

YARRA
VALLEY
PRICE
SUBMISSION
WATER

2017





ABORIGINAL ACKNOWLEDGEMENT

Yarra Valley Water proudly acknowledges Aboriginal people as Australia's First Peoples and the local Traditional Owners as the original custodians of the land and water on which we rely and operate. We pay our deepest respects to their Elders past, present and future.

We acknowledge the continued cultural, social and spiritual connections that Aboriginal people have with the lands and waters, and recognise and value that the Traditional Owner groups have cared for and protected them for thousands of generations.

In the spirit of reconciliation, we remain committed to working in partnership with local Traditional Owners to ensure their ongoing contribution to the future of the water management landscape while maintaining their cultural and spiritual connections.

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For more information on our Price Submission visit yvw.com.au/futureprices

OUR PURPOSE

TO PROVIDE EXEMPLARY WATER AND SANITATION SERVICES THAT CONTRIBUTE TO THE HEALTH AND WELLBEING OF CURRENT AND FUTURE GENERATIONS

OUR ASSETS

9,519

KM OF SEWER MAINS

\$4.7b

IN INFRASTRUCTURE & OTHER ASSETS

9,854

KM OF WATER SUPPLY MAINS

KEY STATISTICS

>1.8 million

TOTAL CUSTOMERS

730,259 53,627

RESIDENTIAL PROPERTIES

BUSINESS CUSTOMERS

18,599 576

NEW CUSTOMERS IN 2016-2017

NUMBER OF EMPLOYEES (FTE)

WHO WE ARE

Yarra Valley Water provides essential water and sewerage services to more than 1.8 million people across Melbourne's northern and eastern suburbs.

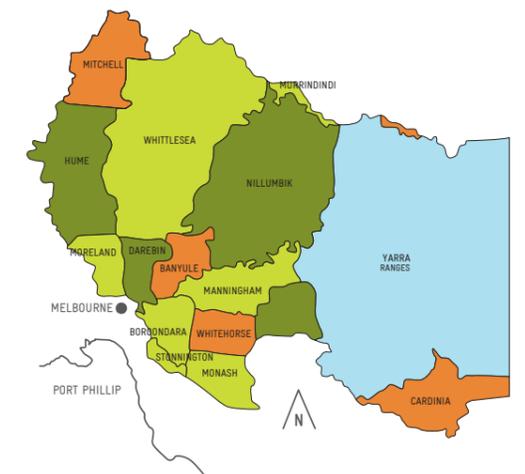
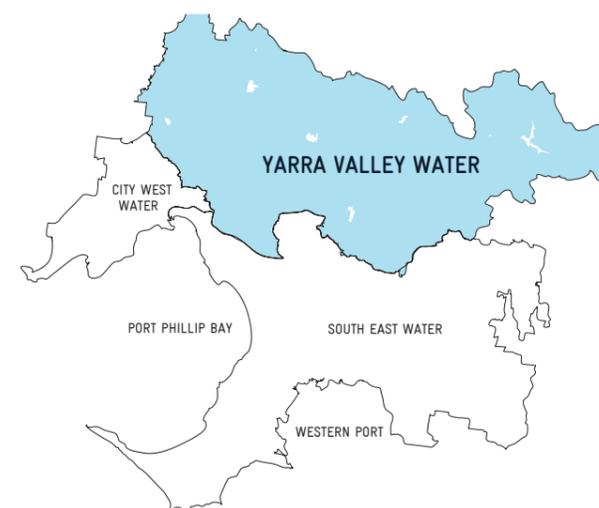
Our purpose is to provide exemplary water and sanitation services that contribute to the health and wellbeing of current and future generations. To achieve this purpose, we need to balance both short term needs, and take a longer-term perspective when making choices around service outcomes and investments.

We manage almost \$4.7 billion of infrastructure across approximately 4,000 square kilometres. Our diverse service area extends from Melbourne's inner suburbs

through to outer regions, such as Wallan in the north and Warburton in the east.

