

Response to ESC Review of Water Performance Report Indicators

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1. Proposed new categories and indicators

Of the proposed new categories for consideration East Gippsland Water (EGW) has concerns over the areas of **2.3**, **2.4** and **2.5**, with **2.6** also requiring some further consideration/clarity of definition.

2.3 Financial information, whilst not necessarily duplicating Regulatory accounts, this does provide for another set of indicators, different to the statutory accounts. This then begs the question as to which set of indicators a stakeholder should be referring to should they wish to consider a water corporations financial performance. And what value to they add?

2.4 Resource Security, whilst the aim of including indicators of water corporation's water resource security is an understandable objective, the measure is very much a function of individual water supply system characteristics and constraints, the water corporation's level of service (in relation to security of supply) and each Water Supply Demand Strategy (WSDS).

As recognised in the ESC's paper, there is no standard system or method to define supply security and merely collecting data, as stated in the paper, is not in itself a measure of relative performance. Therefore, this measure should be considered as peripheral to meaningful comparison of the performance of water corporations.

In relation to the proposed SEC 1, the number of days of potable supply available is very much a snap-shot in time only, and not necessarily indicative of supply security. Most of EGW's water supply systems are "run-of-river", with relatively small bulk storage (most storage is either in the river itself or underground in aquifers). Similarly, the activities that each corporation is undertaking are identified in each Water Plan for the next period (WP3) – it is here that each proposal is subject to the relevant Board, customer and ESC review of water plans – all activities are subject to justification (mainly via the Water Supply Demand Strategy etc) and are already reported regularly. There are a number of issues associated with definitions and application of this proposed measure, and it is considered that the relevance of this sort of measure is unlikely to be useful.

It is suggested that any performance measure would best relate to outcomes, such as the existence/currency of each corporation's WSDS, or else should specifically relate to achievement of the defined levels of service (LoS). This will be different for each system and each corporation (in EGW's case, performance would best be measured on the application or otherwise of restriction levels during a period, per the stated LoS in the WSDS).

For the proposed SEC 2, there are significant questions over the definition of "sustainable" yield. As well as some of the comments above around what performance is this measure actually trying to indicate and compare, the benefit from providing data for this measure as proposed and, aside from the definitional issues, is not really performance based. One suggested alternative is to consider and measure actual performance against diversion rules, Bulk Entitlements and/or licences (which is already included in annual reports) – again, this measure would be specific for each supply system and for each water corporation and its usefulness for comparison across the industry is likely to be vague.

Finally, the proposed SEC 3 is information only (the number of supply systems), and is already largely included in annual reports and relevant reporting to the Minister.

2.5 Productivity leads EGW to believe that some of the proposed measures will be impacted by economies of scale, with population densities affecting direct comparisons, and transmission costs greater for some due to geographical issues (terrain/distance). A better measure may be to report the cost per megalitre of water treated at all sites, whilst the energy

consumed per ML treated/pumped is another potential measure. These allow for direct comparisons of process and dollars generated from that process.

2.6 Trade waste provides some questions to be addressed:

- Is this being developed to address only those agreements which include a sampling regime ie Major Trade waste?
- Trade waste worksheet Appendix B p78: For major trade waste customers, EGW do sampling and can readily determine the parameters; however, for the minor trade waste customers does an industry average suffice to avoid significant sampling costs?
- The definitions of commercial and industrial customers?

2. Proposed indicators for removal

EGW do not have any concerns with the proposed removal of the indicators but is concerned at the definition of full treatment, which may mean that a site such as Dinner Plain with UV disinfection is not considered 'full treatment'. The source water quality is such that it does not require filtration or any treatment for colour/turbidity.

The removal of water quality parameters is considered appropriate, but we still remain concerned with the duplication of reporting on regulated parameters. A performance indicator of process and efficiency of high quality supply that could be considered would be 'the number of Safe Drinking Water Regulatory Audits completed in the period', with 'the percentage of Safe Drinking Water Regulatory Audits passed in the period' as the measure. Any other measure is too simplistic or detracts from the more thorough reporting to the Department of Health (DoH) that is required. It would also require us to report on water quality before it is required by DoH, and the results will be released before the Department tables their annual report in parliament.

3. Proposed indicators for modification

Whilst EGW supports the overhaul of the current indicators some of the customer related KPI's have no real benefit to customers, nor drive business improvement. We need to clearly identify those that customers want, or actually see as valuable, and are prepared to pay for.

An example of this is CRR 1 and CRR 2 (Effluent reuse – end use and Effluent reuse water resource management). CRR 2 could be removed completely as they are very specific definitions of how recycled water is used, and which resource category it should be in. The EPA do not require us to report on these categories and the data is requested before the EPA even require it. So how does this benefit the customer?

Some further refinement of definition around 'Loss of supply at customers tap' may be beneficial. For example, if bottled water is supplied as an alternative for a short term interruption (where a temporary supply cannot be provided), is this considered as having a drinking water supply?

Also, are works undertaken in the middle of the night, when people are not actually impacted, considered appropriately?

4. Overall comments

Whilst there still does seem some duplication in reporting (and associated cost), the document is a good starting point for a discussion relating to performance measurement and how they might align with customer expectations. We look forward to participating in the workshops in the near future to further discuss EGW's views.