

18 May 2012

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Dear Marcus,

Review of Water Performance Report Indicators

Staff Discussion Paper

Thank you for providing South East Water with an opportunity to comment on the Commission's Review of Water Performance Indicators Staff Discussion Paper. South East Water supports the Commission's proposed approach of developing a refined and a more relevant performance indicator framework.

South East Water's specific areas of response to this review are consistent with the Commission's purpose with respect to: -

- Potential new indicators;
- Removal of existing indicators that are no longer useful; and
- Indicators that need minor modifications to improve their relevance and usefulness.

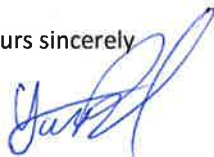
In summary, South East Water has no objections to the removal or modification of the indicators proposed, however it does take the opportunity to raise concerns with respect to the definitions and relevance of some proposed new indicators. These are articulated in the response attached.

South East Water would also like to note that where new indicators are being proposed, a period of data monitoring will be required before performance targets can be set. This is particularly important where any new performance indicators have the potential to replace indicators currently used as part of the South East Water's Price Determination.

In addition, it is likely that the addition of new measures will require South East Water to change its business systems or processes. This may require additional costs to be built into South East Water's Water Plan and adequate notice of a confirmed change to be provided.

If you have any queries please contact Alison Le Fevre, Manager Strategic Planning on (03) 9552 3520.

Yours sincerely



Dr. Hamish Reid
General Manager, Strategy

CUSTOMER RESPONSIVENESS AND SERVICE

- **CRS 1 – Website Mystery Shopper**

By introducing a service standard in this area, the Commission is taking a role in determining what businesses should and should not put on their web site. South East Water has devoted significant effort to developing its website to improve customer service in a way that suits South East Water customers. Whether this is appropriate for all businesses with different customer mixes and business drivers is questionable.

Should this measure proceed, South East Water recommends that each business take responsibility for setting the deliverables required from its website. This needs to be done in conjunction with customer's expressed desires for a standard of website service.

- **CRS 2 First Call Resolution**

Firstly, South East Water recommends that this measure excludes calls for the purpose of reporting faults. Faults can only be resolved subsequently through rectification of the issue by a field crew.

Secondly, while South East Water considers first call resolution to be a primary focus of its call centre, the difficulties of measuring its achievement are noted. The regular customer satisfaction survey may be an appropriate means of undertaking this measurement.

- **CRS 3 Net Promoter Score (NPS) / Customer Effort Score**

South East Water favours the use of Customer Effort Score rather than the Net Promoter Score metric due to the latter's lack of relevance to the regulated water industry. Although South East Water uses the NPS score for its internal reporting requirements, it is of the view that a holistic measure addressing overall customer experience would provide better outcomes to its customer rather than focusing on individual aspects. Hence, South East Water proposes the effective use of the Customer Satisfaction surveys to address the above concerns.

- **CRS 4 Customer Satisfaction Survey**

South East Water agrees with the concept of utilising a common set of questions on businesses customer satisfaction surveys to compare customer satisfaction across the sector. South East Water also realises that this measure could be used effectively to address the three proposed customer responsiveness and service performance indicators proposed (CRS 1, CRS 2 and CRS 3).



USAGE, PRICE TRENDS AND PAYMENT MANAGEMENT

- **UPP 7 Physical Visits**

South East Water would expect that a physical property visit prior to a customer having their supply restricted for non-payment or legal action commencing is a compliance issue rather than a Performance Indicator. If a physical visit is not required, then it is up to the water business to attempt to contact the customer in the most effective way possible (ie telephone call, email, text message). If it is required, then it is businesses are in breach of their requirements under the Customer Service Code if they are not making a physical visit each time.

Counting the total number of physical visits made will not provide meaningful information. If a business has a high number of visits then is it because they are inefficient in the way that they contact their customers or is it because they have a high number of customers who are not paying their accounts. If a business has a low number of visits is it because they are not complying with the Code or is it because they have better ways of managing their outstanding debts.

FINANCIAL INFORMATION

South East Water supports the Commission's financial information metric FIN1 (FFO Interest Cover) but does not support the proposed FIN 2, FIN 3 & FIN 4 measures as this data can already be calculated from information already published or obtained from businesses regulatory accounts. In addition, the figures provided under these measures may differ to the statutory accounts causing confusion.

South East Water proposes that any further review of financial indicators, be developed in conjunction with the Department of Sustainability and Environment review for consistency of definitions, relevance to the shareholders and customers and to avoid duplication of metrics in the Annual Reports and Water Performance Reports.

RESOURCE SECURITY

South East Water questions the relevance of the Commissions proposed SEC1, 2 & 3 due to the concurrent development of the Water Supply Demand Strategy (WSDS). South East Water proposes that any further work on Resource Security measures be undertaken based on the outcomes of the WSDS.

TRADE WASTE

- **TDW 1 – Number of Trade Waste Sampling Activities**



South East Water questions the value of this measure as there is no specific link between the number of samples taken at a customer's premises and the annual trade waste fee applied. The fee includes the recovery of a number of other costs in addition to sampling activities.

The objective is to ensure that customers remain compliant with their trade waste agreements. Water businesses are best placed to assess the assistance a customer needs, which may take a number of forms.

Also, there is no conclusion that can be drawn based on whether a business completes more or less samples than forecast. Less samples than forecast may mean that a business is finding high rates of compliance across its customer base or not delivering what its customers are paying for. More samples than forecast may mean that a business is having compliance issues or over servicing its customer base.

- **BED 19 – Volume of trade waste received**

South East Water currently reports to the Commission on the volume of trade waste received from our major customers. It is not possible to report on the total volume of trade waste received as customers other than major trade waste customers are not metered. Any further data of this type is best collected on the basis of inputs to treatment plants rather than customer outputs.

INNOVATION

While South East Water has a significant focus on innovation internally, it does not believe that innovation is something you can measure as a service standard. An innovative culture will assist businesses to deliver on other performance standards at least cost, but cannot be compared from business to business in the form of a KPI.