We provide water and sewerage services to our customers, through distributing water and collecting and transporting wastewater (sewage). We have access to water from a number of catchments and desalinated water from the Victorian Desalination Plant at Wonthaggi. Our bulk water is delivered through Melbourne Water's bulk water supply system to our distribution system. Our customers' wastewater is collected through our sewerage network and is treated at Melbourne Water's eastern and western sewage treatment plants, and our ten-local sewage and recycled water treatment plants. Our sewage treatment plants provide recycled water for households, businesses, open spaces (e.g. sporting grounds, golf courses) and agricultural uses.

YARRA VALLEY WATER SERVICE AREA



Yarra Valley Water Council boundaries

ABOUT OUR SUBMISSION

Every five years we prepare a Price Submission to establish our service commitments and prices for our customers. The Essential Services Commission of Victoria (the Commission) reviews our Price Submission to approve the prices we charge for our water and sewerage services.

Our customers use our services in so many aspects of their life. From the time they get up in the morning and use the shower and toilet, through to when they brush their teeth before going to sleep at night. When things run smoothly the service we provide is seamless and we are unnoticed.

To ensure that we meet the needs of our growing and diverse community, we have undertaken an extensive engagement program. This helps to identify customer preferences, and understand what people value most, in terms of their water supply and sewerage services. This information has helped us ensure we have shaped our submission to meet the needs of customers. We also address the challenges associated with significant projected population growth and a changing climate, resulting in less reliable water supply from our traditional water catchments.

WE HAVE UNDERTAKEN AN EXTENSIVE ENGAGEMENT PROGRAM TO IDENTIFY CUSTOMER PREFERENCES AND UNDERSTAND WHAT PEOPLE VALUE MOST

→ FINDING A BALANCE BETWEEN PRICE AND SERVICE WHICH IS FAIR FOR EVERYONE

Since March 2016, over 24,000 customers have been engaged in a conversation with us through our research and insights program.

We have developed customer personas to better understand what individuals value in their lives. This improved understanding helps to put ourselves in our customers' shoes. From April – July 2017, 30 customers, representative of our diverse customer base, formed our Citizens' Jury (the Jury) to represent our customers and their community to address the challenge:

We need to find a balance between price and service which is fair for everyone. How should we do this?

OUR ENGAGEMENT

30 CITIZENS' JURY MEMBERS 

OVER 40 HOURS

800 HOURS 

OVER 6 MONTHS OF ENGAGEMENT

8 IN-HOME IMMERSIONS

10 CUSTOMER WORKSHOPS

24,000+ CUSTOMERS ENGAGED

1,164 CUSTOMERS PARTICIPATED IN CONJOINT CHOICE MODELLING 

3 ABORIGINAL & TORRES STRAIGHT ISLANDERS ENGAGEMENT ACTIVITIES

50 FACE TO FACE SURVEYS WITH HARD TO REACH GROUPS 

2,000 'HAVE YOUR SAY' PORTAL VISITS

2 MULTICULTURAL EVENT ENGAGEMENTS

3  STAKEHOLDER DELIBERATIVE WORKSHOPS

10 COMMUNITY ADVISORY GROUP MEETINGS



The Jury spent more than 40 hours over three months:

- **exploring the insights** from our customer research and engagement
- **hearing from experts** chosen and elected by our stakeholders and the Jury
- **considering the details** provided in our comprehensive Jury information pack.

We have listened to what our customers and our communities have had to say and as a result, we will focus our overall business efforts to deliver better value to our customers.

To find out more about what we are doing with our Citizens' Jury's recommendations, visit www.yvw.com.au/futureprices



WHAT OUR CUSTOMERS TELL US



For many years, we have sought customer feedback and input to ensure we understand their views and needs. Through our customer research and insights programs, we focus on listening to our customers and the communities we serve.

THE CITIZENS' JURY'S GUIDING PRINCIPLES FOR 'FAIR'

The Jury established a criteria and guiding principles for assessing 'fair for everyone', which they used to guide their deliberations and to develop their final recommendations:

- **equitable** (in terms of price impact and service access)
- **representative** (consideration given to all groups)
- **transparent and visible** (in relation to information and pricing)
- **affordable** (affordable service and support for those who need help)
- **flexible and responsive** (provides choice and meets differing needs)
- **consistent service standards** (for customers within the same service area)
- **sustainable over the long-term** (reinvestment)

CITIZENS' JURY - UNDERLYING THEMES

Five significant underlying themes emerged from the Jury's deliberations:

- assist vulnerable customers, particularly those struggling to pay water bills
- ensure drinking water is available for the future, through leakage reduction, digital metering, alternative water supply options and water conservation
- target research and efficiency programs to reduce costs and pass on the benefits to customers
- protect the environment
- use communication and education mechanisms to enhance the achievement of objectives

CHANGING CUSTOMER EXPECTATIONS

Our customers' expectations continue to change. At a minimum, our customers want a continuous supply of safe clean drinking water and the safe removal of their wastewater. Customers also expect us to maintain the quality of our service and manage future challenges, such as population growth, ageing infrastructure, affordability, and ensuring water is available in the future. We know that customers' expectations will continue to change as new technologies evolve.

KEEPING BILLS AFFORDABLE

Our research shows that most customers are not willing to see any increase in bills to further improve levels of service. Additionally, 49% of our customers say they have struggled to pay their utility bills (including energy, phone, internet, etc.) in the last 12 months. More and more, we find that we need to provide support for customers who are having difficulty paying their bills, or are financially vulnerable due to changing personal circumstances. We are aiming to keep bills as low as possible, while continuing to make the necessary investments, to ensure the infrastructure we manage on the community's behalf is maintained, and meets the community's needs.

CUSTOMER DEFINED OUTCOMES

In response to what our customers told us, seven key outcome areas have been developed. In developing these, we have gone back to customers many times to make sure that we correctly understood what they told us. We then tested those outcomes with our Citizens' Jury. Through the process, these outcomes evolved a number of times into the seven outcomes we have today.

The outcomes are defined by what customers have said is important, what they expect from us, as well as what they value.

FOCUSING EFFORT TO IMPROVE CUSTOMER VALUE

AS A CUSTOMER, I EXPECT...

Our customer research shows that we are currently meeting customer expectations in what they see as our 'core services'. They have told us that they are not willing to pay more for these outcomes:



SAFE DRINKING WATER

"...WATER THAT IS SAFE TO DRINK"

Customers told us that the most important outcome we deliver is safe and pleasant drinking water.



RELIABLE WATER & SEWERAGE SERVICES

"...WATER AND SEWERAGE SERVICES I CAN RELY ON"

Customers want us to invest in maintaining our current service levels, in a way that doesn't increase their bills. They want to know that the service is dependable, and they want us to address repeat service interruptions.



TIMELY RESPONSE & RESTORATION

"...FAST RESPONSE AND EFFECTIVE RESTORATION OF MY SERVICE WHEN IT IS INTERRUPTED"

Customers tell us that there are a number of things we can do to reduce the inconvenience of an interruption including:

- fast response to unexpected service interruptions
- for any interruption, providing an estimated time for the service to be back on
- providing advanced notice and duration of planned interruptions
- notification when works are complete
- provide access to alternate water supplies during the interruption.

AS A CUSTOMER, I VALUE...



While the three previous outcomes define what customer's expect from us, the following outcomes represent the areas customers have told us they value, and where investment should be prioritised:



FAIR ACCESS & ASSISTANCE FOR ALL

"...SUPPORT FOR CUSTOMERS HAVING DIFFICULTY PAYING THEIR BILL"

Customers supported improving awareness and access to services, and programs for customers who experience difficulty paying their bills.



WATER AVAILABILITY & CONSERVATION

"...SAVING WATER NOW SO IT'S AVAILABLE IN THE FUTURE"

Customers supported a more proactive approach to saving water through:

- reducing water losses in our network
- increasing education and awareness about saving water
- supporting community based decision making and community events, to encourage efficient use of water
- greater use of recycled water and stormwater.



MODERN FLEXIBLE SERVICE

"...MODERN, FLEXIBLE SERVICES AND ADVICE THAT SUITS MY NEEDS"

Customers supported a more flexible and tailored service through:

- incentivising customers to move to e-billing with direct debit, to reduce environmental impacts of producing paper bills
- providing more timely usage information through the installation of digital meters for all customers, to help change behaviour and protect our natural resource
- increasing education and awareness about all aspects of our services.



CARE FOR & PROTECT THE ENVIRONMENT

"...LOOKING AFTER THE ENVIRONMENT"

Customers supported us looking after the environment and in particular us playing a role in addressing climate change, through focusing on reducing greenhouse gas emissions and improving waterway health.



