

Outcomes Report 2019–20

Performance of Victoria’s water businesses against their own commitments to customers

14 October 2020

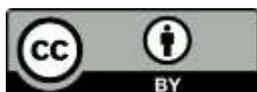


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Overview

As part of the 2018 water price review, 17 water businesses established a set of ‘outcomes’ they would deliver to customers, generally over the following five years.¹ This focus on customer outcomes was a key part of our new water pricing approach, PREMO. The PREMO framework was applied for the first time in the 2018 price review.

During the 2018 water price review, water businesses engaged with customers to establish their outcomes. Tracking progress against outcome commitments can indicate whether customers are getting what they paid for.

This report summarises each water business’s self-assessment of their 2019–20 performance against the customer outcomes they committed to deliver in 2018. Links to the full self-assessment documents are available in this report and on our website.²

Most businesses reported that they delivered on commitments

The majority of businesses (11 out of 17) reported they had, overall, delivered on their 2019–20 outcome commitments. This is despite the impacts of the 2019–20 summer bushfires and the coronavirus pandemic.

The remaining six businesses considered they had *mostly* met their outcome commitments in 2019–20. This is three more than last year. No businesses considered they had failed overall in delivering their outcome commitments.

Businesses generally held themselves to a higher standard this year with more providing what we considered ‘candid self-assessments’.

We are pleased that businesses demonstrated transparency and accountability for their performance shortfalls, and explained how they are addressing them. This helps customers understand how their business is performing, and whether they are receiving value for money. It also equips customers with the knowledge needed to discuss their values and priorities with their water business.

This year businesses were generally much quicker to share their outcomes performance results with customers. All outcomes reports are available on the relevant water business website. Unlike

¹ Note that Goulburn Murray Water and Melbourne Water were not part of our 2018 water price review. Price reviews for these businesses will take place in 2020 and 2021, respectively. North East Water has committed to outcomes over an eight-year regulatory period.

² www.esc.vic.gov.au/water-outcomes-reporting.

last year, the majority did this without prompting by us. We are pleased to see the water businesses taking greater ownership for their performance and direct accountability to their customers (rather than us as the regulator) for delivery of their outcome commitments.

A growing number of businesses' major projects are deferred or delayed

Businesses reported that 71 of the 197 listed major capital projects are either deferred or delayed – more than a third of all major projects. This is 19 more than last year and includes six affected by the coronavirus pandemic. No business reported the 2019–20 summer bushfires had affected their project schedules.

PREMO calls for robust project forecasts with realistic timelines, so the growing number of deferred or delayed projects is concerning. We note that progress against major project commitments will form part of our PREMO 'Performance' assessment for the next price review.

Significant changes to major project schedules change what customers get for their prices, and water businesses should therefore explain any changes and customer impacts. Our major projects supplementary report includes a summary of project status and reasons for schedule changes provided by each business.³

Some businesses need to improve their self-assessments and reporting

Most businesses have grasped the importance of good self-assessment and self-reporting under PREMO. However, some are lagging and need to improve in this regard. We have again refrained from criticising these businesses directly in this year's report while they focus on these improvements. Instead, we highlight businesses that demonstrated fair self-assessments and accountability in their reporting, setting a benchmark for others to follow.

In July and August 2020, we ran a series of workshops with businesses to discuss our observations from last year's reporting and reaffirm our expectations for this year. We will continue to work with all businesses to drive the water sector towards best practice.

Having now allowed two years for businesses to become more proficient with outcomes reporting, our future outcomes reports will provide more explicit commentary on:

- how individual businesses are tracking against their outcome commitments
- possible implications for their PREMO 'Performance' rating at the next price review.

³ Essential Services Commission 2020, Status of major projects supplement: Outcomes report 2019–20, October.

Some businesses were affected by the coronavirus pandemic and summer bushfires

Several businesses reported the coronavirus pandemic had affected some of their performance measures this year – we expect this will be more evident in 2020–21 reporting as the pandemic continues to unfold across the year.

Some businesses have also had to manage the impacts of the 2019–20 summer bushfires.

We have worked closely with the water businesses to understand and report on the support measures they have in place for customers during this challenging time. Water businesses have been proactive in reaching out to customers, including small business and other non-residential customers, to ensure they are aware of existing support programs as well as new support measures developed in response to the pandemic. Our report is available on our website at www.esc.vic.gov.au/water-customer-support-during-coronavirus-pandemic.

We expect water businesses will continue to engage closely with their customers throughout these major events as they address changes in circumstances, and in what customers value most.

Are customers getting what they paid for?

In general, we consider that Victorian water customers are getting what they paid for. Businesses have continued to meet most of their commitments despite interruptions from the summer bushfires and the pandemic, and prices have largely remained flat or are falling (excluding inflation) across the pricing period. However, with the growing number of major projects that are delayed or deferred, businesses may need to carefully manage their value proposition to ensure customers continue to receive good value for money in the coming years.

Melbourne boil water notice in late August 2020

In late August 2020 a power outage at Melbourne Water's Silvan Reservoir resulted in undisinfected water entering the supply system. This led to customers across 98 Melbourne suburbs being issued with a precautionary boil water notice.

