

Central Highlands Water – Outcomes – 2018–2023 Including updated Output targets from 1 July 2020

In this document, the water business provides a summary report of its actual performance against each of its outcome commitments for the 2020-21 reporting year. The business has given itself a “traffic light” rating (green = met target, red = not met, yellow = close or largely met) for its performance on each measure, outcome and an overall rating. The business has provided its own comments about its performance on each outcome and overall.

Following customer consultation, updated targets for six Outputs and one new Output is included in this table, effective from 1 July 2020.

Summary table

Outcome	18-19	19-20	20-21	21-22	22-23
1. Better customer experience	Yellow	Red	Yellow	Grey	Grey
2. Safe clean drinking water that tastes great	Green	Green	Green	Grey	Grey
3. Reliable and sustainable water and sewer systems	Yellow	Yellow	Yellow	Grey	Grey
4. More efficient water use	Green	Green	Yellow	Grey	Grey
5. Increased value for money	Green	Green	Green	Grey	Grey
Overall	Green	Green	Yellow	Grey	Grey

Business comments

We rated our overall performance as yellow for 2020-21 as the majority of Outcomes were largely met. This is a change from last year when the overall performance was rated as green.

The Outcome 'More efficient water use' declined from green to yellow performance primarily due to an increase in the Non-Revenue Water result, which was due to a number of unexpected trunk water main bursts in Ballarat. A program to improve automated monitoring and notification will be implemented this coming year to reduce the impact of such incidents.

It was pleasing to see improvements in a number of other Outputs during the year, notably across the 'Better customer experience' Outcome. Notable improvements in performance included the number of website sessions, a large increase in electronic real-time notifications to customers in the event of a service disruption and the number of online forms submitted by customers exceeded initial expectations (a new Output introduced this year).

With customer tariffs not increasing any greater than CPI during the year (and both the water and wastewater fixed service fees actually reducing), we believe the overall achievement in 2020-21 represents an ongoing increasing value-for-money proposition for all customers.

Updated Outputs

During the year, the Outputs were reviewed in consultation with our Customer Advisory Panel and the ESC. This resulted in the targets to 6 Outputs being refreshed and 1 new Output being created. A full description of this process is included in the Appendix and a short description to the changes is included following each Outcome.

The changes shown are highlighted in the Outcomes table as follows:

Change

Removal of information

Explanatory note

Outcome 1: Better customer experience

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Online self-service account access implemented by December 2018	Pass/fail	Target	–	NA	Pass	NA	NA	NA	NA
		Actual	NA	NA	Pass	NA	NA		
b Accounts using e-billing <i>Note: Reset new baseline of 17,778 from end of 2019-20 and increase by 20% p.a.</i>	Number	Target	–	NA	8,028	9,634	11,560 21,336	13,872 25,603	16,647 30,723
		Actual	NA	6,690	11,184	17,778	23,769		
c Accounts using direct debit <i>Note: Reset new baseline of 5,106 from end of 2019-20 and increase by 10% p.a.</i>	Number	Target	–	NA	5,116	6,139	7,366 5,616	8,840 6,178	10,608 6,796
		Actual	NA	4,263	4,662	5,106	5,440		
d Online two-way, digital communications channels implemented by June 2019	Pass/fail	Target	–	NA	Pass	NA	NA	NA	NA
		Actual	NA	NA	Pass	NA	NA		
e Telephone contacts per year	Number	Target	–	NA	46,744	44,407	42,186	40,076	38,629
		Actual	55,316	49,204	42,635	38,362	30,366		
f Website traffic – number of hits users sessions per year. Develop new measure and agreed baseline by 30 June 2019 <i>Note: Change measure to 'sessions'. Reset baseline from 131,912 from end of 2019-20 and increase by 15% p.a.</i>	Number	Target	–	NA	Pass	97,724	117,269 151,698	140,723 174,453	168,867 200,620
		Actual	NA	NA	Pass	94,120	160,898		