A FAIR APPROACH TO KEEPING BILLS DOWN

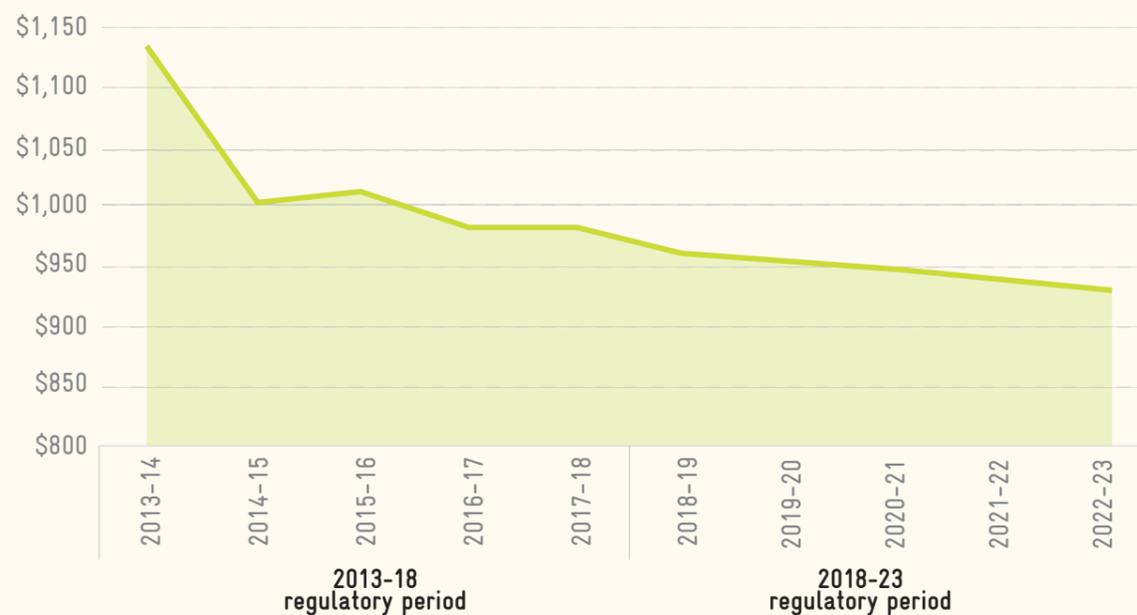
While customers have told us that they don't want a price increase, they have also said that small annual bill changes are better than a single large change. At the same time, they've said that they value increased service levels over a bill decrease.

We know that the affordability of essential services is an important issue for households and businesses. To take pressure off bills, we will deliver operating

savings and pass these on to customers. This will ensure any changes in prices are below the inflation rate. As a result, for the average household, tenant and business customer, there will essentially be no change in the annual bill between 2017-18 and 2018-19. The annual price change for 2019-20 to 2022-23 will be 0.7% less than inflation.

This will result in an actual 5.1% saving to the average customer over five years, which is approximately \$209 for an average owner occupier, and \$101 for an average tenant.

TYPICAL RESIDENTIAL BILL IN REAL TERMS* OVER TIME



* Adjusted to remove the effect of inflation

— Bill (in 2013/14 dollars)

How typical residential customer bills will look 2018-2023

150 KILOLITRES TYPICAL ANNUAL WATER USAGE	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tenant	\$524	\$524	\$533	\$541	\$549	\$558
Landlord	\$535	\$535	\$543	\$551	\$560	\$569
Owner occupier	\$1,059	\$1,059	\$1,076	\$1,092	\$1,109	\$1,127
Water only owner occupier	\$477	\$477	\$485	\$492	\$500	\$508