We are working with the relevant water businesses to understand the customer impacts of this event. We expect the businesses will reflect any consequences on their outcome delivery in next year's outcomes report.

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Outcomes reporting

PREMO – Putting customer outcomes first

Our PREMO water pricing framework puts customers squarely at the centre of the regulatory pricing process.⁴ It pivots Victoria's water businesses to focus on what their customers, rather than the regulator, want and expect from their water and sewerage service provider.

As part of the 2018 water price review, water businesses established a set of customer outcomes following extensive engagement with their customers to inform their price submissions. These outcomes, developed with the customers, essentially reflect what customers will receive for the prices they pay.

We worked with each business to:

- firm up its outcome commitment, consistent with our PREMO framework requirements
- ensure clear and unambiguous measures and targets that represent successful delivery of each outcome.

This culminated in each business re-affirming its commitment to the final set of outcomes and targets, which we published on our website in May 2019.

A business's performance against these outcomes is critical in establishing its rating for the 'Performance' element of PREMO, and therefore its overall PREMO rating, at the next price review.

What is PREMO?

PREMO is our new incentive mechanism whereby Victoria's water businesses self-assess their pricing proposals against five main elements, which together reflect the level of ambition to deliver better value to customers:

- **Performance** – a backward look at whether the business delivered on its outcomes commitment in its previous price review
- **Risk** – the extent to which the business has allocated risk to the party best positioned to manage that risk (such that customers don't pay more than they need to)

⁴ Essential Services Commission 2016, Water Pricing Framework and Approach: Implementing PREMO from 2018, October.

- **Engagement** – the effectiveness of the customer engagement that informed the price submission, in terms of depth, breadth and timing
- **Management** – the degree of expenditure efficiency improvement and cost control (prudent and efficient expenditure), strength and quality of the price submission
- **Outcomes** – the strength of customer outcomes, as derived through the engagement process – what customers value most.

Businesses rate each element as either Leading, Advanced, Standard or Basic, and provide a corresponding overall PREMO rating. The commission's assessment process confirms each rating, or where necessary proposes a lower rating.

The return on equity earned by a water business is linked to its overall PREMO rating.

What is outcomes reporting?

PREMO makes water businesses directly accountable to their customers for the services they provide, and for delivery of their price submission promises. This includes the customer outcomes commitments, and the delivery of the major capital investment projects funded through customer prices.

In other words, businesses are required to let their customers know: *did they get what they paid for?* And if they didn't, what is being done to address the shortfall.

Each business is required to report at least annually to its customers on:

- its performance against the specified measures and targets for each outcome
- an overall assessment of whether it has delivered on expectations for each outcome, including the business's explanation for any performance shortfalls and how it intends to address them.

However, in the interests of customers, we want to ensure this happens effectively and in a timely fashion. While we expect each business to report directly to its customers as soon as practical after the completion of each reporting year, we have requested businesses also provide us with a summary outcome report document using a standard template. These are all published together on our website.

This outcomes report collates a summary of the businesses' self-reports, and our high-level observations on the self-reporting process and general performance against outcome commitments.

Businesses are asked to grade their performance using a simple traffic light rating system:

- Green = met – actual performance met or exceeded the target or due date
- Red = not met – actual performance fell short of the target
- Yellow/amber = came close, objectives mostly met

Our outcomes report complements our other reporting streams

The outcomes reporting process complements our other water industry reporting on common key performance indicators and customer perceptions. Other reporting includes our annual performance report and customer perception reports. Outcomes reporting considers the performance of Victoria's water businesses against their own commitments, made to their customers as part of the price review process. The set of outcomes, measures and targets are unique to each business, reflecting those performance elements that matter most to its customers, as revealed through the customer engagement process.

Given this, we expect:

- businesses to prioritise outcomes reporting
- it to form the basis for the ongoing performance dialogue with customers.

Water performance report

Our annual water performance report compares the water businesses with each other across a range of common performance measures, including:

- water consumption
- typical bills
- managing payment processes
- customer service
- service reliability.

This comparative report allows businesses, customers, and other stakeholders to see how performance varies over time, and how any business measures up against the other Victorian businesses. Our performance reports are available on our website at www.esc.vic.gov.au/water-performance-reports.

Customer perception reporting

Our customer perception reporting is based on quarterly customer surveys where customers are asked to rate their water business out of ten against four key areas:

- trust
- value for money
- reputation in the community
- overall satisfaction.

This reporting allows businesses to gauge customer sentiment and compare it with their own perception of their performance, a useful tool given the emphasis on the customer under PREMO. Our customer perception reporting is available on our website at www.esc.vic.gov.au/how-customers-rate-their-water-business.

This is the second year of outcomes reporting

Outcomes reporting is still a new concept for Victoria's water businesses. We recognise this represents a significant shift in reporting responsibility.

In our first outcomes report last year, we noted the self-assessment and self-reporting aspects varied considerably across the businesses. We indicated we would work with businesses to support a more consistent and equitable approach to self-rating ahead of the next reporting round.

In July and August 2020, we conducted a series of online workshops with the water businesses to discuss our observations from last year's reporting, including examples of what we considered to be 'best practice'.

