

DRAFT REPORT TO

**INDEPENDENT PRICING AND REGULATORY
TRIBUNAL**
OF NEW SOUTH WALES

**CUSTOMER SERVICE INDICATORS AND REPORTING ON
LOCALISED SYSTEM PERFORMANCE FOR SYDNEY
WATER CORPORATION**

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1 Executive Summary

The Independent Pricing and Regulatory Tribunal of New South Wales appointed Harford Enterprises Pty Ltd to carry out a review of Customer Service Indicators and reporting of localised service problems. The objectives of the review are to advise and report to the Tribunal on appropriate indicators and reporting for inclusion in the Sydney Water's Operating Licence.

The review was based on discussion and consultation with Sydney Water and consideration of documents provided by the Tribunal and Sydney Water. Consultation also took place with Hunter Water, EWON and PIAC.

1.1 General Conclusions

General conclusions from the report are:

- It is essential for Customer Service Indicators to be included in the Operating Licence

Including Customer Service Indicators Licence enables the auditing and reporting of performance outcomes and in turn allows the Tribunal to effectively regulate the service provided. The Tribunal can compare the Sydney Water performance over time and report this to the community. This will assist in ensuring the public accountability of Sydney Water.

Customer Service Indicators, along with system performance indicators, need to be included in the Licence to provide for breadth of business coverage and to allow for reporting across the full range of activities. Customer Service is a core business function. There is a need for clear consistent basic information showing service performance in a holistic way. Customer satisfaction is the outcome of all interactions with the business not only those of a technical /field /operational nature.

The regulatory responsibilities argue strongly for the establishment of a fully effective service regulation regime based on the Operating Licence. This is the instrument established to ensure public accountability of the regulated business rather than ministerial directions.

- Broader comparisons of performance between Sydney Water, Hunter Water and the three Melbourne retail water businesses would provide more robust comparisons.

The Tribunal has identified a desire to move to a common suite of indicators across both Sydney Water and Hunter Water to provide a more robust basis for performance assessment and allow for some comparisons of performance. PIAC, EWON, and SWC support consistent reporting requirements to facilitate comparisons.

Comparative competition creates a real pressure to improve performance. This has been demonstrated in the UK and also in Victoria where there has been continuing service improvement over an extended period of time. There would be further value in creating a broader comparative regime including the three Melbourne retail water businesses two of which are the next largest Australian urban water businesses after Sydney Water.

- aligning indicators and definitions between Hunter Water and Sydney as well as with Victoria where appropriate is desirable for making comparisons

Aligning Indicators and their associated definitions between Sydney Water and Hunter Water is supported and there would be merit in establishing

greater consistency with the indicators and definitions used by the Essential Services Commission, where appropriate. This consistency will provide for later comparisons of performance either on a formal or ad hoc basis. We have taken account of the desirability of consistency of indicators and definitions especially with those used in Victoria.

- Terminology that uses the words service rather than system and customer rather than property would be desirable in building a customer service focus rather than a technical focus.

1.2 Customer Service Indicators

We have proposed a number of changes to the existing suite of Customer Service Indicators.

The significant change involves the **Complaints** Indicator which is proposed to expand substantially to include a number of categories covering the full range of operational activities. Complaints are a very significant indicator of performance and are very important to both management and the Tribunal. This detail will provide a comprehensive overview of customer complaints for the whole business. Reporting on the basis of number and number per 100 properties will also readily allow comparisons over time and with other businesses allowing for assessment of progressive improvements and relative performance.

A further new Customer Service Indicator of **Customer Complaint Resolution** has been proposed to report the percentage of complaints resolved within 2, 5 and 10 days. Prompt resolution of complaints is critical and the indicator will identify the Sydney Water performance. Reporting of Customer complaint Resolution is already a Licence requirement under Section 12 but there would be public benefit in performance being reported more broadly.

The **Telephone Calls** indicator has been retained because the telephone is the single most important point of access and ease of access is critical for customers. Removal of two supplementary indicators is proposed and a new indicator of the average time to connect to an operator has been proposed to provide a broader indication the level of service customers receive.

It is proposed to retain the **Metered Accounts** Indicator because of the importance of accurate bills although this indicator is considered to be of lesser value than other indicators.

It is proposed to remove the **Account Contacts** Indicator because of the subjectivity involved in assessing substantive responses and the potential for bias.

A major change proposed is the establishment of a new category of indicators covering **Affordability**. The existing indicators can be substantially enhanced to provide more information about Sydney Water's approach to customers in the debt collection process. This is a very sensitive area for customers and it could be argued that with access to a lien on the property the more serious and threatening measures of restrictions, legal actions and disconnections will be rare and even unnecessary.

It is proposed that the broad indicator of number of debt recovery actions be removed. The existing indicators for **Restrictions, Disconnections** and the **Payment Assistance Scheme** would be retained. The new indicators cover **Instalment Plans, Legal Actions, Duration of restrictions, Debt levels of**

customers subject to restriction and legal action and **Flexipay Cards**. It is proposed to report most information for the residential and non residential segments. These indicators cover the more serious elements of the debt collection process and changes in the mix will be significant in indicating the impact Sydney Water has on its customers and the way it manages this sensitive process over time.