g	Online platform satisfaction – develop new measure and agreed baseline by 30 June 2019	Average score out of 10	Target	–	NA	Pass	6.5	On track	On track	7.2
			Actual	NA	NA	Pass	4.6 Off track	3.5 Off track		
h	Functionality available for customer alerts via SMS or email for planned and unplanned water supply interruptions by December 2018	Pass/fail	Target	–	NA	Pass	NA	NA	NA	NA
			Actual	NA	NA	Pass	NA	NA		
i	Customer interruptions that an SMS/email notification is sent <i>Note: No change to targets, only calculation definition</i>	Percentage	Target	–	NA	NA	60%	70%	80%	90%
			Actual	0	NA	NA	4%	60%		
j	Top three customer priorities identified annually by March	Pass/fail	Target	–	NA	Pass	Pass	Pass	Pass	Pass
			Actual	NA	NA	Pass	Pass	Pass		
k	Customer submission of online forms <i>Note: This is a new measure commencing 1 July 2021. The measure excludes 'Contact us' form submissions. Commence annual target of 5% increase from estimated baseline of 3,500 from 2020-21</i>		Target	-	-	-	-	3,675	3,858	4,051
			Actual	-	-	-	-	4,966		

Overall Outcome 1 performance for 2020-21:



Business comment

We rated the overall performance as yellow, or 'largely met' which is an improvement from last year. Relevant comments as follows:

- 1c Accounts using direct debit increased to 5,440 this year, representing 97% of the readjusted target. Customers can now set up direct debit in full in the MyAccount portal. Promotional campaigns will continue on the website, social media channels and through customer service contacts.
- 1f The new and much-improved website was launched in December 2019 and continues to provide more online services for customers in order to meet customers' preferences to interact with Central Highlands Water in a more flexible manner. The measure for website traffic changed to 'sessions' to better reflect usage patterns and the target of more than 151,000 individual sessions was surpassed. A range of promotional activities increased the awareness of the website functionality to customers.
- 1g The website customer satisfaction rating did not meet expectations with an average rating of 3.5/10 which is a decrease from last year. This was due in part to a very low sample number (n=14) which underpinned difficulties with the methodology overall, which will be reviewed during the coming year.
- 1i Major improvements in the development of electronic real-time service notifications were made during the latter half of the year which have been shown in the performance data, with 60% of all qualifying interruptions receiving an electronic notification, compared to just 4% in the previous year.
- 1k Customer submission of online forms is a new Output introduced for the year, measuring the number of online forms that customers complete and submit to Central Highlands Water, excluding the 'Contact us' form. The initial ambitious target of 3,675 forms in its first year of operation was surpassed, meaning greater flexibility for customers and greater efficiency for Central Highlands Water.

Updated Output targets

1b Accounts using e-billing

As the initial targets were achieved by customers showing great support for the new service, the baseline was reset from 1 July 2020, maintaining the target of 20% p.a. increase.

1c Accounts using direct debit

The baseline was reset from 1 July 2020 in line with decreased demand from customers for this service, maintaining the target of 10% p.a. increase.

1f Website traffic

The website traffic measure was changed from 'users' to 'sessions' to ensure a better representation of traffic to the site. The target growth rate was reduced from 20% p.a. to 15% p.a. in line with anticipated growth.

1i Customer interruptions that an SMS/email notification is sent

No change was made to the annual targets, only the number of unplanned interruptions that qualify for a notification consistent with customer preference. See Appendix for further detail.

1k Customer submission of online forms

This is a new measure that reflects the increasing capability of our website and customer preference to self-serve through the website using a range of self-completion online forms such as: Change of tenancy, Direct Debit request, Events booking, Information Statement Request, Register for Concession and Update your details etc. A baseline of 3,500 p.a. based on current experience with an increase of 5% p.a. commenced 1 July 2020.