Our PREMO framework is designed to continuously evolve as revealed industry best practice resets the bar higher each cycle. At the workshops, we revisited the purpose of outcomes reporting under the PREMO framework, and restated our expectations for this year's reporting cycle.

We were pleased to see significant improvements in businesses' outcomes reporting this year compared to last year. Many businesses have demonstrated greater accountability for their performance. However some businesses are still lagging, and will need to improve their self-assessment and self-reporting processes in keeping with the rest of the sector.

We will continue to highlight the better performing businesses and let these businesses set the bar for future self-assessments and reporting. We will also continue to work closely with businesses to assist them to find their way with this new process.

Each business has provided us a summary template of their outcomes performance versus target commitments, along with some commentary. We have published these together with this report on our website at www.esc.vic.gov.au/outcomes-reporting.

The templates provide more detailed information than the business summaries we have presented in this report. Apart from some minor clarifications, the templates are published ‘as received’, and present each water business’s own self-assessment, own ratings and own comments on their performance.

This year’s report focuses on broad observations on how businesses have gone about their self-assessment and self-reporting process. It also provides general views on how they have performed against their own promise to customers.

In the longer run, customers will be the final judge of their water business’s performance and its self-assessment ratings. Customers’ views will help shape the outcomes and targets for the next price review cycle and will also be reflected in our independent survey to gauge how customers perceive their water business.

What we found

We received a summary outcomes report from each business. These used a common template we provided to ensure consistency in presentation across all businesses.

We also received a summary of the status of each nominated major capital expenditure project as at the end of June 2020, compared with the timeline set out in the price submission or adopted in our approved price path.

The summary outcome reports are all published on our website, along with a supplementary paper on the status of the major projects.

In this report, we set out our:

- high-level observations on performance according to the businesses' self-reporting
- views on how the self-reporting process has fared so far.

Performance – general observations for 2019–20

Our PREMO framework seeks to establish a much stronger direct relationship between water businesses and their customers.

The self-reporting of annual performance against the outcomes targets and major project delivery is all about honest and transparent feedback to customers on what commitments the business has met that year, and progressively across the whole pricing period as it unfolds. It is about what value the customers received for their prices paid, and what the business has done, or proposes to do, to address any shortfall or change in plan.

Although most businesses reported they had met their 2019–20 outcome commitments overall, compared to last year there were more targets assessed as 'almost met' and 'not met', both at the individual measure level and at the aggregate outcome level (see page 3 for explanation for self-assessment ratings). We consider this generally indicates greater accountability rather than deteriorating performance.

This shows that water businesses are serious in their self-assessments, are open and willing to acknowledge their shortcomings, and are willing to have an honest conversation with their customers. It also suggests in some instances they set targets that were a stretch. Conversely, an all-green set of ratings does not necessarily mean a strong performance and great customer value – it might merely reflect an easily-achieved set of targets and must be viewed in comparison with historical performance to gauge whether customers are receiving better outcomes.

Six businesses gave themselves an amber overall rating – City West Water, East Gippsland Water, Lower Murray Water (urban), North East Water, Southern Rural Water and Westernport Water.

No business considered it had failed to deliver its promises by rating itself red overall.

- City West Water missed 11 targets (out of 41 measures). It explained that on top of the disruptions caused by the coronavirus which has significantly changed its operating environment, it was also challenged by existing high customer growth and drier weather conditions in 2019–20.
- East Gippsland Water was impacted by the 2019–20 summer bushfires which devastated its region. The coronavirus has also caused additional challenges for its recovery.
- Lower Murray Water (Urban) was impacted by drier weather conditions and poor raw water quality throughout 2019–20.
- North East Water, like East Gippsland Water, was also impacted by the 2019–20 bushfires, made more difficult by the coronavirus.
- Southern Rural Water fell short on seven out of its 20 measures. Three measures related to making additional water entitlements available to customers were rated red. Southern Rural Water had planned to convert water savings that it had made through its irrigation modernisation projects into new water shares, however this was delayed due to the external approval process taking longer than anticipated.
- Westernport Water takes a unique approach in rating each outcome according to the lowest individual measure rating for that outcome, regardless of the rating for the other measures – following this approach, its three amber measures (from 14 measures) resulted in an amber rating for two out of four outcomes, and an overall amber rating.

Businesses that rated themselves amber overall did not necessarily perform worse than the businesses that rated themselves green overall. In most cases this year, an amber rating reflects an ambitious target set and a stringent self-assessment approach.

Generally, we saw greater accountability in the summary outcome report templates we received. Most businesses explained the cause for a shortfall in performance against their commitment, and set out how this would be addressed, or why they were anticipating a better result in future years.

We expect businesses will continue to follow-up on these identified shortfalls in subsequent years, effectively closing the reporting loop with their customers.

However, we still saw some instances where performance shortfalls were not clearly explained, or where the business did not demonstrate clear ownership and outline its response. Customers deserve a proper explanation from their water business if they are not getting what they paid for.

We are pleased to see some businesses have already revised some targets to set a higher bar reflecting better value for customers.

But we noticed some measures remain ambiguous, or don't demonstrate any obvious value for customers. Some still don't have targets set. Incomplete measures such as these will not allow a business to demonstrate that it has delivered its outcome commitment to its customers.

