

## Coliban Water – Outcomes: 2018–2023

*In this document, the water business provides a summary report of its actual performance against each of its outcome commitments for the 2021–22 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.*

### Summary table

Outcome	18–19	19–20	20–21	21–22	22–23
1. We will supply high quality water you can trust	Green	Yellow	Green	Green	Grey
2. We will provide infrastructure and services to meet the needs of our customers now and into the future	Green	Green	Green	Green	Grey
3. We will reduce our environmental footprint and achieve a socially responsible, sustainable business for future generations	Green	Green	Green	Green	Grey
4. We will be open and transparent with customers about affordable pricing, service disruptions and repairs	Yellow	Yellow	Green	Green	Grey
5. We will support the liveability in the region	Green	Green	Yellow	Red	Grey
Overall	Green	Green	Green	Yellow	Grey

## Business comments (2021-22)

For the fourth consecutive year, we utilised customers to provide input to our performance assessment via independently facilitated customer forums. Where our performance for any measure was open to interpretation, participants voted on the rating and the majority vote was adopted by Coliban Water. For transparency, the percentage of forum participants choosing red/amber/green for uncertain levels of performance is stated next to relevant measures below. The forums this year were held in June 2022.

Performance for the year has been assessed as **amber** with four outcomes assessed as green and Outcome 5 assessed as red. While we feel there is justification for green overall performance, we will continue to hold ourselves to a high standard and honestly assess our performance levels.

We are acutely aware that the challenges of climate change, customer growth and ageing assets are affecting our service reliability. In 2021, the Magistrates' Court imposed a two-year undertaking (equivalent to a good behaviour bond) and a significant financial penalty for 2019 breaches of environmental laws at Kyneton Water Reclamation Plant. The plant had insufficient capacity and was discharging into the Campaspe River contrary to licence conditions. It was Coliban Water's third prosecution for environmental offences since 2016. Some of our ageing assets have been subject to catastrophic failure and in one instance an eight-metre sinkhole appeared in a customer's backyard following a sewer main collapse and the cost to repair was \$1.4 million. Our Bendigo Water Reclamation Plant was non-compliant for the year due to a verified odour complaint and creek discharges in excess of the licence limit. Other significant environmental risks continue to be held where assets are unable to keep pace with demand or climate change.

We are facing up to these problems by increasing investment to mitigate poor compliance and environmental outcomes. From 2020–21, we have increased our capital expenditure beyond the 2018 Determination benchmarks to achieve greater compliance across our region, including Kyneton. For this reason, we have prioritised regulatory compliance and the avoidance of further prosecutions over our debt repayment outcome measure. In our 2020-21 customer forum, we explained the debt issues to customers and they were understanding of our predicament.

As a customer centric business, we respect and value the opinions of our customers. While we have adopted the customer assessment of our performance levels inclusive of broadly "green" performance, we recognise we have more work to do over the coming regulatory period so that our services are compliant and reliable and that we can support strong customer growth in north central Victoria.

### Outcome 1: We will supply high quality water you can trust

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Systems meeting all parameters in Coliban Water System Customer Index	Percentage	Target	–	NA	90.0%	90.0%	90.0%	90.0%	90.0%
		Actual	NA	New	84.6%	75.9%	85.5%	81.0%	
b Number of Safe Drinking Water Act non-compliances (water sampling and audit)	Number	Target	–	NA	0	0	0	0	0
		Actual	15	8	3	14	1	1	
c Customer agreement that "I am satisfied with the quality of water delivered by Coliban Water" (annual Customer Satisfaction Survey)	Percentage	Target	–	NA	75.0%	87.0%	87.0%	87.0%	87.0%
		Actual	NA	New	87.0%	84.0%	88.0%	88.0%	
d Water quality to low palatability towns - No of towns deemed to be low palatability	Number	Target	–	NA	0	0	0	0	0
		Actual	0	0	0	0	0	0	
e New fencing added around major storages across the regulatory period	Kilometres (cumulative)	Target	–	NA	3.0	6.0	9.0	12.0	15.0
		Actual	14.8	4.9	1.5	3.7	4.1	4.4	
f Length of water mains cleaned to remove sediment and improve delivered water quality across the regulatory period	Kilometres (cumulative)	Target	–	NA	100.0	200.0	300.0	400.0	500.0
		Actual	42	239	130.0	331.0	622	818	

Overall outcome 1 performance for the regulatory period so far:



## **Business comment (2021–22)**

We have assessed Outcome 1 as green with three of the six performance measures meeting or exceeding targets and two largely met.

