements without completion of a RIS. Please complete the remainder of this PIA so the RGU can make an assessment.	

Section 2: Market Functioning and Competition impacts on Business, Consumers or the Economy

Regulation can have a significant negative impact on business, consumers or the wider economy if it inhibits:

- market functioning (such as regulating price setting, restricting product availability and mandating the level of production);
- competition (such as imposing barriers to entry to the industry); or
- the market's efficient allocation of resources (such as banning secondary markets).

In general, impacts would be low rather than significant, when only a few businesses or consumers are affected or the economic impacts are small. The following checklist will help you to assess whether a proposal has a likely significant negative impact, and would therefore cause businesses or consumers to substantially alter their behaviour.

If you answer NO to any question, please go on to the next question. If you answer YES, please explain in one or two sentences in the free text area immediately below the examples for that question.

Voluntary Question Only. Complete only those aspects of this question, for which you have information readily available and/or where you feel it, would be beneficial in explaining the proposal's significance. Provide an estimate of:

• The number (or percentage) of businesses within a sector, that may be impacted (eg. 200 businesses or 50 per cent of operators in the sector)	
• The number (or percentage) of businesses within the State as a whole, that may be impacted (eg. 3 businesses or 100 per cent of Western Australian businesses)	
• The number (or percentage) of consumers of the particular good/service, that may be impacted (eg. 100 per cent of consumers of that product)	
• The dollar increase (or percentage impact) on the price of the particular good/service (eg. the price is expected to increase by \$20 or 25 per cent)	

Is the proposal:

12. Likely to inhibit or replace market function? Yes No

For example (this is not an exhaustive list):

Control or substantially influence the price at which a good or service is sold.

Control or substantially influence the level of production.

Allocate new entitlements by non-competitive means.

Affect the allocation of resources.

Restrict secondary markets (that is the ability to resell a good, service, resource or entitlement).

Require or encourage bundling together of discrete products, services or licences.

If YES, identify type of impact (eg. one of the above reasons) and the level of impact (significant or low).

The creation of a water service ombudsman will enable complaints of customers to be investigated by an independent body. The ombudsman will replace a similar function currently performed by the Department of Water.

13. Likely to affect the number and range of businesses in an industry? Yes No

For example (this is not an exhaustive list):

Change the ability of a business to provide a good or service.

Change the requirements for a licence, permit or authorisation process.

Alter costs of entry to or exit from an industry for affected groups.

Establish a Government owned (or part owned) entity to operate in competition with the private sector.

Change geographic barriers for business (including by imposing interjurisdictional differences creating barriers to trade or practice).

If YES, identify type of impact (eg. one of the above reasons) and the level of impact (significant or low).

14. Likely to alter the ability/incentives of businesses to compete? Yes No

For example (this is not an exhaustive list):

Alter the ability of a business to advertise or market their goods.

Ban certain types of goods or business practices.

Alter the competitiveness of some industry sectors.

Impact differentially across an industry.

Impact on the mobility of customers between businesses.

If YES, identify type of impact (eg. one of the above reasons) and the level of impact (significant or low).

15. Likely to impact on consumers? Yes No

For example (this is not an exhaustive list):

Affect the cost of goods or services to consumers.

Promote or restrict information dissemination to consumers.

Alter the choices available to consumers.

Alter the availability or quality of goods/services.

Create restrictions on consumer behaviour.

If YES, identify type of impact (eg. one of the above reasons) and the level of impact (significant or low).

Creation of a water service ombudsman will improve the level of protection provided to customers of water service providers.

16. Likely to have any other market function or competition impacts on business, consumers or the economy? Yes No

For example (this is not an exhaustive list):

Impact on mobility of labour.

Transfer risk between business, consumers and government.

Create or amend government cost recovery arrangements.

If YES, discuss type of impact (such as on competition) and the level of impact (significant or low).

Section 3: Compliance/Other Costs on Business, Consumers or the Government

Compliance costs to business/consumers involve time and financial costs, to meet for example new educational standards or record-keeping requirements. Compliance costs would generally be low when only a few businesses/consumers are affected or the costs are small or insignificant. Proposals would generally be considered to have significant compliance cost impacts if they have broad impacts such as:

- affecting a large number of businesses/consumers; or
- involving a large cost per business/consumer (for example, in relation to the size of the individual businesses involved, the current cost of producing the good/service, or the average weekly income).