Outcome 2: Safe clean drinking water that tastes great

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Number of Safe Drinking Water Act non-compliances (water sampling and audit)	Number	Target	–	NA	0	0	0	0	0
		Actual	3	1	0	0	1		
b Options for improved water quality of small towns – summary report for priority small towns published by:	Learmonth: July 2018	Target	–	NA	Pass	NA	NA	NA	NA
		Actual	NA	NA	Pass	NA	NA		
	Waubra: February 2019	Target	–	NA	Pass	NA	NA	NA	NA
		Actual	NA	NA	Pass	NA	NA		
	Clunes: November 2019	Target	–	NA	On track	Pass	NA	NA	NA
		Actual	NA	NA	On track	Pass	NA		
c Customer satisfaction with water quality via CHW survey	Average score out of 10	Target	–	NA	On track	On track	On track	On track	7.8
		Actual	7.1	NA	7.5 On track	7.4 On track	8.6		
d Water quality complaints	Number	Target	–	NA	152	144	137	130	124
		Actual	160	141	116	83	70		

Overall Outcome 2 performance for 2020-21:



Business comment

The majority of Outputs have been met during the year which helps ensure customers receive and recognise high quality water.

2a During 2020-21, Central Highlands Water achieved a high level of compliance with the drinking water quality standards, as detailed in Regulation 12 of the *Safe Drinking Water Regulations 2015*, across its supply systems, with the following exception:

- *E.coli* detection at the Dereel Tank (January 2021)

This *E.coli* detection was an isolated incident, and a subsequent investigation identified the most likely cause to be rainwater ingress through a minor gap along the tank hatch, which was promptly located and sealed. There were no customer impacts identified by Central Highlands Water in relation to this incident, with no *E.coli* detections in the distribution system.

2c Customer satisfaction with water quality continues to increase as indicated by annual survey

2d Water quality complaints continue to decrease ahead of the target of a 5% reduction each year

Overall this Outcome was achieved.

Updated Output targets

No changes made.

Outcome 3: Reliable and sustainable water and sewer systems

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Implement key actions of Ballarat Integrated Water Management (IWM) Plan	Pass/Fail	Target	–	NA	On track	On track	On track	On track	Pass
		Actual	NA	NA	On track	On track	On track		
b Publish Maryborough IWM Plan by 1 December 2019	Pass/Fail	Target	–	NA	On track	Pass	NA	NA	NA
		Actual	NA	NA	On track	Pass	NA		
c Publish Daylesford IWM Plan by 1 December 2021	Pass/Fail	Target	–	NA	On track	On track	On track	Pass	NA
		Actual	NA	NA	On track	On track	On track		
d Communicate Long-term Water Security Plan – Produce and publish plan by 1 December annually	Pass/Fail	Target	–	NA	Pass	Pass	Pass	Pass	Pass
		Actual	NA	NA	Pass	Pass	Pass		
e Sewer spills inside customer house Guaranteed Service Level rebate of \$750 applies	Number	Target	–	NA	0	0	0	0	0
		Actual	1	3	2	4	5		
f Unplanned water supply interruptions restored within 5 hours	Percentage	Target	–	NA	96%	96%	96%	96%	96%
		Actual	95%	94%	92%	95%	94%		
g Sewer supply interruptions restored within 5 hours	Percentage	Target	–	NA	95%	95%	95%	95%	95%
		Actual	93%	98%	97%	97%	99%		
h	Number	Target	–	NA	0	0	0	0	0

Number of customers receiving more than 5 unplanned water supply interruptions in the year			Actual	0	0	0	0	0		
i	Number of customers receiving 3 or more sewer supply interruptions in the year	Number	Target	–	NA	3	3	3	3	3
			Actual	3	5	2	0	2		
j	Greenhouse gas emissions	Tonne CO ₂ e	Target	–	NA	On track	On track	On track	On track	15,505
			Actual	18,336	15,076	17,380 On track	14,976 On track	13,557 On track		