It is also proposed to add a further indicator showing the Number and Value of **Rebates** for failure to meet Customer Contract commitments. This will provide a significant overview of customer service performance. This information is currently reported to the Tribunal

It is proposed that quality of service and the level of customer satisfaction be assessed through **Customer contact surveys** addressing the key issues of whether the customer's problem was solved and the level of satisfaction with the business after the event.

1.3 Localised Service problems

There are issues that seriously question the value of 12.1.6 of the Operating Licence. These include the relevance of complaints to identify systemic problems, the inadequacy of existing reports and difficulties in finding a suitable reporting unit.

It is proposed that some elements of Section 12.1.6 of the Licence be removed but the requirement to identify and report on systemic issues would be retained. In addition, Service Performance Indicators would be included for repeat events for the major infrastructure issues of water supply interruptions, sewer overflows and water pressure incidents. These would be supported by the expanded Customer Service Indicators for complaints mentioned earlier.

With this approach reporting by Sydney Water will identify systemic and localised problems and the indicators of repeat events will provide indications of systemic issues. With the support of expanded complaints indicators reporting a good all round position will be available

2 Introduction

2.1 Appointment

The Independent Pricing and Regulatory Tribunal of New South Wales (the Tribunal) appointed Harford Enterprises Pty Ltd in March 2004 to advise and report on customer service indicators and appropriate reporting of localised system problems for inclusion in the Operating Licence for Sydney Water Corporation.

The key issues identified by the Tribunal for the End of Term Review of Sydney Water's Operating Licence are set out in the issues paper reference DP69 published in December 2003 and available on the Tribunal's website¹. This report addresses the relevant issues in accordance with the Tribunal's requirements.

The key issues identified by the Tribunal and specific requirements for our study are included in Appendix A.

In 2001 the Tribunal reviewed the system performance standards in Sydney Water's Operating Licence. As part of this review the Tribunal recommended a staged approach to incorporate customer service indicators into the Operating Licence.

The first stage is for the Tribunal to negotiate with Sydney Water measures of customer service and satisfaction to be used for audit purposes, as requested by the Minister. The second stage is to review these measures with the view of incorporating them into Part 5 of the Operating Licence (Customer and Consumer rights) at the end of term review.

The Customer Service Indicators that the Tribunal negotiated with Sydney Water are included in Attachment 1 of Appendix A. The Minister required Sydney Water to collect data on these measures from 1 July 2001.²

2.2 Approach

The review was based on discussions and consultation with senior management and relevant specialists at Sydney Water. We also considered documents made available to us by the Tribunal, Sydney Water and others from published sources. These included the submissions by EWON and PIAC to the End of Term Issues Paper. We have also had discussions with these stakeholders. Discussions have also been held with regulators in Victoria and Western Australia, as well as South East Water and Yarra Valley Water in Melbourne and Hunter Water Corporation.

We are grateful for the co-operation of Sydney Water and the other stakeholders and contributors.

Each water business requires service performance indicators to assist it in meeting its objectives. Ideally these indicators should accord with a number of principles that ensure that they:

¹ End of Term Review of Operating Licences for Sydney Water Corporation and Sydney Catchment Authority, Issues Paper, Discussion Paper DS 69, October 2003

² Invitation to Tender, Review of Customer service Indicators and reporting on Localised System Performance for Sydney Water Corporation, Ipart, April 2004.

- are relevant and meaningful to the objectives of the business and assist the business in managing to achieve its desired outcomes,
- are relevant and meaningful to customers, in that they are set to deliver business outcomes that accord with customer needs and expectations,
- cover the broad range of business activities that are of interest to customers rather than a select few
- drive business performance and outcomes and do not impede them.
- are easily and cost effectively implemented
- meet the needs of the regulator in its role of overseeing business performance in accordance with its charter

Our approach has been to progressively review the Customer Service Indicators currently being reported under a Ministerial Requirement. These represent the primary candidates for indicators for the Sydney Water Operating Licence. We have tested these indicators against the above principles to assess their suitability and we have also considered others that may be appropriate or are used elsewhere. By and large we have been guided by the Sydney Water experience in working with these indicators over the past few years. Their experience and the adjustment made to their systems to record and report them are a highly relevant and vital input to our process.

For each indicator it was necessary to understand the way in which the service delivery:

- is managed and operated
- performance is monitored and reported
- is supported by business systems
- is brought into the staff performance measurement process and nature of any incentives
- reviewed in the planning process with a view to bring about improvements.

It was necessary to make an assessment of supporting business systems and, in particular:

- their measurement and recording of operational performance
- the adequacy of data collection and identification of any process or system
- issues (such as the ability to record data according to the indicator definitions)
- the nature of current reporting and reporting capability
- how reports are used by management

For the Localised Service Problems review, in consultation with Sydney Water and Hunter Water, we have assessed the value of the existing operating licence requirement and the relationship it has with business decisions especially the use of complaints in asset management and infrastructure decisions. We have attempted to identify meaningful indicators of systemic issues.

For the reporting on localised problems, service failures were expected to be recorded in the Works and Asset Management Information system. It was

important to build an understanding of this system and in particular the reporting hierarchy and its capacity to support a range of different reporting units. There was a need to identify the capacity to relate failures/complaints to individual properties or customers. This functionality was determined from interviews and review of system reports.

We obtained an understanding of the capability of systems to support the data collection process in a cost effective manner.