The main issue with non-achievement of the Customer Index for water quality are customer complaints and related taste and odour issues. Geosmin and Methylisoborneol (MIB) exceedances are the most common causes as we have no process to reduce the concentration of this compound. While we recognise that performance overall was between 2019-20 and 2020-21 levels, customers rated the performance for this measure as amber. (Red: 33%, Amber: 49%, Green: 18%). We note that this measure includes issues that would not trigger health department non-compliance so is somewhat tougher than our health regulatory obligations.

In April 2022, a Belvoir Park Tank sample chlorine result exceeded the ADWG Guidelines resulting in completion of a Section 18 notification. There was no regulatory audit during 2021–22. Customers also rated this measure as amber. (Red: 15%, Amber: 55%, Green: 30%)

Fencing was, as in previous years, delayed due to ongoing landowner negotiations and was rated red. (Red: 70%, Amber: 21%, Green: 9%)

Mains cleaning continues to exceed the target.

**Outcome 2: We will provide infrastructure and services to meet the needs of our customers now and into the future**

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Access to fit for purpose water: Rural allocation provided	Percentage	Target	–	NA	100%	100%	100%	100%	100%
		Actual	100%	100%	100%	100%	100%	100%	
b Access to fit for purpose water: Number of towns on water restrictions (not including PWSR)	Number	Target	–	NA	0	0	0	0	0
		Actual	0	0	0	0	0	0	
c Unaccounted for water (urban)	Percentage	Target	–	NA	15.0%	15.0%	15.0%	15.0%	15.0%
		Actual	8%	11.3%	10.1%	13.1%	14.5%	13.1%	
d New digital meters installed and operational across the regulatory period	Number (total)	Target	–	NA	5,000	10,000	15,000	20,000	25,000
		Actual	NA	New	1,244	23,658	28,378	29,771	
e Undertake Water Efficiency Audits with major non-residential customers	Number (cumulative)	Target	–	NA	3	6	9	12	15
		Actual	NA	New	0	1	1	12	
f Renew Coliban Main channel: length renewed	Kilometres (cumulative)	Target	–	NA	0.6	1.2	1.8	2.4	3.0
		Actual	0.9	0.8	0.3	0.8	0.8	0.8	

Overall outcome 2 performance for the regulatory period so far:



## **Business comment (2021–22)**

We have assessed Outcome 2 as green, with five of six measures meeting or exceeding targets.

We have used our new fleet of digital meters to undertake water efficiency audits, which means we can undertake audits without the need to visit customers.

Coliban Water informed customer forum attendees that we did once again not meet the target for length of main channel renewal over the PS18 period. Reprioritisation of capital expenditure to address higher risk projects means this has been deferred. Forum attendees supported this reprioritisation. However, they considered this an important project to resume in the future and rated it as red. (Red: 58%, Amber: 39%, Green: 3%)

**Outcome 3: We will reduce our environmental footprint and achieve a socially responsible, sustainable business for future generations**

Output	Unit		16-17	17-18	18-19	19-20	20-21	21-22	22-23
a Annual CO <sub>2</sub> emissions	Tonnes CO <sub>2</sub> -eq	Target	–	NA	32,505	32,505	32,505	32,505	29,305
		Actual	33,645	28,898	33,857	29,938	26,941	27,057	
b Number of EPA reportable sewer spills	Number	Target	–	NA	19	18	17	16	15
		Actual	22	14	10	16	11	24	
c Annual chemical consumption expenditure (Real \$2017-18)	\$ per ML (water/wastewater) treated	Target	–	NA	\$103	\$101	\$99	\$97	\$95
		Actual	NA	\$105	\$76	\$107	\$106	\$137	
d Number of sewer blockages per 100km sewer main	Number per 100km	Target	–	NA	42.0	40.0	38.0	36.0	35.0
		Actual	40.5	29.6	27.1	22.3	17.8	20.7	

Overall outcome 3 performance for the regulatory period so far:



## **Business comment (2021–22)**

Outcome 3 is assessed as green with two of four measures exceeding targets and sewer blockages once again approximately half of the target.

The cost of chemicals for treatment again exceeded target due to higher than forecast solids loading into the Bendigo Water Reclamation Plant requiring significant additional chemical treatment (Red: 52%, Amber: 42%, Green: 6%).

CO<sub>2</sub> emissions were again well under target, supported by favourable environmental conditions resulting in lower than forecast pumping.

There were an increased number of sewer spills from the gravity network. However, the spilt volume was less than the average spilt volume over the past five years. This target is rated as amber based on customer votes (Red: 39%, Amber: 46%, Green: 15%).