Self-assessments – general observations

Businesses are required to self-rate their actual performance:

- against target for each individual measure
- at the aggregate outcome level
- an overall outcome achievement for the year.

A simple traffic light grading system allows easy recognition of achievement: green = met, red = fell short, yellow/amber = close or largely met.

We did not provide strict guidance on this, instead allowing businesses to use their own discretion and ratings processes. This also reveals a little about each business, and its willingness – or unwillingness – to acknowledge and address performance shortfalls.

The traffic light gradings alone do not reflect the strength of a water business's performance relative to other businesses, merely how it went against the commitment it made to customers.

A green traffic light simply means the business met the target – it reveals nothing about the target itself, whether it represented a high or low bar, or an improvement in customer service levels. This was a matter to be established between the water business and its customers as part of the price review process, when the outcomes, measures and targets were agreed and set.

We consider the majority of businesses' traffic light ratings were reasonable despite the variation in assessment approach. For example, Westernport Water grades its outcomes according to the rating of the lowest measure (e.g. one amber measure with all other measures green meant the outcome rating was amber), while South East Water established a measurement framework which includes tolerance bands for grading individual measures and a score system for grading outcomes. Coliban Water and East Gippsland Water sought the views of their customer committees before finalising their traffic light ratings. We commend this approach, where a business considers its **customers'** views on the value they received, as truly reflecting PREMO's customer-centric focus.

We found that both at the individual measure level and the aggregate outcome level there were many more red and amber ratings this year. We consider these ratings show a greater willingness

among businesses to be open and honest with their customers, rather than a decline in actual performance.

However we still saw a number of rather 'generous' self-ratings, where performances well short of the target still received an amber or even green rating in some instances. While we haven't challenged specific ratings in this report, we will, where appropriate, discuss our review findings directly with the businesses. We also invite customers, and even other water businesses, to challenge such seemingly incongruous ratings, to hold their water business accountable for its performance and its self-assessment. Where we have highlighted the better performing businesses, we anticipate this will help shape the expectations on the water sector for well-reasoned ratings and good reporting.

How businesses respond to performance shortfalls is just as important as delivering on their promises to customers. Yarra Valley Water has demonstrated how seriously it takes delivering on its promises by voluntarily committing to return \$1.5 million in revenue for any outcome not met. As a result of this commitment, it will return \$3 million to customers through lower revenue (and therefore lower prices) in 2020–21 for falling short on two of its seven outcomes this year.

We noticed a marked improvement this year in the use of the business comments sections to explain the self-rating at both the outcome and overall levels. Many businesses provided a comprehensive summary of their challenges and their successes over 2019–20, with a focus on what customers received rather than what the business did during the year. For example, East Gippsland Water had a particularly challenging year due to the summer bushfires, but detailed how it had supported customers affected by them.

Self-reporting to customers

The self-reporting aspect of PREMO required the water businesses to report directly to their customers, and to provide us with a summary on the templates we provided.

We emphasised this in our Water Pricing Framework and Approach Paper and our 2018 Water Price Review Guidance Paper. We also iterated this multiple times as we worked with businesses to review and finalise their outcome commitments for the pricing period, and as we reflected on lessons from the first outcomes report in the workshops we ran with water businesses before this reporting cycle.

Compared to last year we saw a big improvement in business self-reporting, with the majority of businesses promptly making their outcomes reporting available to customers on their website at the same time as they submitted their summaries to us. This shows most businesses are now taking ownership for their performance results, and see they are accountable to their customers for delivering on the performance commitments made. Only a few businesses were slow to publish and required prompting from us this year.

All 17 businesses now have information on their 2019–20 outcomes reporting available on their websites.

While we were pleased to see that businesses were generally quicker to publish their results this year, we were disappointed that only a handful of businesses featured their results prominently on their websites.

Central Highlands Water, City West Water, East Gippsland Water, Gippsland Water and Westernport Water all had clear and prominent announcements on their homepage, linking directly to their report portals. However, in many instances, we found businesses had posted their outcomes reports under 2018 price review sections or in general publications sections, with no announcements or direct links from the website homepage.

We expect businesses should be proud of their year's work and eager to share their performance with their customers, explaining what they have delivered and what value their customers have received.

We will continue to emphasise this point with water businesses and expect to see more prominent announcements for future outcomes reporting.

Looking ahead

The customer engagement–outcomes–reporting process enshrined in PREMO is a dynamic process. We expect water businesses will review and refine their outcomes commitments, measures and targets throughout the regulatory pricing period.

Given the customer engagement process is now an ongoing dialogue, changes in customer priorities, values and expectations can be captured within the price review cycle, and the outcomes commitments can be expanded or adjusted to reflect the latest customer sentiment. This is particularly relevant in the face of the coronavirus pandemic.

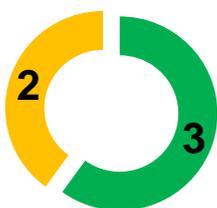
We also expect the water businesses will continue to learn from each other's published outcomes sets and reporting styles, allowing them to steadily improve and refine their own measures and targets throughout the pricing period, in consultation with their customers.

And water businesses should now be considering how their performance, self-assessment and reporting interactions with customers will inform their PREMO rating, and in particular the 'Performance' element, for the next price review.