Overall Outcome 3 performance for 2020-21:



Business comment

All Outputs were met 100% during the year with the exception of two service related measures:

- 3c The Daylesford IWM Plan was renamed to the Hepburn Shire IWM Plan to better represent the three towns in the Shire included in the development of the Plan, being Daylesford, Creswick and Clunes.
- 3e Sewer spills inside customer house (5 compared to the target of 0). These customers received a significantly increased Guaranteed Service Level (GSL) rebate of \$750 which is greater than the annual Wastewater Service Fee. These instances now trigger additional preventative measures to reduce re-occurrences. This includes a compliance check of the customer's plumbing, plus CCTV investigation of nearby sewer mains and branches.
- 3f Unplanned water interruptions restored within 5 hours (94% compared to the target of 96%). This target was largely met and similar to last year's performance.

Overall this Outcome was mostly achieved.

Updated Output targets

3e Sewer spills inside customer house

A note was added confirming that these customers received a significantly increased Guaranteed Service Level rebate of \$750 - which is greater than the annual Wastewater Service Fee.

One sewer spill p.a. will attract a colour grading of yellow. Any more than one incidence will be graded red.

Outcome 4: More efficient water use

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Digital Metering program - No of digital meters (replace all meters with digital meters by 2022-23)	Number	Target	–	NA	Targets to be established with project scope				
		Actual	0	NA	On track	On track	On track		
b Average household water consumption	kL	Target	–	NA	On track	On track	On track	On track	145
		Actual	150	157	160 On track	151 On track	146 On track		
c Non-Revenue Water	Percentage	Target	–	11%	On track	On track	On track	On track	9%
		Actual	11%	10.5%	10.4% On track	10.2% On track	11.7% Off track		
d Rainwater Tank Installations Rainwater Tank Rebates	Number	Target	–	NA	≥100	≥100	≥100	≥100	≥100
		Actual	0	NA	387	606	1,168*		

Overall Outcome 4 performance for 2020-21:



We rated the overall performance as 'largely met' with three of the four Outputs either met or on track during the year however Non-Revenue Water declined in performance and was deemed to be 'off track'. Of note in particular:

- 4a Planning for the rollout of digital meters continues, with the procurement process nearing conclusion. Targets for installation are being developed in line with the constraints imposed by the COVID-19 public health restrictions.
- 4c The increase in the Non-Revenue Water result was primarily driven by a number of large and unexpected trunk water main bursts in Ballarat during the year, all of which have been repaired. Future preventative works are centred around additional zone metering with a further 30 bulk

flow meter installations identified. This will allow our automated data and telemetry systems to monitor and alarm 24/7 for improved response and night flow monitoring.

- 4d * A large increase in the number of rainwater tanks installed was noted. This result is based on 10 months of Plumbing Compliance Certificate data (July 2020 – April 2021) available when this report was prepared. An estimated full year figure has been made by assuming an average rate of installations for the remaining two months (May and June).

Overall this Outcome was largely achieved.

Updated Output target

4d Rainwater Tank Rebates

The title of the Output was changed to 'Rainwater Tank Installations'. This change reflects the variety of means that tanks are now being installed following changes to the Land Development process, where subdivisions greater than 10 are required to have a rainwater tank installed by the developer. The change signals a more accurate measure of the intent of the original Output – for CHW to facilitate the installation of rainwater tanks on houses and encourage sustainable and efficient water use.