**Outcome 4: We will be open and transparent with customers about affordable pricing, service disruptions and repairs**

Output	Unit		16–17	17–18	18–19	19–20	20–21	21–22	22–23
a Average customer minutes off water supply (planned and unplanned)	Minutes	Target	–	NA	13.0	12.8	12.3	11.8	11.5
		Actual	14.6	10.2	13.6	25.2	8.8	9.9	
b Planned or unplanned water supply interruptions restored within 5 hours	Percentage	Target	–	NA	98%	98%	98%	98%	98%
		Actual	98%	100%	97.9%	99.4%	98.7%	98.9%	
c Customers experiencing 5 or more planned or unplanned water supply interruptions	Number	Target	–	NA	5	5	5	5	5
		Actual	8	68	17	29	0	11	
d Average time to rectify a sewer blockage	Minutes	Target	–	NA	80.0	80.0	80.0	80.0	80.0
		Actual	81.2	70.7	67.4	63.6	66.0	65.0	
e Customers receiving 3 or more sewer blockages in the year	Number	Target	–	NA	16	16	16	16	16
		Actual	16	4	12	0	14	1	
f Residential customers receiving 1 or more planned or unplanned water service interruption in year	Percentage	Target	–	NA	10.5%	10.2%	10.0%	9.8%	9.6%
		Actual	9.4%	11.1%	8.5%	16.6%	7.8%	7.8%	
g Utility Relief Grants provided by DHHS to Coliban Water residential customers	Number per 1,000 residential customers	Target	–	NA	8.8	8.8	8.8	8.8	8.8
		Actual	9.3	4.9	5.4	9.1	3.8	11	

h Total value of Hardship Grants awarded to customers (excluding government schemes)	\$ real \$2017-18	Target	–	NA	\$165,000	\$195,000	\$225,000	\$255,000	\$285,000
		Actual	\$136,013	\$76,099	\$144,243	\$102,561	\$123,225	\$119,422	

Overall outcome 4 performance for the regulatory period so far:



### Business comment (2021–22)

We have assessed Outcome 4 as green overall, with six of eight measures exceeding targets.

Repeated bursts on a poor condition water main have been the main cause for repeated water interruptions. The faulty water main has now been replaced. Customers rated performance on this target as amber (Red: 24%, Amber: 58%, Green: 18%).

Variance to target for total hardship grants has been affected by a restriction on activities in the first half of the year due to Pandemic lockdowns and requirements to suspend customer visits. Often these customer visits result in customers being provided grants. This indicator was rated red by customers (Red: 55%, Amber: 39%, Green: 6%). Despite not reaching the target, we believe this is an imperfect measure of performance. We have focussed efforts on assisting customers *before* they fall into financial hardship and will continue this via increased usage of payment plans and the introduction of routine monthly billing using data from digital meters. We have invested in a customer segmentation database which will assist us to identify customers likely to experience utility stress and might benefit from assistance. We want to support customers before they experience vulnerability.

### Outcome 5: We will support the liveability in the region

Output	Unit		16–17	17–18	18–19	19–20	20–21	21–22	22–23
a Volume of water delivered to councils through recreational pricing	ML	Target	–	NA	0.0	50.0	100.0	200.0	300.0
		Actual	0	New	0.0	70.0	98.0	161	
b Maintain or improve our credit rating	Credit rating	Target	–	NA	BBB	BBB	BBB	BBB+	BBB+
		Actual	BBB	BBB	BBB	BBB	BBB	BBB	
c We will pay down our debt	\$ (nominal)	Target	–	NA	\$4.0M	\$4.0M	\$4.0M	\$4.0M	\$4.0M
		Actual	\$3.5M	\$3.5M	\$4.0M	\$4.0M	\$0.0M	\$0.0M	

Overall outcome 5 performance for the regulatory period so far:



### Business comment (2021–22)

We have assessed Outcome 5 as Red.

Regarding recreational water pricing discounts, 161 ML was awarded as tendered proposals by applicants did not adequately meet the criteria for assigning 200 ML of assistance. We were not willing to apply recreational discounts to unqualified applicants. Overall, our performance is almost a doubling of the previous year. Customers voted to rate this measure as amber. (Red: 30%, Amber: 52%, Green: 18%)

In 2018, our credit rating had been targeted at BBB+ from 2021-22. In May 2020, our credit rating was independently assessed as BBB and this rating is now applicable until 30 June 2023. Therefore the 2022–23 target will not be achieved.

Net borrowings increased \$25 million in 2021-22. This increase was due to the need to fund an increased capital portfolio for high priority compliance issues and urgent renewals works. These projects included the Kyneton Recycled Water Pipeline, Maiden Gully and Marong Water Stage 1 and the Peg Leg Road Sewer Unblocking and Renewal (\$1.4M). When faced with significant compliance issues, we actively chose to meet these compliance issues rather than paying down debt and risking further regulatory sanctions and prosecutions.