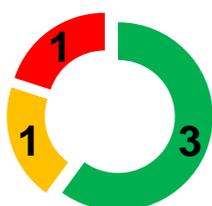
Outcomes 2019–20 – snapshot

These doughnut charts summarise each water business’s outcomes performance based on its own self-assessment, showing relative proportions of outcomes: achieved (green), almost achieved (amber) and not achieved (red). For example, Barwon Water achieved three of its outcome targets, and almost achieved another two.

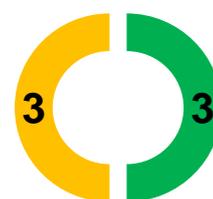
Barwon Water



Central Highlands Water



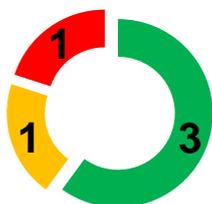
City West Water



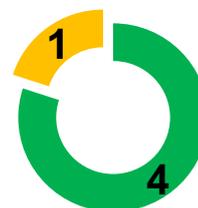
Coliban Water



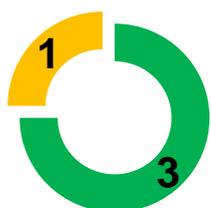
East Gippsland Water



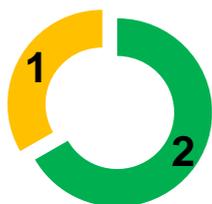
Gippsland Water



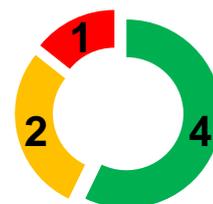
Goulburn Valley Water



GWMWater

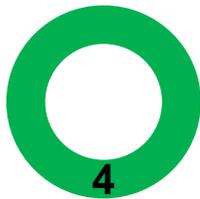


Lower Murray Water (urban)

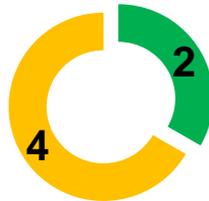


Outcomes 2019–20 – snapshot continued

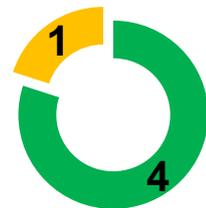
**Lower Murray Water
(rural)**



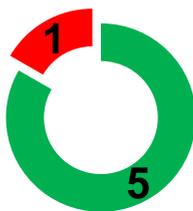
North East Water



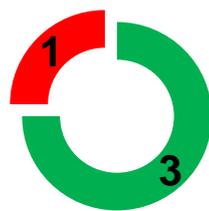
South East Water



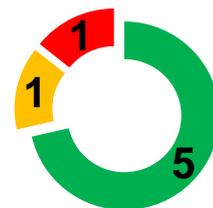
South Gippsland Water



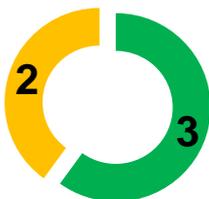
Southern Rural Water



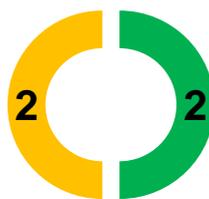
Wannon Water



Western Water



Westernport Water



Yarra Valley Water



Outcomes 2019–20 – summary and overall rating

Water corporation	Achieved	Almost achieved	Not achieved	Overall
Barwon Water	3	2	0	
Central Highlands Water	3	1	1	
City West Water	3	3	0	
Coliban Water	3	2	0	
East Gippsland Water	3	1	1	
Gippsland Water	4	1	0	
Goulburn Valley Water	3	1	0	
GWMWater	2	1	0	
Lower Murray Water (urban)	4	2	1	
Lower Murray Water (rural)	4	0	0	
North East Water	2	4	0	
South East Water	4	1	0	
South Gippsland Water	5	0	1	
Southern Rural Water	3	0	1	
Wannon Water	5	1	1	
Western Water	3	2	0	
Westernport Water	2	2	0	
Yarra Valley Water	5	2	0	

Outcomes 2019–20 – overall grade by PREMO rating

This table shows the overall self-reported grading for outcomes for each business for their performance in 2019–20. It also shows their PREMO rating at the 2018 price review, apart from South Gippsland Water and Western Water whose PREMO ratings are from the 2020 price review. The PREMO rating reflects the level of ambition of a business’s price submission, including the ambition of its outcomes by which it is measuring its performance.

Leading	Advanced	Standard	Basic/not rated*
Goulburn Valley Water	Barwon Water	East Gippsland Water	Wannon Water
	Central Highlands Water	Gippsland Water	Western Water*
	City West Water	Lower Murray Water (urban)	
	Coliban Water	South Gippsland Water	
	GWMWater	Westernport Water	
	North East Water		
	South East Water		
	Southern Rural Water		
	Yarra Valley Water		

* At its 2020 price review we did not consider Western Water’s price submission met the requirements for a standard rating, accordingly we did not assign a PREMO rating.

How are water businesses managing their major projects?

Each year, water businesses provide an update on the status of major project commitments made in their price submission, indicating if projects have been completed as scheduled, are delayed, or if priorities have changed over time.