This report contains our advice to the Tribunal on appropriate Customer Service Indicators and an approach to the measurement and reporting of localised system problems for inclusion in Sydney Water's Operating Licence. Definitions for each indicator have been provided where necessary.

Arising from our study, we suggest some additional issues to be addressed when considering revisions to Sydney Water's Operating Licence.

2.3 Need for Customer Service Indicators in the Operating Licence

In the management and operation of any business, it is essential to understand the performance outcomes being sought and being achieved. This is the case with Sydney Water and in the normal course of business it manages with an extensive range of performance indicators which are reported to a number of management levels.

Similarly, for any regulatory regime, it is essential to have effective service regulation. For this purpose, the regulator must understand the nature of the service performance being provided and ensure that the community is aware of this. It has a role to ensure there is public accountability on the part of the business. In its public reporting it will also highlight performance comparisons over time.

Without including the indicators in the Operating Licence there are significant limitations on auditing and reporting of performance outcomes. This in turn limits the Tribunal's ability to effectively regulate the service provided.

Customer Service Indicators, along with system performance indicators, need to be included in the Operating Licence. This is essential to provide for breadth of business coverage and reporting across the full range of activities. Customer Service is a core business function. There is a need for clear consistent basic information showing service performance in a holistic way. Customer satisfaction is the outcome of all interactions with the business not only those of a technical /field /operational nature.

These responsibilities argue strongly for the establishment of a fully effective service regulation regime based on the Operating Licence. This is the instrument established to ensure public accountability of the regulated business rather than ministerial directions.

Both Hunter Water and Sydney Water expressed views against the inclusion of the Customer Service Indicators in the Operating Licence.

One reason given was that inclusion of the Customer Service Indicators in the Operating Licence would divert attention from the key customer service measures that relate to System Performance.

This is a good recognition that system indicators are in fact service indicators. However, this comment makes a judgment that one indicator is more important than another while all are important to the customer. The comment

argues that the business should be accountable for only part of its core functions and not all of them.

The businesses do not want to be penalized for breaches of the Operating Licence for these kinds of measures (CSI's) on the basis that they do not have the same consequence for customers as technical /operational measures. This assumes that there will be Standards set for the Customer Service Indicators. This is not being recommended in this report or indeed being proposed by the Tribunal

It is recommended that Customer Service Indicators be included in the Operating Licence to ensure the full public accountability of Sydney Water and comparability of the measurement of its performance over time.

It is also recommended that Customer Service Standards not be set and included in the operating Licence.

2.4 Comparative Competition

The Tribunal has identified in the Issues Paper a desire to move to using Hunter Water's indicators to form the basis of a common suite of indicators across both Sydney Water and Hunter Water³. As well as providing a more robust basis for assessment of their performance, it may also allow for some comparisons of performance across these agencies by providing common benchmarks.

Several submissions, including those from PIAC⁴ and EWON⁵, and SWO⁶ support consistent reporting requirements to facilitate comparisons. The Sydney Water agreement with this was repeated in discussions.

2.4.1 Value of Comparative Competition in enhancing Business Performance

Comparisons of performance have been shown to be a valuable spur to the enhancement of business performance in cases where there is little prospect of real competition. For a monopoly business comparative competition creates a real pressure to improve performance. This has been demonstrated in the UK and also in Victoria where there has been continuing improvement over an extended period of time.

Comparative competition works best where there are comparable organisations. It has worked well with the 20 water business in UK and with only three in Melbourne. In NSW, there are only two licensed water businesses regulated by the Tribunal and these are of quite different size. Nevertheless, we consider there is significant value in making comparisons for the ultimate benefit of customers.

³ IPART, End of Term Review of Operating Licences for Sydney Water Corporation and Sydney Catchment Authority, Issues Paper, Discussion Paper DS 69, October 2003

⁴ PIAC, Submission, End of Term Review of the Operating Licence for Sydney Water, ^ February, 2004, Page 5.

⁵ EWON, Response to Issues Paper, End of term Review for the Operating Licence for Sydney Water Corporation, Page 1

⁶ Sydney Water, Submission for the End of term Review of its 2000 – 2005 Operating Licence, November 2003Page 18

2.4.2 A Broader Comparative Competition Regime

There would be considerable value in creating a comparative competition regime beyond the Sydney /Hunter comparisons identified by the Tribunal.

Sydney Water is of much larger scale than Hunter Water and there are known differences in the design of systems. For the proposed Customer Service Indicators comparisons will be more robust if broader comparisons were made.

The proposal is to build on the mature comparative regime that has been operating in Melbourne since 1995 by establishing a comparative regime jointly sponsored and operated by the Tribunal and the Essential Services Commission.

The Melbourne businesses are all larger than Hunter Water and Yarra Valley Water and South East Water are the next largest Australian metropolitan water businesses after Sydney Water. The principles for operation of this comparative regime are outlined in Appendix C.

It is recommended that a comparative competition regime be established to include initially Hunter Water and the three retail water businesses in Melbourne. A requirement for Sydney Water to participate in this comparative regime should be included in the Operating Licence.

2.5 Alignment of Indicators

In principle, we support the Tribunal's suggestion of aligning Indicators and their associated definitions between Sydney Water and Hunter Water. We also believe there would be merit in establishing greater consistency with the indicators and definitions used by the Essential Services Commission where this is appropriate. Establishing this consistency will provide for later comparisons of performance either on a formal or ad hoc basis.