Outcome 5: Increased value for money

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a No individual tariff to increase greater than CPI annually	Pass/Fail	Target	–	NA	Pass	Pass	Pass	Pass	Pass
		Actual	NA	NA	Pass	Pass	Pass		
b 2018-19 wastewater service fee frozen	Pass/Fail	Target	–	NA	Pass	Pass	Pass	Pass	Pass
		Actual	NA	NA	Pass	NA	NA		
c Customer perception of value for money via CHW survey	Average score out of 10	Target	–	NA	On track	On track	On track	On track	7.6
		Actual	6.9	NA	7.1 On track	6.7	7.0		
d Produce and publish community amenity plan by 1 December 2018	Pass/Fail	Target	–	NA	Pass	NA	NA	NA	NA
		Actual	NA	NA	Pass	NA	NA		
e Assist vulnerable customers – develop early intervention strategy and targets by 30 June 2018	Pass/Fail	Target	–	NA	Pass	NA	NA	NA	NA
		Actual	NA	NA	Pass	NA	NA		

Overall Outcome 5 performance for 2020-21:



Business comment

Overall, the Outcome is considered to be achieved with no individual tariff component increasing beyond the CPI (rate of inflation) and increasing customer perceptions of value for money.

- 5a Both fixed service fees were reduced in 2020-21. The Water Service Fee was reduced by 4.4% and the Wastewater Service Fee reduced by 0.5%. The Water Volume Fee increased by the CPI of 2.2%. These changes resulted in the average homeowner's cost reducing by 0.4% over the course of the year which was below the CPI of 2.2%.
- 5b Note the target for the Wastewater Service Fee for years beyond 2018-19 should be NA as the measure only applied to 2018-19.
- 5c The result of 7.0 was from a survey of n=400 customers late in 2020 asked a yes/no question regarding value for money with 70% responding with 'yes' which is an improvement over last year's result of 6.7.
- 5d During the year 7 '*Be Smart Choose Tap*' drinking water fountains were either installed or pending installation across the service region in a range of public sporting reserves, sporting stadiums and schools.
- 5e Central Highlands Water assisted 2,915 vulnerable customers during the year, a decrease of 1,650 (or 36%) from the previous year. This decrease is attributed to:
- The inability to undertake debt-collection activities over the year, which resulted in customers who require support, not being identified and hence, not flowing through to the Assistance stream.
 - The inability to perform as many home visits as usual, as well as community engagement sessions.
 - The inability to perform any plumbing repairs or retrofits, unless urgent, due to public health restrictions associated with the COVID-19 pandemic.

Overall this Outcome was achieved.

Updated Output target

No changes made.

APPENDIX

Updated Output targets

The Outcomes table highlights the changes Central Highlands Water (CHW) has made to six Outputs, including the creation of one new Output commencing 1 July 2020. This was the result of a detailed review of performance and in consultation with our Customer Advisory Panel. These changes and the process followed are consistent with the ESC's expectation that the Outputs should be reviewed as per the following:¹

- *Outcome commitments were not meant to be fixed for a regulatory period – we envisaged a dynamic process*
- *Expanding and refining Outcomes commitments can be done at any time*
- *Continue to engage with your customers – it is an ongoing process*
- *Seek customer feedback and demonstrate how customer priorities continue to be reflected in your Outcome commitments*

The following changes will apply from the 2020-21 financial year (i.e. from 1 July 2020), which is the third year of the regulatory period. The changes and rationale are summarised in the following table. The changes are incorporated into the Outcomes table.

Output measure	Change	Rationale
1b Accounts using e-billing	Reset baseline from 2020-21	The performance target of 20% p.a. has been easily surpassed so it makes sense to reset the baseline. (Refer to extract from 2019-20 Outcomes Report below 1c).