Major project delivery is a key cost component for water businesses and is reflected in the approved price path, and most will deliver material service benefits to customers. Significant changes to the major project schedule essentially change what customers get for their prices, and should be explained to customers by the water business – will customers be impacted by the change or delay, has a higher priority project emerged, or will prices be lowered to reflect the revenue is not needed?

The 16 urban water businesses, Southern Rural Water and Lower Murray Water Rural nominated major projects for completion in the five-year pricing period from 2018–23. Melbourne Water also nominated major projects for completion in its five-year pricing period from 2016–21. In total, 197 major capital projects were identified.

Water businesses are required to report how these 197 projects are tracking against the scheduled start and completion dates they committed to in their price submissions. Businesses have provided their comments to convey how the projects are progressing and why actual completion dates may differ from those initially expected.

The table on page 17 outlines the status of the scheduled major projects for each water business at the end of 2019–20 (which is the fourth year of the five year pricing period for Melbourne Water, and the second year for the remaining businesses).

Overall 91 major projects are running to schedule, and 35 were completed by the end of 2019–20 (noting nine of these are Melbourne Water's projects, who is in the fourth year of its five-year pricing period). A total of 71 projects are either delayed or have been deferred, which is more than a third of all major capital projects and 19 more than last year. Barwon Water, Gippsland Water and GWMWater have all reported more than half of their major projects as either deferred or delayed after just the second year of the five-year pricing period. These delays are mainly a result of reassessing the priorities of the capital project schedules, with two projects at GWMWater delayed due to coronavirus.

Altogether there were 6 projects that businesses reported are delayed or deferred due to the coronavirus pandemic (5 delayed and 1 deferred) and we expect the impact of the pandemic will

be more apparent in 2020–21 reporting. No businesses reported any major project impacted by the 2019–20 bushfires.

While we understand circumstances and priorities change, especially in the face of the coronavirus, we still expect water businesses to communicate and address significant changes to their initial commitment directly with their customers. This allows key stakeholders to test these changes with the water business.

How well a business delivers its capital program, and how it manages changes to that program with its customers, are key factors in establishing its rating for the 'Performance' element in PREMO at the next price review. Given the growing number of projects not on schedule, we expect businesses to demonstrate clear accountability to their customers and we will continue to closely observe how water businesses deliver their capital program and communicate changes to customers throughout the pricing period.

Want more information?

Further commentary on the estimated schedule and actual status for each water business's individual projects can be found in the supplementary paper 'Status of major projects supplement: outcomes report 2019–20'.

This supplement can be found at <https://www.esc.vic.gov.au/water/water-sector-performance-and-reporting>.

2019–20 major projects scheduled snapshot for 2013–18 (2016–2021 for Melbourne Water)

	No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
Barwon	10	2	0	1	0	5	1
Central Highlands	10	2	2	5	0	0	1
City West	10	2	0	5	0	0	3
Coliban	10	0	0	7	0	0	3
East Gippsland	10	1	0	6	0	2	1
Gippsland	10	1	0	2	0	3	4
Goulburn Valley	10	0	0	5	0	3	2
GWMWater	12	2	0	3	0	0	7
Lower Murray – Urban	9	2	0	4	0	1	2
Lower Murray – Rural	5	1	2	0	0	0	2
North East	10	0	0	7	0	1	2
South East	10	1	1	6	0	0	2
South Gippsland	16	3	0	10	0	1	2
Southern Rural	9	1	0	5	0	3	0
Wannon	10	1	0	5	0	1	3
Western	11	1	0	6	0	1	3
Westernport	10	0	0	8	0	0	2
Yarra Valley	10	1	1	6	0	0	2
Melbourne Water	15	7	2	1	0	1	4
Total	197	26	9	91	0	23	48

Water business summaries

The following business summaries provide a simple one-page snapshot for each water business's 2019–20 performance, including:

- the business's PREMO rating from the 2018 price review or 2020 price review for South Gippsland Water and Western Water
- the business's traffic light self-rating for each of its outcomes
- the business's traffic light self-rating for its overall achievement against its outcomes commitments
- a summary of the reported status of its major capital projects.

As explained earlier, for this year's report we have not provided any additional comment on the reported performance provided by businesses in these summaries.

Further information on each business's performance, including a breakdown of the rating for each outcome and how the business will address shortfalls in performance, is available from:

- the summary outcome reporting templates published on our website
- the water business itself.

Further details on all the major projects is also available through the supplement report provided on our website.

Sample business page

PREMO rating of the water business's price submission at the 2018 or 2020 water price review

PREMO rating: Standard

Traffic light of performance for each outcome for 2019–20, self-assessed by the water business

Sample Business's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Customer service	Yellow	Yellow			
2. Drinking water quality	Green	Green			
3. Environmental sustainability	Green	Yellow			
4. Assisting vulnerable customers	Green	Green			
Overall	Green	Green			

Sample Business's major projects status summary

Traffic light of overall outcomes performance for 2019–20, self-assessed by the water business

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	1	0	7	0	0	2

This shows the water business's total number of major projects for this pricing period, as set out in its price submission.

This shows the status of these major projects at the end of 2019–20, as reported by the water business.