In making recommendations for Customer Service and other Indicators for this review we have taken account of the desirability of consistency of indicators and definitions especially with those used in Victoria. A full set of the Victorian Indicators are provided in Appendix D.

3 Customer Service Indicators

3.1 Background

The following summarises the background to this exercise which is set out in the Issues and Objectives in Appendix A.

The objective of Customer Service Indicators is to ensure that Sydney Water's systems for interacting with customers provide efficient and effective levels of service. The current Operating Licence does not have any standards or indicators on customer service. Through this consulting review the Tribunal is now exploring the inclusion of Customer Service Indicators in the new Operating Licence.

Following discussion with Sydney Water and also Hunter Water and with reference to the range of documents referred by the Tribunal we have reviewed each of the Customer Service Indicators currently being reported by Sydney Water under a Ministerial Requirement. In the following section we identify the reason for each indicator, make comments on pertinent issues and make recommendations in respect of each Indicator. Changes and the addition/removal of indicators are proposed where considered appropriate.

3.2 Terminology

It has been observed that the terminology used in the Operating Licence for Standards and Ministerial Requirements relates to the system. Also the term property rather than customer is used.

The standards in place are actually customer service standards and the System Performance Indicators being reported under the Ministerial Requirement are service performance indicators. The performance outcomes achieved while they may reflect system performance, are the consequence of the full range of management decisions relating to various investment levels and priorities over time. The system only exists to service customers.

Similarly, there has been a tendency to establish indicators based on properties rather than customers. It would be preferable to use the word customer rather than property as this would assist in personalising the indicator and assist in the objective of focussing on customer service.

3.3 G1.1 Complaints

Indicator: Time to provide a substantive response to customer complaints:

% within 2 days

% within 5 days

% within 10 days

3.3.1 Value of complaints as an indicator

Complaints are a significant indicator of customer satisfaction and are very useful to management and the business generally to identify where problems need to be addressed. They are also a useful indicator of performance for the regulator as a measure of customer satisfaction. Measures of complaints are therefore an essential component of any suite of indicators of customer service performance.

3.3.2 Rationale

The indicator addresses the key issues of the customer receiving a substantive response to a complaint and how long it takes to respond. These were suggested in the previous review⁷ as being the important components of complaints handling.

3.3.3 Current Performance

Time to provide a substantive response to customer complaints

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
% < 2 days	74.35%	74.25%	78.91%	76.49%
% < 5 days	77.44%	77.00%	81.95%	79.13%
% < 10 days	93.79%	95.18%	95.02%	94.17%

It is difficult to evaluate this performance as good performance relates to customers' needs and expectations. However, from previous experience substantive responses of less than 10 days for almost all would be expected.

3.3.4 Issues

Definition of Complaint

The most significant issue identified is that in counting complaints Sydney Water does not apply the definition that accompanies the indicator. All calls to the Service Centre reporting a service problem are being counted as a complaint.

The current interpretation results in a distortion of both the absolute number of complaints and the relative number in different classifications. The complaints level is artificially elevated and relative to other businesses is extremely high. The masking of the true level of complaints means that this very good indicator of performance and of problems impacting customers is not as useful to management as it should be and there would be little value in public reporting of the current data.

It should be noted that the indicator for complaints in Victoria excludes calls reporting service problems as complaints.

The Tribunal is presently considering this matter with both Sydney Water and HWC. It is important that a definition is put in place that is accepted and implemented by Sydney Water. Without this the current and proposed indicators will be of little or any value.

Quality of response

While it is agreed that a substantive response in a timely manner are important, there will always be difficulties in the assessment of what constitutes a substantive response. There is a large amount of subjectivity in

⁷ Halcrow Management Sciences Ltd, Review of System Performance Standards in Sydney Water Corporation's Operating Licence, April 2001.

the assessment and there will be a tendency for a bias favouring Sydney Water in the assessment.

The only reliable measure of the quality of response is one that is provided by the customer. This should be assessed by the business through ongoing customer contact surveys. The existing customer contact survey does not cover all areas of contact or complaint. We have been advised this is because of difficulties in providing sample data from the current system for the survey. This is expected to be remedied when a new system is available in July this year. It should be noted that both Ofwat⁸ and the ESC⁹ have been active in ensuring that measures of customer satisfaction and quality of service are undertaken.

It is recommended that quality of response to complaints (and other contact Indicators) be assessed through customer contact surveys run by Sydney Water on an ongoing basis with six monthly reporting to the Tribunal. For this purpose, it is recommended that the Operating Licence require a comprehensive customer contact survey covering all activities (not only emergency works) and seek information about the extent to which customers perceive their problems to have been solved and their satisfaction with the performance of Sydney Water after the event. The survey questions should be developed by Sydney Water in consultation with the Tribunal and the Tribunal should receive a report showing the results.

Time to resolve

While time to respond is an important element in complaint responses, it is less important than a response that addresses the real issues and solves the problem. In discussion, EWON and PIAC supported the view that the resolution of the complaint is the more important issue. This indicator does not address the time to resolve complaints. This matter will be considered in Section 3.14.3

Classification of Complaints

The current indicator bulks up all complaints into one category and provides no indication of the nature or cause of the complaint. This absence of definition is not helpful for an overall assessment of business performance.

It is usual for complaints to be reported in categories in other jurisdictions, for example in Victoria and Western Australia. Analysis in this way allows for trends in performance to be identified, especially improvements, and also for events impacting measures to be identified and explained.