Typical residential customer bill savings*

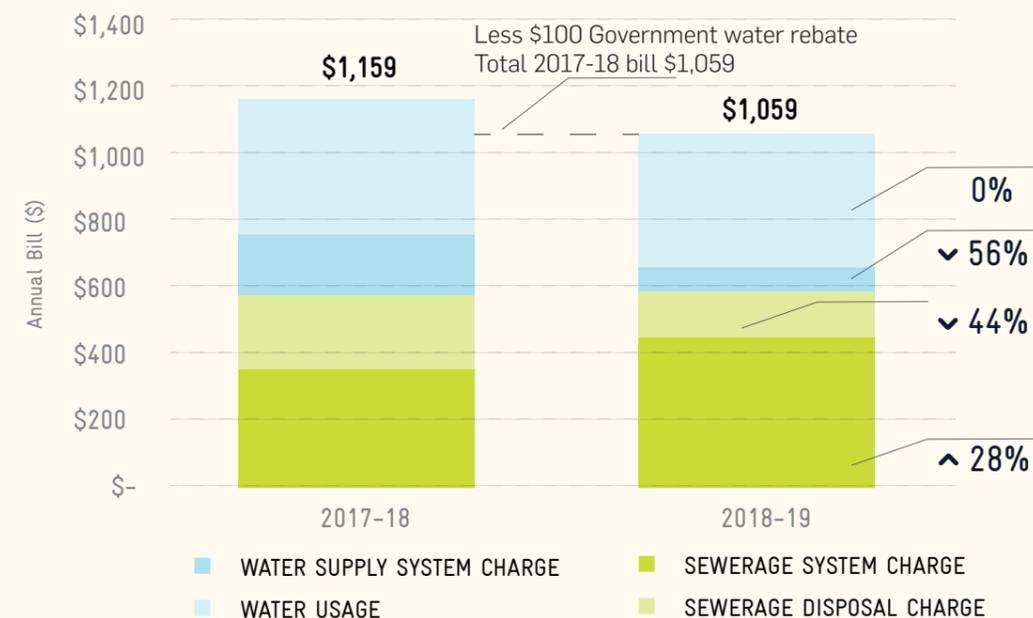
150 KILOLITRES TYPICAL ANNUAL WATER USAGE	2018-19 SAVING	2019-20 SAVING	2020-21 SAVING	2021-22 SAVING	2022-23 SAVING	TOTAL SAVING
Tenant	\$12	\$15	\$20	\$25	\$29	\$101
Landlord	\$12	\$17	\$22	\$26	\$30	\$107
Owner occupier	\$24	\$32	\$42	\$51	\$60	\$209
Water only owner occupier	\$11	\$14	\$19	\$22	\$26	\$93

* compared to inflation only increases

We have focused our changes to prices in 2018-19 to minimise the impact of the removal of the \$100 Government water rebate for customers. This currently appears on the July to September quarterly bill. To reduce the impact of the removal of the \$100 rebate on residential tenants and water only customers, we have reduced the sewerage disposal charge, transferring \$100

from the water service charge to the sewerage service charge. This approach is consistent with what our customer engagement and our Citizens' Jury told us. It ensures that our typical residential (using 150 kilolitres of water per year) and non-residential customers do not receive a bill increase in 2018-19, after we remove the \$100 per year Government rebate.

TYPICAL RESIDENTIAL BILL - 150 KILOLITRES



FINDING A BALANCE BETWEEN PRICE AND SERVICE WHICH IS FAIR FOR ALL



Bills will remain about the same in 2018-19, with annual price changes 0.7% less than inflation for the following four years.

CUSTOMERS EXPECT:

OUR TARGETS

- SAFE DRINKING WATER** | 100% | compliance with safe drinking water regulations
- RELIABLE WATER & SEWERAGE SERVICES** | <1% | of customers experience 3 or more unexpected interruptions in 12 months
- TIMELY RESPONSE & RESTORATION** | 91% | of customers service has been restored within four hours

CUSTOMERS VALUE:

- FAIR ACCESS & ASSISTANCE FOR ALL** | 89% | of customers, who have accessed our services, believe that Yarra Valley Water helps customers experiencing difficulty paying for their water and sewerage services
- WATER AVAILABILITY & CONSERVATION** | 210 | Litres/per person/per day total water usage by 2023
- MODERN FLEXIBLE SERVICE** | 86% | of customers say they are satisfied with their most recent interaction
- CARE FOR & PROTECT THE ENVIRONMENT** | 53% | reduction in emissions by 2023

WE ASKED CUSTOMERS WHO THEY ARE, WHAT THEY VALUE AND WHAT THEY WANT FROM OUR SERVICE, THEY SAID:

NO BILL INCREASE

I PREFER SERVICE LEVEL INCREASES RATHER THAN A BILL DECREASE

SUPPORT CUSTOMERS WHO HAVE DIFFICULTY PAYING THEIR BILLS

FIX IT QUICKLY

GOOD QUALITY WATER IS THE MOST IMPORTANT THING

LOOK AFTER THE ENVIRONMENT

SAVE WATER NOW FOR THE FUTURE

I PREFER SMALL BILL CHANGES NOT LARGE ONES

KEEP ME INFORMED

HELP MY COMMUNITY TO SAVE WATER



DELIVERING ON OUR COMMITMENTS

In response to the outcomes that our customers have said are important - what they expect from us, as well as what they value, we have developed commitments which:

- ensure we do not lower our current service performance as a result of increasing other activities that customers value
- aim to solve issues the first time; allowing efforts to be focused on customers who experience multiple interruptions or service failures
- address customers' dissatisfaction when an interruption is four hours or more.

Each year we will report our performance against each of our seven outcomes. Where we don't meet our target, we will return \$1.5 million per outcome to customers through price reductions in the following year.

As a result of the Citizens' Jury recommendations, we have adapted our guaranteed service levels for any individual customer that experiences service levels not in line with our guarantee.

OUR COMMITMENTS & PERFORMANCE REPORTING

Customers have told us that our performance reporting will need to be transparent, accessible, trusted and efficient. It should cover average performance, the range of individual customer experience, and localised information. At a minimum we will report to customers annually, focused on our outcomes and commitments through established channels including bills inserts, social media, our website and online engagement portal.



“AS A CUSTOMER, I EXPECT...
WATER THAT IS SAFE
TO DRINK”



OUTCOME 01

MEASURE OF OUR SUCCESS Compliance with Safe Drinking Water Regulations (2015)

TARGET 100%

- OUR COMMITMENT** We will:
- undertake ongoing inspections of water storage tanks and carry out any repairs needed to ensure their integrity
 - deliver programs that ensure our pipes are clean
 - undertake independent water quality testing
 - manage customer complaints and support customers who have ongoing issues until they are resolved.
 - provide advice and education to customers on the quality and safety of our water
 - work with Melbourne Water to ensure the water our customers receive is of the highest quality
 - promote the health benefits of drinking tap water.

“AS A CUSTOMER, I EXPECT... ..
WATER AND SEWERAGE SERVICES
I CAN RELY ON”



OUTCOME 02

MEASURE OF OUR SUCCESS % of customers who experience 3 or more unexpected water or sewerage service interruptions in 12 months

TARGET less than 1%

- OUR COMMITMENT** We will:
- continue to replace ageing water and sewerage pipes
 - undertake ongoing maintenance programs across our water and sewerage network
 - deliver water to meet minimum water pressure standards
 - complete major projects to provide services to new customers
 - fully investigate any sewage spill that occurs within a customer’s property and support customers to minimise issues in the future
 - manage customer complaints when customers contact us and support customers who have ongoing issues until they are resolved.

“AS A CUSTOMER, I EXPECT...
FAST RESPONSE AND EFFECTIVE
RESTORATION OF MY SERVICE
WHEN IT IS INTERRUPTED”



OUTCOME 03

MEASURE OF OUR SUCCESS % of customers whose service has been restored within 4 hours

TARGET 91%

- OUR COMMITMENT** We will:
- provide service fault response and restoration services including:
 - » a 24-hour faults line
 - » a call back program that provides an opportunity to collect feedback from customers about their service experience
 - » an online fault map, that provides up-to-date information in a readily accessible way
 - restore services within 4 hours
 - contain all sewage spills in the house within one hour and on the property within four hours
 - provide greater notification, information and minimise customer inconvenience by:
 - » providing a week’s advanced notice of a planned interruption
 - » not planning to interrupt services between 5 – 9 am and 5 – 11 pm
 - » providing an estimated time of arrival and completion of works as well as updates
 - » notifying customers when works are completed.