Barwon Water

PREMO rating: Advanced

Barwon Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. A reliable, secure water future for our region	Green	Yellow	Grey	Grey	Grey
2. Timely, innovative services for our customers	Green	Green	Grey	Grey	Grey
3. A healthier environment for all	Green	Yellow	Grey	Grey	Grey
4. Deeper knowledge and partnerships with our community	Green	Green	Grey	Grey	Grey
5. Affordability for all of our customers	Green	Green	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Barwon Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	2	0	1	0	5	1

Central Highlands Water

PREMO rating: Advanced

Central Highlands Water’s self-assessment

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

Central Highlands Water’s major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	2	2	5	0	0	1

City West Water

PREMO rating: Advanced

City West Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Services to my home and business are safe, reliable and efficiently managed	Yellow	Yellow	Grey	Grey	Grey
2. Customer service is accessible and my enquiries are resolved promptly	Green	Green	Grey	Grey	Grey
3. Billing and payment options are efficient and convenient	Green	Green	Grey	Grey	Grey
4. Customers in hardship are supported	Green	Yellow	Grey	Grey	Grey
5. The whole of the water cycle is managed in an environmentally sustainable way	Green	Green	Grey	Grey	Grey
6. CWW is a valued partner in servicing a growing Melbourne	Yellow	Yellow	Grey	Grey	Grey
Overall	Green	Yellow	Grey	Grey	Grey

City West Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	2	0	5	0	0	3

Coliban Water

PREMO rating: Advanced

Coliban Water's self-assessment

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

Coliban Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	0	0	7	0	0	3

East Gippsland Water

PREMO rating: Standard

East Gippsland Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Current levels of water and sewerage services maintained	Green	Yellow	Grey	Grey	Grey
2. Safe, high quality drinking water supplies delivered	Green	Green	Grey	Grey	Grey
3. No increase in the average customer bill	Green	Green	Grey	Grey	Grey
4. Supporting environmental sustainability	Yellow	Red	Grey	Grey	Grey
5. Enhanced liveability and resilience in our region	Green	Green	Grey	Grey	Grey
Overall	Green	Yellow	Grey	Grey	Grey

East Gippsland Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	1	0	6	0	2	1

Gippsland Water

PREMO rating: Standard

Gippsland Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Gippsland Water value: Do your job well	Green	Yellow	Grey	Grey	Grey
2. Gippsland Water value: Be easy to deal with	Green	Green	Grey	Grey	Grey
3. Gippsland Water value: Be affordable and fair	Green	Green	Grey	Grey	Grey
4. Gippsland Water value: Prepare and protect	Green	Green	Grey	Grey	Grey
5. Gippsland Water value: Be involved	Green	Green	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Gippsland Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	1	0	2	0	3	4

Goulburn Valley Water

PREMO rating: Leading

Goulburn Valley Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. The best price outcomes for customers	Green	Green	Grey	Grey	Grey
2. Renewed focus on water quality and supply	Green	Green	Grey	Grey	Grey
3. Modern and thoughtful customer service	Green	Green	Grey	Grey	Grey
4. Meaningful environmental and recreational outcomes	Green	Yellow	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Goulburn Valley Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	0	0	5	0	3	2

PREMO rating: Advanced

GWMWater's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Safe and clean water	Green	Green	Grey	Grey	Grey
2. Reliable and affordable services	Yellow	Yellow	Grey	Grey	Grey
3. Healthy and liveable region	Yellow	Green	Grey	Grey	Grey
Overall	Yellow	Green	Grey	Grey	Grey

GWMWater's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
12	2	0	3	0	0	7

Lower Murray Water (urban)

PREMO rating: Standard

Lower Murray Water (urban)'s self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Keep my costs to a minimum	Yellow	Red			
2. Be easy to contact and quick to respond	Green	Green			
3. Provide me with consistent, safe, clean drinking water	Green	Yellow			
4. Provide me with reliable sewerage services	Green	Green			
5. Be present and active in the community	Green	Green			
6. Be mindful of our environment	Red	Yellow			
7. Comply with other government obligations	Green	Green			
Overall	Green	Yellow			

Lower Murray Water (urban)'s major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
9	2	0	4	0	1	2

Lower Murray Water (rural)

PREMO rating: Not Applicable⁵

Lower Murray Water (rural)'s self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Supply me with water when I need it	Green	Green	Grey	Grey	Grey
2. Keep my costs to a minimum	Green	Green	Grey	Grey	Grey
3. Be easy to contact and quick to respond	Yellow	Green	Grey	Grey	Grey
4. Comply with other government obligations	Green	Green	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Lower Murray Water (rural)'s major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
5	1	2	0	0	0	2

⁵ Lower Murray Water's rural business was not assessed under our PREMO framework, as it falls under the Commonwealth Government's Water Charge (Infrastructure) Rules assessment framework. However, Lower Murray Water elected to establish a set of rural customer outcomes and to report on these consistent with its urban water business.