As previously mentioned, it would be desirable to move to a situation where there is active comparison of performance with other businesses especially the Victorian businesses which are the most comparable to Sydney Water in scale. For this reason, adoption of the complaints categories and definitions used in Victoria is proposed.

Sydney Water's complaints system has a very comprehensive range of complaints categories and reporting of a larger number of classifications could be supported by its systems and management processes .

⁸ Ofwat, Levels of Service for the water industry in England and Wales, 2002-2003 Report, September 2003, Page 23.

⁹ Essential Services Commission, Performance Report, Melbourne's Retail Water and Sewerage Companies, July 2002- June 2003, Page 46.

The complaint categories recommended below are currently all reported in Sydney Water's Complaints System with the exception of Affordability Complaints. With the prospect of a new system in July the establishment of further categories should be possible with minimal cost and effort.

3.3.5 Recommendations

It is recommended that the current indicator measuring the percentage of substantive responses within 2, 5 and 10 days be removed from the suite of Customer Service Indicators.

It is recommended that the indicator be replaced by an indicator that measures the number of complaints and number per 100 Properties to facilitate comparisons with other businesses and analyse trends over time:

Indicator: Total number and number per 100 properties of complaints received.

It is also recommended that additional categories of complaints be established covering:

Water Quality Complaints

Indicator: Total number and number per 100 properties of Water Quality complaints classified into Health or Illness; Colour; & Other (including taste & odour);

Water Supply Reliability Complaints

Indicator: Total number and number per 100 properties of all complaints concerning burst water mains, leaks, service interruptions and separately, water pressure.

Sewerage Service Reliability Complaints

Indicator: Total Number and number per 100 properties of complaints concerning sewer blockages, overflows and spills, and sewerage service interruptions and separately sewage odours.

Billing Complaints

Indicator: Total number and number per 100 properties concerning account payments, financial loss or overcharging, billing errors.

Affordability Complaints

Indicator: Total number and number per 100 properties of all complaints concerning financial hardship, instalment plans, and capacity to pay, prices and tariffs.

Stormwater and Drainage Complaints

Indicator: Total number and number per 100 properties of all complaints concerning stormwater and drainage.

Other Complaints

Indicator: Total number and number per 100 properties of all other complaints.

As mentioned above, it is recommended that quality of response to complaints be assessed through customer contact surveys

3.4 G1.2 Telephone calls to a primary contact number

Indicator: Percentage of calls received by a permanent primary advertised number that are answered:
 Within 15 seconds
 Within 30 seconds

3.4.1 Value of a Telephone calls Indicator

This indicator is very important and essential in any suite of customer service indicators.

3.4.2 Rationale

The indicator has been included because the importance of prompt and easy access by customers to the business. The telephone is by far the most significant form of contact. Even though there is increasing use of email, telephone calls will continue to be the predominant mode of interface by customers.

Telephone service is a competitive activity and comparisons of performance will be made by customers with other businesses that they make contact with. The views formed will influence their level of overall customer satisfaction with the business. From a regulatory viewpoint telephone service is a common service that can be and is used for comparisons with other utilities.

Effective telephone systems are also important for the business to receive feedback about service difficulties, faults and interruptions. Many of these will be emergencies for the customer concerned and prompt attention to answering the call and responding to the service problem will impact on the customer's perception of the business.

The indicator has been framed in terms of the percentage of calls received by a permanent primary advertised telephone number that are answered within 15 and 30 seconds. This is a very common indicator used in almost all call centres. It is also common in regulatory environments.

3.4.3 Current Performance

Percentage of Telephone calls to a primary contact number answered

Indicator Parameters		6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
Call Centre	< 15 secs	77.74%	78.89%	77.69%	72.30%
	< 30 secs	88.72%	88.55%	89.13%	84.82%
Service Centre	< 15 secs	70.69%	72.73%	76.80%	78.59%
	< 30 secs	81.35%	80.98%	85.01%	85.91%

There has been a downward trend in the performance of the Call Centre but improvement in the Service Centre. This reflects the setting of an internal

target of 85% in 30 seconds. This target was set without reference to market research of customer expectations but it approximates the level of service provided by many utilities.

Sydney Water uses Customer Service Benchmarking Australia to benchmark its telephone performance with other businesses in the water industry and other sectors. This service is also used by the Essential Services Commission to benchmark the Melbourne businesses for its comparative report. Sydney Water advised their performance rates well in the benchmark exercise.

3.4.4 Issues

There are three issues to be raised.

Firstly, whether there is a difference in customer expectations of a quicker response to emergency calls than billing and account calls. A case may well be made for this but Sydney Water does not have the market research that might support this. In the absence of this information no change will be proposed for the indicator. However, it would be useful to obtain an understanding of customer expectations for management purposes and also to assist in future reviews.

The second issue is the definition of time to connect to a person as distinct from answer by a machine. There is general agreement that the current definition is appropriate.

The third issue is whether a further indicator should be added. At present, WSAA reports the average time taken for a call to be connected to an operator. This measures another dimension of the telephone service and would be a very useful supplement to the current indicator. Sydney Water already uses this indicator and its addition will be manageable and involve minimal additional cost.

