Western Water
Review of Water Performance Report Indicators
Response to ESC Staff Discussion Paper - April 2012

New Indicators

Customer Responsiveness & Service

CRS1 Website Mystery Shopper (website usefulness assessment conducted on a two/three yearly basis)

Website layout and usefulness

Strengths
- This approach will ensure all water retailers prioritise their web as a consumer channel, rather than the traditional 'communications channel'. This is both a strength and a weakness and technology is changing rapidly as social media evolves.
- Currently Western Water has a simple, easy to navigate website that would suit a range of users with varying experiences.
- This measure may assist other water businesses with feedback on how to improve their website.

Weaknesses
- Enhancement will require Western Water to hasten the introduction of its transactional web services for customers – a substantial cost for the organisation which will flow onto our customers.
- Customer culture needs to be considered. For example, connection speed, ability to connect (remote locations), newness of computer equipment mean simple style websites better suit communities that may be more affluent and highly populated.
- If the ESC were to undertake an assessment of these sites, from the consumer perspective, it needs to ensure criteria such as accessibility (for disability/connection) were included.
- The ESC's definitions about what is "good" as listed may bear no relation to what the customer actually thinks is good. There is a risk of delinking website from customer needs. The water company is generally in the best position to judge their customer needs. Metro Melbourne is quite different to Regional Water Corp customer issues and many regional business are different. Having said that there are some similarities (e.g. tariffs and bill paying).
- Have concerns about promoting fault reporting via the website.
  In particular:
  - An immediate response is generally required and a phone call is preferable. This enables relevant questions to be asked to clarify the issue and determine appropriate and timely response (i.e. priority of callout)
  - Currently WW would need to make changes to our website to immediately pass the advice on to a person. Immediacy is an issue.
  - Would require mandatory form to be developed to ensure adequate information is captured and this is "clunky" for the customer.
  - A call-back to the customer is likely to be required to confirm priority of callout. Overheads via a web system would be high.
  - Web better for push information or simple transactions – not complex issues.
  - Preference is to speak to the person reporting the fault to ensure appropriate and timely response

Alternative approach to measure information sought?

No, but variances within the state must be considered. What suits a small regional population may not suit a larger Melbourne retailer. Should compare with local Council or shops, not each other.

Are these criteria the ones a customer values most?
We would need to conduct additional research.

Based on agreed guidelines with the ESC, queries in the customer satisfaction survey could be made about the website – this would save costs and avoid consulting/contracting costs to either the ESC or Water Corporation.

Time spent on websites to find information on restrictions/storages and general information.

Strengths

Western Water currently hosts this information at the top of the home page – the premium website real estate.

Weaknesses

Unsure what the indicator is here. Is a long time good or bad?

Customer feedback channels

Strengths
- Western Water has a direct email contact to our mail managers through our website.
- We also have an online consultation panel of up to 500 customers to allow feedback on a range of issues.
- Western Water also boasts three Customer Advisory Groups and one Customer Reference group which involve face-to-face meetings, rather than online contact.

Weaknesses
- Online customers are not recruited through our website, but directly through a market research firm.

Alternative approach
- All customer feedback channels need to be considered, or minimum channels required by ESC.

Are these criteria the ones a customer values most?
- They are part of a suite of channels valued by the customers.

CRS2 First call resolution (most appropriate method for measuring first call resolution)

Appropriateness
- The idea of measuring FCR has some merit as it should improve the customer service experience with the WC and minimise repeat calls and complaints. However, effective meaningful measurement is likely to be difficult.

Strengths
- It would provide a better measure of customer's experience than the current complaint measure which is very subjective.

Weaknesses
    Of the options currently proposed:

- Quality Assurance Monitoring
    o Likely to require a Team Leader (or Assessor as noted) to monitor and review all calls (or a number of calls) in order to make an assessment
    o Would need to know how many calls are to be monitored ? This type of measure would introduce an onerous new and manual tasks

- o Human assessment is subjective and selective – and in our view, the more subject the lesser the value.

- IVR Surveys
  - o WW don't have an IVR and no plans to get one or upgrade phone system to include one for a couple of years. This is reinforced by many customer surveys indicating a wish for a contact with a person.

- Call Backs
  - o Needs to be an automated data capture and reporting tool to capture and identify repeat callers
  - o Customers may call back for different reasons
  - o Must be consistent in its application and measurement across all businesses.
  - o Would require significant IT system upgrades to measure

- Script
  - o Time consuming / manual and labour intensive
  - o Definition of success if customer calls for multiple issues is required
  - o What % of calls are surveyed ?
  - o Requires IT system enhancements to capture and report outcomes.