The following checklist will help you identify if the proposal has the potential to significantly increase compliance costs. Include dollar amounts (for example, for new fees or licence application costs) where possible.

17. Will compliance costs be incurred in the form of new increased reporting requirements? Yes No

For example (this is not an exhaustive list):

Will the proposal alter the reporting requirements of firms within an industry?

Will business/consumers incur new costs when they are required to report certain events?

Will business/consumers incur new costs when producing documents?

Will business/consumers need to keep additional records, provide new information or fill in new forms?

Will business/consumers incur new costs when cooperating with audits or inspections?

If YES, identify type of impact (eg. one of the above reasons) and the level of impact (significant or low).

18. Are there any new compliance, administration or enforcement costs on government (including local government) Yes No

If YES, estimate cost and level of government (eg. local or State) that will incur cost

The ombudsman will be an industry funded scheme. The start-up costs for the Scheme have been estimated to be \$30,000 plus GST and will be allocated between licensees according to the number of customer connections for each member. The annual levy covers all costs other than dispute costs. The total annual levy is estimated to be \$23,663. Although water service providers will incur joining and annual fees for the first year, these fixed costs will be reduced to an annual levy in the second and subsequent years. For smaller water service providers, this implies a cost of around \$100 in the first year and less than \$50 in the second and subsequent years. The dispute costs will vary depending on the number of complaints for each water service provider. On the basis of current customer complaints numbers the majority of the water service providers are unlikely to attract a dispute cost.

19. Will any other new costs be imposed on business or consumers due to this proposal? Yes No

For example (this is not an exhaustive list):

Will new costs (including fees and delays) be incurred in seeking permission or attaining a licence to conduct an activity?

Will business/consumers need to purchase materials, equipment, or external services?

Will costs be incurred by business in keeping informed of regulatory requirements or meeting them?

Will business incur costs from other changes to their procedures, practices or outputs?

Will business incur costs from increased education/training requirements?

If YES, identify type of impact (eg. one of the above reasons) and the level of impact (significant or low).

Section 4: Rationale for the Impact Assessment

Please provide a brief outline of the proposal, its objectives, any preliminary consultation undertaken and an early assessment of the impacts as currently estimated (should you need more space please insert an additional page).

Independent complaint investigation is considered to be an essential part of effective utility regulation. This is due to the fact that customers of essential monopoly services have few avenues for redress in response to poor service.

Since the introduction of the Water Services Act in 1995 Government (firstly the Office of Water Regulation followed by the Department of Water) has provided an independent review mechanism to investigate and resolve customer complaints. In 2003 with the creation of the ERA, Government endorsed the creation of a utility ombudsman to deal with such complaints. Such a body already exists for energy and gas customers. The Water Services Bill provides the a means for water service customers to use the scheme.

The scheme has three key features. It is industry funded, with fees scaled according to the size of the service and number of complaints. It has the power to make binding decisions. It also has industry representation on its board. As such it is considered to represent best practice for an organisation of this type.

Section 5: Next Steps

Please forward an electronic copy of the completed PIA providing a clear outline of the proposal and its possible impacts to the RGU at regulatorygatekeeping@dtf.wa.gov.au via email. If you are uncertain of the impact, or how to complete the PIA, refer to the Guidelines at the [RGU](http://www.rgu.wa.gov.au) website or contact the RGU.

If the impact is assessed as significant the proposal is likely to require a RIS to fulfil the Government's Regulatory Impact Assessment requirements. You should keep this form and any supporting documents for your own records.

Contact Officer

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How long did it take you to complete this form? 45 minutes

(Please advise the time it took to fully complete the PIA, this should not include the time taken in gaining internal approval. The RGU hopes to ensure that a PIA generally takes no more than ½ to 1 hour to complete).

Approved By (Note that the person who has responsibility for the proposal, on behalf of the agency, should approve this PIA prior to its formal provision to the RGU).

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