3.4.5 Recommendation

It is recommended that the existing telephone calls indicator be retained. It is also recommended an Indicator be added as follows:

Indicator: The average time to be connected to an operator.
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It is recommended that Sydney Water carry out market research to assess whether there are expectations of a quicker time to answer for emergency calls to the Service Centre than for Billing and Account calls to the Call Centre.

3.5 G1.3 Metered Accounts where meter not read

Indicator: Percentage of metered accounts receiving a bill not based on: An actual meter read during the report year A business meter read for two consecutive report years
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3.5.1 Value of Indicator on Metered Accounts

This indicator is of lesser value than others. Metering has been used extensively in Australia for many years and the need for accurate bills is well understood both for the benefit of the customer and for the business. In particular, the business has a commercial drive for ensuring accuracy.

3.5.2 Rationale

If customers are billed on the basis of an estimate or their own readings for too long, there is a risk that under-estimation or inadvertent underreporting by customers could leave them with considerable debt.

Accurate bills are also important to Sydney Water. Estimated bills can lead to under recovery of revenue in the short term and also they can lead to an increase in customer complaints once the real cost of usage becomes known. These complaints may be costly and time consuming to resolve.

3.5.3 Current Performance and Comment

Percentage of metered accounts receiving a bill not based on

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
An actual meter read during the report year	1.31%	1.03%	1.39%	1.65%
				24 months Jan 2001 to Dec 2003
A business meter read for two consecutive report years				0.01%

The performance is reasonable and would be considered to be within industry norms. The two year performance is very good.

Sydney Water has advised that the performance has been higher in previous years but was consciously reduced following a benchmark study which showed it was outperforming most other Australian water businesses. This performance was at a cost that was considered to exceed the benefits. The focus is now on maintaining current performance and ensuring that the two year figure is maintained at the current very good level.

The indicator is acceptable to management and it is one that is used to manage ongoing business performance. There are no issues of a definitional nature.

The indicator is the same as the one used by Ofwat. There is no similar measure in Victoria where the performance is assessed through the Operational Audit of the Customer Contract. There is also no indicator covering this activity in Western Australia.

3.5.4 Recommendation

It is recommended that the indicator be retained as a Customer Service Indicator with the existing definitions.

3.6 G1.4 Account Contacts

Indicator: Time to provide a substantive response to account contacts by time band:

- % less than one day
- % less than five days
- % less than ten days

3.6.1 Value of Indicator for Account Contacts

This indicator is of little value. The results are heavily influenced by the volume of telephone calls and the fact that these can be readily responded to. The assessment of substantive response is subjective and inevitably subject to bias.

3.6.2 Rationale

Account contacts comprise the majority of calls made to Sydney Water's Contact Centre. Many are about bills and their accuracy and responding to them quickly and effectively is expected by customers.

3.6.3 Current Performance

Time to provide a substantive response to account contacts by time band:

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
% < 1 day	98.88%	98.79%	98.51%	98.58%
% < 5 days	99.72%	99.73%	99.68%	99.76%
% < 10 days	99.81%	99.81%	99.80%	99.86%

These figures are quite high but there are two issues to be raised.

The first is the issue of assessing whether a substantive response has been provided. This is subjective and there could be expected to be bias in favour of Sydney Water in this assessment. There are also some measurement difficulties with a footnote to the Compliance Report indicating that up to 1.18% of contacts cannot be accurately assessed as to the time taken for a substantive response.

The quality of response needs to be assessed by a customer contact survey. Sydney Water's existing contact survey covers emergency works and excludes contacts related to accounts. There is a Residential Customer Satisfaction Survey carried out that has some questions about Billing.

However this does not address the issue of quality of responses to contacts , whether problems have been solved and the level of satisfaction the customer has following the event. Sydney Water proposes to address this after their new contact system is installed later this year. The indicator needs to be supported by this survey data.

During discussion, it was determined that the figures reported in the Compliance Report had inadvertently omitted the responses to correspondence. This raised the question about separate reporting of correspondence but in the interests of keeping the indicators to a relatively low number this will not be recommended. Sydney Water will address the omission of the correspondence figures.

This indicator is used in the UK by Ofwat but there is no similar indicator used in either Victoria or Western Australia.

3.6.4 Recommendation

It is recommended that this indicator be removed from the suite of Customer Service Indicators.

The indicator will be replaced to an extent by the inclusion of an indicator covering Billing Complaints recommended in 3.3.5 above

It is recommended that quality of response to Account Contacts be assessed through customer contact surveys run by Sydney Water on an ongoing basis. For this purpose, it is recommended that the Operating Licence require a comprehensive contact survey covering all forms of contact with the business (not only emergency works) and seek information about the extent to which customers perceive their problems to have been solved and the extent to which they are satisfied with the performance of Sydney Water. The survey questions should be developed by Sydney Water in consultation with the Tribunal and the Tribunal should receive a copy of the full results.

3.7 G1.5 Other Indicators

3.7.1 Customer contacts

- | |
|---|
| 1. Calls made to one of the permanent advertised contact numbers where callers received a busy tone |
| 2. Total number of calls abandoned |

3.7.2 Value of supplementary telephone call indicators

These indicators are of lesser value than all the other indicators.

3.7.3 Rationale

These are two measures intended as supplementary indicators to support the performance indicator for telephone calls to a primary contact number.

The indicators have been framed in terms of the number of calls made to a permanent advertised contact number where callers received a busy tone and the number of calls abandoned.