¹ ESC (2020). *Outcomes reporting workshop*. 6 July 2020

Output measure	Change	Rationale								
1c Accounts using direct debit	Reset baseline from 2020-21 and reduce target from 20% p.a. to 10% p.a. increase.	Customers have shown a clear preference to sign up for e-billing in preference to direct debit. The reduction in the target is closer to existing performance.								
					2017-18	18-19	19-20	20-21	21-22	22-23
b Accounts using e-billing	Number	Target	–	NA	8,028	9,634	11,560	13,872	16,647	
Note increase of 59% compared to target of 20% p.a.		Actual	NA	6,690	11,184	17,778				
c Accounts using direct debit	Number	Target	–	NA	5,116	6,139	7,366	8,840	10,608	
Propose to adjust target from 20% p.a. to 10% p.a. to reflect change in customer preferences		Actual	NA	4,263	4,662	5,106				
1f Website traffic	<ul style="list-style-type: none"> - Clarify measure regarding hits, users or sessions. 'Sessions' will be adopted as a more accurate measure. - Reduce target from 20% p.a. to 15% p.a. 	There is an opportunity to re-examine and realign the actual measure and to reduce the target more in line with actual demand.								
f Website traffic – number of hits users per year.	Number	Target	–	NA	Pass	97,724	117,269	140,723	168,867	
Develop new measure and agreed baseline by 30 June 2019		Actual	NA	NA	Pass	94,120				
Propose to adjust target from 20% p.a. to 15% p.a.										

Output measure	Change	Rationale
1i Customer interruptions notified using SMS/email	<p>Grade service interruptions to <u>not</u> receive notification based upon three factors:</p> <ul style="list-style-type: none"> i. Time of day (between 11pm and 6am) - to avoid unnecessary overnight interruption to customers ii. Number of customers (outages which effect five or less customers) - as these customers will be notified manually by operations crews iii. duration (outages which last less than 45 minutes) - as these are restored before the notification can be distributed 	<p>The original 2017 Customer Forum envisaged a 'grading of interruptions' to influence CHW's subsequent response.</p> <p>The gradings are the result of a thorough review of CHW processes and data. No change to the notification targets will be made, only the unplanned interruptions that qualify for SMS/email notification.</p> <p>A review of the notification process has been adopted as a specific business project to ensure improved performance against the target.</p>

j. Customer interruptions that an SMS/email notification is sent Propose to grade interruptions that receive notification re: overnight interruptions, extent and duration as per initial customer discussions regarding this service	Percentage	Target	-	NA	NA	60%	70%	80%	90%
		Actual	0	NA	NA	4%			

Output measure	Change	Rationale							
1k Proposed new measure - Customer submission of online forms	Introduce a new measure based on the submission of customer online forms (excluding 'Contact us'), increasing by 5% p.a.	Given the new website capability, CHW is now able to develop online forms in response to customer demand. This makes it easier for customers to self-serve at any time and is more efficient for CHW.							
k Customer submission of online forms	Target	-	-	-	-	3,675	3,858	4,051	
<i>Note: This is a new measure commencing 1 July 2021</i> <i>The measure excludes 'Contact us' form submissions.</i> <i>Commence annual target of 5% increase from estimated baseline of 3,500 from 2020-21</i>		Actual	-	-	-	-			
3e Sewer spills inside customer house	<ul style="list-style-type: none"> - Incorporate GSL payment of \$750 into definition. - A result of one incidence for a year (against a target of zero) will attract a 'yellow' traffic light performance rating i.e. target nearly met. 	<p>CHW has recorded 2 and 4 sewer spills over the past two years against a target of zero, attracting a red 'traffic light' i.e. target not met.</p> <p>Consistent with the ESC's guidance, customers can have input into determining traffic light measurements of future performance.</p>							
e Sewer spills inside customer house	Number	Target	-	NA	0	0	0	0	0
NOTE: A Guaranteed Service Level (GSL) payment of \$750 was also introduced with this measure in 2018-19		Actual	1	3	2	4			

Output measure	Change	Rationale
4d Rainwater tank rebates	Change Output heading from 'Rainwater tank rebates' to 'Rainwater tank installations'	This change reflects the variety of means that tanks are now being installed following changes to the Land Development process, where subdivisions greater than 10 are required to have a tank installed by the developer.

d Rainwater Tank Rebates	Number	Target	–	NA	≥100	≥100	≥100	≥100	≥100
Propose title change to 'Rainwater Tank Installations' as tanks are now being installed by a variety of means, particularly as a result of our agreement with Land Developers.		Actual	0	NA	387	606			