“AS A CUSTOMER, I VALUE... SUPPORT FOR CUSTOMERS HAVING DIFFICULTY PAYING THEIR BILL”



FAIR ACCESS & ASSISTANCE FOR ALL

OUTCOME 04

MEASURE OF OUR SUCCESS % of customers who have accessed our services, who believe that Yarra Valley Water helps customers experiencing difficulty paying for their water and sewerage services

TARGET 89%

- OUR COMMITMENT** We will:
- expand our WaterCare program to support 150,000 customers over five years
 - not restrict water supply without first understanding a customer’s ability to pay
 - provide programs for customers who are experiencing difficulty paying and who have difficulty accessing our services, including Culturally and Linguistically Diverse communities.
 - partner with other organisations to ensure customers can access broader support services
 - provide customers with a variety of payment options that suit their circumstances.

“AS A CUSTOMER, I VALUE... SAVING WATER NOW SO IT’S AVAILABLE IN THE FUTURE”



WATER AVAILABILITY & CONSERVATION

OUTCOME 05

MEASURE OF OUR SUCCESS Total water usage (litres/ per person/ per day)

TARGET	2018-19	2019-20	2020-21	2021-22	2022-23
	221	217	213	211	210

- OUR COMMITMENT** We will:
- provide targeted water saving education and programs for customers and the community
 - undertake a proactive program that identifies and fixes undetected leaks in our network
 - provide recycled water to homes and businesses where it is practical to do so
 - support community based decision making, and work with stakeholders to ensure the best water resource management at a community level
 - understand and plan for short, medium and long term demand and supply needs at a local and wider community level.

“AS A CUSTOMER, I VALUE... MODERN, FLEXIBLE SERVICE AND ADVICE THAT SUITS MY NEEDS”



MODERN FLEXIBLE SERVICE

OUTCOME 06

MEASURE OF OUR SUCCESS % of customers are satisfied with their most recent interaction

TARGET 86%

- OUR COMMITMENT** We will:
- introduce a discount on bills when customers choose to receive an e-bill and pay by direct debit
 - complete digital metering trials that will enable the rollout of digital meters when the technology is ready
 - maintain a local customer contact centre supported by various online digital options
 - provide a range of bill payment options and channels, allowing customers to manage their payments in a way that suits them
 - use fair and equitable debt management and collection approaches, that ensure customers that are unable to pay are identified and supported
 - develop targeted communications for a variety of customers, including developers, builders, plumbers and trade waste customers
 - provide rebates to customers where minimum service levels have not been delivered
 - understand customer needs and expectations to continually improve our services, including those customers that have traditionally been hard to reach.

“AS A CUSTOMER, I VALUE... LOOKING AFTER THE ENVIRONMENT”



CARE FOR & PROTECT THE ENVIRONMENT

OUTCOME 07

MEASURE OF OUR SUCCESS % reduction in greenhouse emissions (Scope 1 and 2 cumulative)

TARGET	2018-19	2019-20	2020-21	2021-22	2022-23
	5.8%	16.1%	32.8%	47.1%	53.4%

- OUR COMMITMENT** We will:
- minimise our impact on the environment through reduced greenhouse gas emissions
 - comply with our sewage treatment plant licences
 - complete major projects to provide sewerage services to 3,023 properties with failing septic tank systems through our Community Sewerage program
 - reduce the impact on local waterways that may occur from treatment plant discharges and sewage spills.

THANK YOU

We would like to extend our thanks and express our great appreciation to our stakeholders, and over 24,000 customers who have participated in our research and insights program to help form our submission.

We would especially like to acknowledge our 30 customers who formed our Citizens' Jury, for committing their time and boundless energy. We are very grateful for their participation as they addressed the challenge:

**WE NEED TO FIND A BALANCE
BETWEEN PRICE AND SERVICE
WHICH IS FAIR FOR EVERYONE.
HOW SHOULD WE DO THIS?**



THE PROCESS FROM HERE

Our Price Submission was lodged with the Commission on 29 September 2017. A copy of the full submission is available at www.yvw.com.au/futureprices. The Commission will undertake a review of our submission and will publish a draft decision by 9 March 2018.

At that time, our customers will have further opportunity to have their say about our submission, and the Commission's draft determination. The Commission will make a final decision by June 2018.



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For other language assistance, please call ezispeak.

Македонски	1800 796 518	Hrvatski	1800 796 518
한국어	1800 796 518	Српски	1800 796 518
فارسی	1800 796 518	Türkçe	1800 796 518
Italiano	1800 796 518	Tiếng Việt	1800 796 518