3.7.4 Current performance Busy Tone Indicator

Calls made to one of the permanent advertised contact numbers where callers received busy tone

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
Call Centre	0	0	0	0
Service Centre	3,330	0	0	0

3.7.5 Comment

The recent performance for callers receiving busy tone is Zero. This is so low as to render the indicator irrelevant. The measures are usual for the operation of any call centre and are used as part of day to day management.

The indicator is used by Ofwat for the UK companies but it is not used in Victoria or in Western Australia.

3.7.6 Recommendation

It is recommended the calls receiving busy tone indicator be removed from the suite of customer service indicators.

3.7.7 Current performance Abandoned Calls Indicator

Total number of abandoned calls

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
Call Centre	14,309	11,727	4,358	5,116
Service Centre	5,048	7,349	2,359	1,605

3.7.8 Comment

The table above shows the number of abandoned calls. In themselves these numbers have little value. Being expressed as absolute values rather than as a performance measure means that it is not always possible to interpret them in a meaningful way.

When related to the number of telephone calls for the most recent past six months, the call abandonment rate is 1.37% for the Contact Centre and 1.68% for the Service Centre.

This rate would make more sense if it were to be compared to others in the industry or in other industries. For example, Yarra Valley Water's abandonment rate is about 0.5% and South East Water about 1.0%. However the Sydney Water result may be better than others in the industry.

The measure as usual for the operation of any call centre and is used as part of day to day management. This indicator does not represent dissatisfaction as callers may hang up for many different reasons.

This indicator is used by Ofwat but it is not used by Victoria or Western Australia.

3.7.9 Recommendation

It is recommended that the abandoned calls indicator be removed from the suite of Customer Service Indicators.

3.8 Disconnections

1. Total number of disconnections for non payment
2. Total number of flow restrictions for non payment
3. Total number of debt recovery actions
4. Number and value of payment assistance vouchers utilised

3.8.1 Value of indicator

This group of indicators is most important.

3.8.2 Rationale

The group of indicators is intended to address the issue of affordability. They focus on the way in which Sydney Water manages its debt collection activities. This is a sensitive area with a monopoly supplier and because water is essential to life.

The arrears path for billing and collections is identified in the Sydney Water Customer Contract. However, this does not mean that it should be religiously and uniformly applied in all circumstances. There is management discretion in the extent it uses the elements available to it in the process. The business must be sensitive to its customers and have in place processes that assist in identifying when and how customers' circumstances change

There will be people who are socially and economically deprived and unable to pay their bills on time in accordance with the collection policies and processes of the business.

The way in which collection policies and practices are implemented will reflect the degree of understanding of the needs of individual customers and the extent to which management has introduced measures including, for example training programs, to assist staff to identify those in need and who can't pay separately from those who won't. The sensitive management of collections is a major indicator of customer service skills of any organization. The indicators should reflect the management approach and its outcomes in managing people in financial difficulty.

3.8.3 Recommendation

It is recommended that this group of indicators be renamed and set up as a separate group under the heading of Affordability.

3.9 Total Number of Disconnections for non payment

Indicator: Total number of disconnections for non payment
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3.9.1 Value of Indicator

The indicator is very important in showing the extent to which Sydney Water exercises its power to disconnect customers for non payment.

3.9.2 Rationale

The general practice in the Australian water industry is to apply flow restrictions rather than disconnect customers. However, Sydney Water's Operating Licence gives it the power to disconnect customers. This indicator therefore measures the extent to which it uses this power.

3.9.3 Current performance

Total number of disconnections for non payment

6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
0	4	3	1

3.9.4 Comment

The current performance shows that there have been only been four customers disconnected in the last calendar year. The measure does not reveal whether any or all are business or non business customers. In discussion with stakeholders, the request was made to separately identify residential and non residential disconnections. Of the four disconnections last year, three were residential and one was non residential. This level of disconnection is much the same as in previous years. These disconnections have occurred despite Sydney Water being having a lien on the property.

Given the low volume one could argue that there is little value in reporting this indicator on an ongoing basis. However, with disconnections having such a large material impact on customers even compared with restrictions, it is proposed that the indicator be retained. This will ensure that if there is a change in practice in the future it will be identified by the indicator.

The indicator is not used in Victoria because the businesses do not have the power to disconnect.

3.9.5 Recommendation

It is recommended that the indicator of the total number of disconnections be retained in the Affordability group of Customer Service Indicators.

3.10 Total number of flow restrictions for non payment

Indicator: Total number of flow restrictions for non payment

3.10.1 Value of Indicator

This indicator is very important in showing an element of debt collection performance.

3.10.2 Rationale

Sydney Water does not disconnect customers from the water supply if this can be avoided and restrictions are used as an alternative. However, even these can impact the standard of living for those affected and hence it would be desirable to keep them to an absolute minimum. Flow restrictions can also be seen to be heavy handed and threatening to people in the debt collection process. Therefore, monitoring the number of restrictions is an important indicator of affordability and of the approach that Sydney Water takes in collecting its revenue.

This indicator along with others to be proposed will provide a good indication of how Sydney Water manages its customers in the revenue collection process.