- Telephone Survey
  - o Time consuming / manual and labour intensive / subjective approach
  - o Definition of success if customer calls for multiple issues is required
  - o What % of calls are surveyed?
  - o Requires system enhancements to capture and report outcomes.
  - o We are not staffed to make 'outbound calls'.
  - o At the same time, if done by external agency, no opportunity to add value or answer new queries.
  - o WC's should have some input into questions that customers are asked

Additional Comments:

- "Ease of doing business" (or CES - see below) measure would pick up on this more simply than introducing an entirely new and onerous specific FCR measure.
  - o Its simpler, less subjective and is better measure of customer experience.
  - o Not all customers require FCR – they want it done right even if this means it can't be done on the spot.

Based on the experiences of OFWAT (UK model) this measure would require a consultative approach to consider a matrix of elements – e.g. unwanted contacts, escalated complaints, avoidable written complaints etc - and their weighting before an effective measure can be developed. If further consultation is required recommend this measure not be introduced until 1 July 2013.

CRS3 Net Promoter Score/Customer Effort Score (relevance to water industry, most appropriate method) Strengths – none for NPS, CES is better option to consider.

Weaknesses
- The NPS is not relevant for a monopoly situation.

Alternative approach
- Can this be done via an annual utility survey?
- A similar mystery shopper survey to the website one above could also be looked at. It will be a direct and accurate portrayal of the customer experience as opposed to small sample based customer interviews that are also hindered by inaccurate recall and pre-existing attitudinal factors. Samples can be much smaller through a mystery shopper survey compared to a customer survey.

CRS4 Customer Satisfaction Survey (common set of questions) Customer Satisfaction Surveys. It is true many businesses undertake these surveys but they are done with varying degrees of rigour and commitment to strong statistical results. There are several methodological elements that need to be controlled to even try to produce a comparative result.

1. Time of year of survey (should be same point in time across the industry as we register different levels of satisfaction at different times of year and after price increases and/or periods of major negative media).
2. Sample controls: Sample size should be representative, recruiting should be random, and results need to be reweighted to population
3. Questionnaire design & actual questions: You can change the satisfaction score simply by asking a question slightly differently and/or before or after other questions. There would have to be an agreed approach to how these questions are written and how the questionnaire is put together.

What is the point of comparing customer satisfaction? The first analysis will be to compare the businesses against each other and this begs the question, is this a fair approach when authorities are dealing with different operational issues, different demographics, different pricing and growth drivers, and different historical context. The point of the measure should be comparing performance year on year for each individual business. It would be highly questionable as to the conclusions that can be drawn from a simple comparison of customer satisfaction between authorities.

Usage, price trends and payment management
UPP7 Physical visits (personal visits to customers associated with non-payment, hardship and legal actions) WW are able to provide the number of personal visits and the reasons for the visits but not sure what value this number adds to ESC data capture and comparisons across Water Businesses. However in the absence of a Hardship measure this data could be used to measure the number of visits that result in identifying "hardship".

Financial information
- FIN1 Funds From Operations interest cover (times) – (FFO + net interest)/interest – Financial Formula. Easy to monitor. Only meaningful on an annual basis.
- FIN2 Internal financing ration (%) – (FFO-dividends)/net capital expenditure – Financial Formula. Easy to monitor
- FIN3 Net debt payback (years) – (Interest bearing liabilities – cash)/FFO – Financial Formula. Easy to monitor
- FIN4 FFO/net debt – FFO/(Interest bearing liabilities – cash) - Financial Formula. Easy to monitor
- FIN5 Net debt/Regulatory Asset Value – (Interest bearing liabilities- cash)/Regulatory Asset Value – Financial Formula. Easy to monitor

Resource security
- SEC1 Supply volume available to meet demand volume (ML) (number of days until supply cannot equal demand) – The majority of this information is prepared and undertaken as part of the Water Supply Demand Strategy (WSDS) which is a requirement of DSE. This is reviewed every 5 years and are long range forecasts. Western Water monitors the supply available and the demand, this information will be able to be provided.
- SEC2 Demand versus sustainable yield (long term capacity to deliver minimum volume of water each year) - The definition of 'sustainable yield' needs to be clearly defined and articulated. Western Water prepares long term yield forecasting as part of the Water Supply Demand Strategy which highlights any shortfalls of yield versus demand. Plans for mitigating any shortfalls in supply are outlined in the WSDS.
- SEC3 Independent supply systems – Number of each type of discrete supply system relied on for potable water – All information is kept and reported where required. As suggested in the paper, there would be no additional system developments required just the time to report.

Productivity

Key consideration is definitions. Current ESC definitions require refining and need consensus about what is included and what is excluded, e.g. controllable costs.

- **(**PRO1 Operation maintenance and admin costs per customer – Relative changes in OMA (water & sewerage) costs over time – Formula. Relatively easy to monitor
- PRO2 Cost to serve ($ per customer) – Domestic & Non-Domestic costs of customer-facing activities – Should be relative easy to monitor once Data Dictionary rules written. Full definition of customer facing activities should be clarified. Does it include Depot Staff, is generating a bill customer facing, does it include Trade Waste activities, would it include CAG/CRG costs, education program, all Comms costs. Having participated in the WSAA Customer Service Cost to Serve Performance Improvement Project WW's experience is that it is important to have very clear definitions of costs associated with service costs. For example costs associated with meter reading, billing and preparing information statements were relatively easy to source. However other costs such as IT & HR may be less tangible and difficult to measure and make comparisons.

