

27th February 2004

Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE 3000

By email: water@esc.vic.gov.au

RE: DRAFT PERFORMANCE REPORTING FRAMEWORK SUBMISSION

The Authority is pleased to submit its comments on the Commission's *Draft Performance Reporting Framework* for Metropolitan and Regional Businesses.

The Commission sought comment and views from businesses regarding the affordability indicators (page 6). The Authority believes that nothing useful about affordability will be uncovered by indexing and cross indexing property types/customer assistance eligibility status. Rather than focusing on "affordability" the Commission should focus attention on "hardship", being the extent that an Authority;

- uses third party skills to assist customers in developing budgets to deal with arrears;
- is proactive in securing entitlement benefits;
- pursues utility relief assistance on behalf of customers;
- otherwise negotiates and commits to supportive systems that help in avoiding black hole or restrictor outcomes;

These indicators are significantly more measurable and therefore capable of revealing trends over time (and will allow for inferences about affordability to be made).

The Commission sought comment from businesses about "*whether there are any performance indicators that they are unlikely to be able to collect from 1st July 2004*" (page 6). As previously advised, South West Water does not have the necessary integration of IT systems to enable the collation of the number of interruptions per customer (water and wastewater). The Authority currently records a service interruption (against one property) and the number of other properties interrupted. The indicator the Commission wishes to be reported requires the capture of individual property numbers for each interruption. To achieve this outcome the Authority has to either create shut down blocks or geographically capture each interrupted property via the Geographic Information System (GIS) for each interruption.

The Authority has developed a 5 year IT Strategy which has a new Case Management System in 04/05 and replacement of its GIS system in 05/06. These systems will be developed with the necessary functionality and integration and along with modifications to field data capture processes will enable the key performance indicator to be easily collated and reported at that stage. As such, the Authority advises that it does not anticipate the key performance indicator relating to the number of interruptions per customer to be available until the commencement of the 06/07 financial year.

The performance indicator definitions refer to a “water customer” as being connected to the water system. The Authority has consistently advised the ESC of its significant portion of customers in gazetted rural districts, half of which are supply-by-agreement customers supplied from transfer mains. The Authority understands that the Commission will discuss segregation of rural district customers/performance with the Authority, once the indicators are established.

The segregation of network reliability indicators into priority 1, 2 and 3 may be meaningful for large reticulation networks, but for small town systems data differentiation becomes statistically insignificant. The Commission has not indicated that it wishes to have the performance indicators reported on a town/system basis. South West Water would urge a whole of authority approach rather than a segmented approach.

The indicator measuring burst and leak fully repaired and rectified within 12, 24 and 120 hours is not consistent with the industry standard of reporting against a 5 hour benchmark. Performance against higher (and softer) benchmarks is unlikely to provide meaningful data for South West Water.

The indicator “unaccounted for water” is defined as the difference between bulk water and volume of water billed. South West Water undertakes flushing for water quality purposes utilising metered hydrants and municipalities (at times) use metered hydrants for drain flushing (free water under the Water Act). This water use would fit within the definition of “unaccounted for water” but is obviously accounted for – just not charged out. The Authority suggests the key performance indicator be renamed “billable water”. The Commission should also be aware that it is not possible to calculate the amount of billable water until the first meter read after the end of financial year has been completed in September/October.

The indicator “Call connect time to operator” should only include calls to advertised phone numbers such as Accounts, Emergency and Reception and specifically exclude calls made to direct dialled staff phone extensions.

The Authority has previously made the point that different Authorities interpret quite differently the definition of complaint. The Authority requests that the Commission specifically address the issue of interpretation by giving a number of detailed examples in the definition or by providing guidelines for interpreting the definition.

The Authority does not enter into property development agreements. Instead, the rules of connection into Authority systems are specified in conditions in the Council planning permit for the subdivision. Once the developer meets the requirements in the planning permit, connection can proceed. Where a main extension is required to service a property, the developer is required to undertake the installation to pre-specified standards. Once the new installation is checked for conformance to the specification and all other permit conditions are satisfied, connection can occur. The Authority is unsure what would be included in (or the need for) a Property Development Agreement.

The Authority currently has a target of 5 days for information statements. The time involved in the preparation of an information statement depends on one main factor – being the amount of information included on the statement. The Authority is aware that its information statements contain more information than most other Authorities which while is time consuming is much more useful to the property owner and prospective property owners. This information includes:

- The presence of a private extension
- The presence of a shared private service
- The presence of shared property drains

The target of three days may result in the Authority having to reduce the amount of useful information on the information statement. In addition and in rural areas, a field trip is frequently required to validate the meter number with the property information provided by the applicant.

If you have any queries or wish to explore any of the comments made please contact the Authority's Director Corporate Services, Mr Andrew Jeffers on 03 5564 7622.

Yours faithfully

RUSSELL WORLAND
CHIEF EXECUTIVE OFFICER