North East Water

PREMO rating: Advanced

North East Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
1. Affordable Prices	Green	Green	Grey	Grey	Grey	Grey	Grey	Grey
2. Reliable Services	Green	Yellow	Grey	Grey	Grey	Grey	Grey	Grey
3. Responsive Services	Green	Green	Grey	Grey	Grey	Grey	Grey	Grey
4. Efficient Systems	Yellow	Yellow	Grey	Grey	Grey	Grey	Grey	Grey
5. Local Focus	Yellow	Yellow	Grey	Grey	Grey	Grey	Grey	Grey
6. Sustainable Region	Yellow	Yellow	Grey	Grey	Grey	Grey	Grey	Grey
Overall	Yellow	Yellow	Grey	Grey	Grey	Grey	Grey	Grey

North East Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	0	0	7	0	1	2

South East Water

PREMO rating: Advanced

South East Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Get the basics right, always	Green	Green	Grey	Grey	Grey
2. Warn me, inform me	Green	Green	Grey	Grey	Grey
3. Fair and affordable for all	Green	Yellow	Grey	Grey	Grey
4. Make my experience better	Green	Green	Grey	Grey	Grey
5. Support my community, protect my environment	Green	Green	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

South East Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	1	1	6	0	0	2

South Gippsland Water

PREMO rating: Standard

South Gippsland Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. We will partner with community, local government and business to plan for future years ⁶	Green	Green	Not applicable – see footnote		
2. We will plan for the future, be reliable and minimise unplanned interruptions to services	Yellow	Green	Grey	Grey	Grey
3. Provide safe, clean drinking water for the benefit of our customers and communities	Yellow	Green	Grey	Grey	Grey
4. Provide a safe wastewater service that contributes to the health and liveability of our communities and environment	Green	Red	Grey	Grey	Grey
5. Be environmentally responsible, sustainable and adapt to a future impacted by climate variability	Green	Green	Grey	Grey	Grey
6. Treat all customers, community with honesty, respect and strive to balance affordability, value for money and fairness	Green	Green	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

South Gippsland Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
16	3	0	10	0	1	2

⁶ South Gippsland Water revised its outcomes at its 2020 price review and Outcome 1 was merged with Outcome 2.

Southern Rural Water

PREMO rating: Advanced

Southern Rural Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Southern Rural Water provides great customer service	Yellow	Green	Grey	Grey	Grey
2. Southern Rural Water's water supply system enables good practice irrigation	Green	Green	Grey	Grey	Grey
3. Southern Rural Water manages water resources well, maintaining a good balance between my needs as a water user and the sustainability of the resource	Green	Green	Grey	Grey	Grey
4. Southern Rural Water works with me to manage my needs and entitlements	Green	Red	Grey	Grey	Grey
Overall	Green	Yellow	Grey	Grey	Grey

Southern Rural Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
9	1	0	5	0	3	0

Wannon Water

PREMO rating: Basic

Wannon Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Provide safe and reliable water supplies	Green	Green	Grey	Grey	Grey
2. Provide sewerage services that protect public health and the environment	Green	Green	Grey	Grey	Grey
3. Ensure the long-term resilience of our services	Green	Green	Grey	Grey	Grey
4. Be responsive and willing to adapt as customers' needs change	Green	Green	Grey	Grey	Grey
5. Protect and enhance the environment in line with community expectations	Yellow	Yellow	Grey	Grey	Grey
6. Partner with customer communities and helping our region flourish	Green	Green	Grey	Grey	Grey
7. Ensure we provide great value	Red	Red	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Wannon Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	1	0	5	0	1	3

Western Water

PREMO rating: Not rated

Western Water’s self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Fair and affordable charges for all customers	Green	Green	Grey	Grey	Grey
2. Reliable, safe services to existing and new customers	Green	Green	Grey	Grey	Grey
3. Innovative approaches to addressing customer needs	Green	Green	Grey	Grey	Grey
4. Care of the environment	Yellow	Yellow	Grey	Grey	Grey
5. Sustainable contribution to the community and regional liveability	Green	Yellow	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Western Water’s major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
11	1	0	6	0	1	3

Westernport Water

PREMO rating: Standard

Westernport Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Reliable water and wastewater services	Yellow	Green	Grey	Grey	Grey
2. Better tasting water	Yellow	Yellow	Grey	Grey	Grey
3. Affordable and responsive services	Yellow	Green	Grey	Grey	Grey
4. A more sustainable community	Yellow	Yellow	Grey	Grey	Grey
Overall	Yellow	Yellow	Grey	Grey	Grey

Westernport Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	0	0	8	0	0	2

Yarra Valley Water

PREMO rating: Advanced

Yarra Valley Water's self-assessment

Outcome	18-19	19-20	20-21	21-22	22-23
1. Safe drinking water	Green	Green	Grey	Grey	Grey
2. Reliable water and sewerage services	Green	Yellow	Grey	Grey	Grey
3. Timely response and restoration	Green	Green	Grey	Grey	Grey
4. Fair access and assistance for all	Green	Green	Grey	Grey	Grey
5. Water availability and conservation	Red	Yellow	Grey	Grey	Grey
6. Modern flexible service	Yellow	Green	Grey	Grey	Grey
7. Care for and protect the environment	Green	Green	Grey	Grey	Grey
Overall	Green	Green	Grey	Grey	Grey

Yarra Valley Water's major projects status summary

No. major projects	Completed on time	Completed late	On-schedule	Cancelled	Deferred	Delayed
10	1	1	6	0	0	2