It is also important to remember economies of scale when comparing water businesses and regional & rural factors must also be considered in any comparisons that may also affect cost to serve results

Trade Waste
- TDW1 Number of Trade Waste Sampling Activities – check sampling activities forecast/complete – Focus should be on actual trade waste compliance issues and customer value. Sampling is only a minor issue, in relation to assisting customers comply. It is much more about cleaner production and waste minimisation and joint working with the customer. Moreover there are major differences in approach depending on the risks to the system and the individual issues with a customer. Trade Waste Management is far better explored through audits leading to programs/processes and assistance in place to help customers.
- BED19 Volume of Trade Waste received – total (metered & estimated) delivered to treatment plant – processes in place to measure.

Innovation
- INN Innovation defined as the turning of ideas (R&D and other) into actions that result in efficiency and/or effectiveness gains – potential measures of innovation – At the moment the data would be difficult to collate but could be achievable. E.g. number of ideas received and implemented as a % of all received. Value created net of costs (expressed per customer?). Another benefits index could also be created, e.g. lower GHG emissions, increased biodiversity benefits, etc. that would simply show if net improvements had been realised. This is potentially a bit subjective but could include audited benefits.

Indicators to be removed/changed
- BED13 Water Treatment Plants split (disinfection, unfiltered & further treatment) – include full treatment plants only – OK
- REW4 Bursts & leaks fully rectified – remove all - OK
- REW 6 Water supply interruptions restored within 3, 5 and 12 hours – retain 5 hours – OK
- RES5 Customers receiving 1, 2, 3, 4 & 5+ sewer blockages – retain 3+ sewer blockages – OK
- CRS12 Property development agreements – remove – Agreed
- CRS13 Information statements turned around in 5 days – remove – Removal of this measure is unlikely to create any change in compliance with a 5 day or less turnaround time as most businesses have automated a large component of the info statement process to gain efficiencies. Agree with proposed change.
- CRR8 Trade Waste Priority Parameters - remove

- DWQ1 Standards for drinking water quality – remove disinfection by-products from definition – OK

Water network reliability and efficiency
- REW7 Water supply customer interruptions – planned/*planned longer than notified*/unplanned - OK
- REW10 Customers affected by water supply interruptions > 5 hours – planned/*unplanned* – similar to water supply customer interruptions not restored within 5 hours planned/unplanned

Usage, price trends and payment management
- UPP1 Instalment plans – domestic, non-domestic, *concession* – WW can collate data for the ESC on instalment plans split between Domestic, Non-Domestic & Concession

Customer Responsiveness & Service
- CRS7/CRS8 Affordability/billing complaints – combined – Proposal to combine CRS7 (Affordability) & CRS8 (Billing) would minimise confusion currently being experienced as to the best category currently to log a complaint in regards to a bill, high costs, affordability, hardship etc. Agree with proposed change.

Water conservation, reuse & recycling
- CRR3 Number of events and volume of sewage spilt from ERS & PS (ML) - *Split* blockage, hydraulic, extreme wet weather, system failure – OK

Monthly data – definition clarification
- RES3 Total time take to repair blockage/spill – hours not minutes – All other reporting is in minutes, this should stay the same to remain consistent
- RES6 Sewer spills from reticulation and branch sewers – Priority 1 and Priority 2 split – OK
- RES7 Sewer spills from reticulation and branch sewers fully contained within 5 hours – Priority 1 and 2 split – OK
- Sewer supply customer-interruptions restored within 4 hours – requires definition – Agreed
- Sewer spills not caused by blockages – requires definition – agreed, should these have a priority 1 and 2? And if they do then these should also be included in the "Sewer spills from reticulation and branch sewers (No)"? And should these be included in the "Total minutes to respond to reported blockage/spill"?
And included in "Total time taken to repair blockage/spill (minutes)"?
What about: Sewer spills to customers properties (No of spills)?
A grey area in the definition as to "A sewer spill caused by a fault in the water business's system that discharges to a customer's property" obviously this does not include the spills that are caused by vandalism or contractor etc., if it wasn't for the contractor or vandalism there would be no spill, therefore it is not caused by a fault in the water business's system.
- Sewer spills within a house – requires definition – Agreed
- BED4 Trade waste customers – definition of commercial & industrial required – definition to be established
- REW9 Customers receiving 1, 2, 3, 4, 5 & 6 water supply interruptions – separate measures for all – OK
- Sewer spills form ERS and pumping stations – requires definition – could also fall under spills not caused by blockages – as above

General Note: Any additional indicators create additional regulatory burden on the water businesses and clear benefits need to be enunciated. ESC needs to consider a regulatory impact statement outlining costs and benefits to the community (as DSE does in determining changes to the Water Act and Regulations).