3.10.3 Current Performance

Total number of flow restrictions for non payment

6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
1,822	1,821	1,554	1,377

3.10.4 Comment

Of the 2,931 flow restrictions for non-payment for the 2003 calendar year 2,702 were residential customers and 229 non residential. This is 20% lower than in 2002 and compared with the size of the Sydney Water customer base is very low. However, compared with some other organizations these are very high figures. In Melbourne, 214 customers were restricted 199 residential and 15 non residential. It is of interest that the residential proportion is much the same in both places.

The indicator should place the performance a meaningful context and reporting on the basis of per 100 properties would assist this.

Discussion with stakeholders also made the point that this measure would be more relevant to them if it distinguished between residential and non residential. They also favoured absolute values rather than percentages.

This indicator is reported in Victoria.

3.10.5 Recommendation

It is recommended that this indicator for flow restrictions be retained as a measure of performance covering debt recovery practices. However, it should cover both the absolute number of customers restricted for the residential and non residential segments and as well be expressed on a per 100 properties basis to readily compare with other businesses. Implementation of this recommendation would meet stakeholder requirements.

Indicator: Total number and number per 100 properties having flow restricted for non payment for both the residential and non residential segments

3.11 Total Number of debt recovery actions

Indicator: Total number of debt recovery actions

3.11.1 Value of Indicator

This indicator is of little value because it is at too high a level and has not been appropriately defined.

3.11.2 Rationale

The Halcrow Report of November 2001¹⁰ covering indicators for Hunter Water indicates that affordability is a high profile issue for monopoly utilities and businesses need to be able to demonstrate their approach and performance to regulators, customers and others. Also given the essential nature of water to life there is heightened interest in debt recovery practices.

Submissions by both PIAC¹¹ and EWON¹² have expressed the need for information to be publicly reported identifying performance on debt recovery practices.

3.11.3 Current Performance

Total Number of Debt Recovery Actions

6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
817,338	932,210	932,210	1,056,361

3.11.4 Comment

The total number of debt recovery actions is a very high figure and calls into question the definition used. The existing definition does not specifically define what is to be included. Sydney Water advises that it includes all actions subsequent to the first bill being issued. Because there is a high volume of reminders and second notices a high figure is obtained. Even if the definition were refined to omit these, the numbers would be relatively high.

However, the major issue is how well the indicator actually meets the need of identifying how Sydney Water goes about its debt recovery and what the outcomes and impacts on customers might be. It offers no value from this standpoint.

3.11.5 Recommendation

It is recommended that the indicator of total debt recovery actions be removed.

¹⁰ Halcrow Management Sciences Ltd, Review of System Performance Standards in Hunter water Corporation's Operating Licence, 26 November 2001, Page 75.

¹¹ PIAC, Submission, End of Term Review of the Operating Licence for Sydney Water, ^ February, 2004, Page 5.

¹² EWON, Response to Issues Paper, End of Term Review for the Operating Licence for Sydney Water Corporation, Paragraph 6.1

3.12 Proposed New Indicators covering debt recovery activity

Indicator: The total number and number per 100 properties on Instalment Plans in the period for both the residential and non residential segments
Indicator: The total number and number per 100 properties on which legal action for non payment of account is taken for both the residential and non residential segments

3.12.1 Rationale

New indicators are proposed for Instalment Plans and Legal Actions. The objective is to cover the more serious elements of the Sydney Water collection process to monitor and understand how it is managing this process.

The indicators looked at together with the restrictions indicator will provide a good understanding of the nature of the Sydney Water approach and its performance in debt recovery. Changes in the indicators over time will reflect changes in the approach and the way Sydney Water interacts with its customers. For example, increases in the number of Instalment Plans and reductions in the number of restrictions will be interpreted as an improvement in the approach and the Sydney Water relationship with its customers.

Identification of the both residential and non residential segments is of value for all these indicators and it is recommended that they be reported in that way. As well it is recommended they be reported both in absolute terms and on the number per 100 properties for Instalment Plans and Legal Actions.

These measures are used by in the management of debt collection activity at present and could be readily reported by Sydney Water.

3.12.2 Current Performance Instalment Plans

Sydney Water advises that at the end of April there were 2,453 customers on Instalment Plans on a continuing basis. The following table shows the new plans and extensions during April and for the year to date:

Arrangement Type	April	Year to Date
Weekly	221	1,788
Fortnightly	251	2,287
Monthly	31	350
Schedule	348	2,625
Extensions	3,956	40,848
Total	4,807	47,898

The above table does not include Flexipay Cards that are issued to customers. This is because the purpose of the card is to provide an alternative method of payment..

3.12.3 Comment

These figures reflect the Sydney Water policy of encouraging customers to pay promptly within a quarter. They also indicate that while extensions are

given these are usually for a short period. The figures contrast sharply with those of the Melbourne businesses shown below.

Instalment Plans per 100 Properties

Business	Residential	Non Residential	Total
Sydney Water			0.29
Yarra Valley Water	16.0	11.3	
South East Water	3.6	0.4	
City West Water	6.7	0.0	

Note: The ESC definition and South East Water figure (and Yarra Valley Water) do not include verbal agreements for extensions which are included in the Sydney Water figure. If these were included for South East Water their figure would be 14.6.

This table shows the different approach of Sydney Water to its customers in the collection process and also how the indicator is a good measure for comparison purposes.

3.12.4 Recommendation

It is recommended that an indicator be introduced showing the total number and number per 100 properties on Instalment Plans for both the residential and non residential segments

3.12.5 Current Performance Legal Actions

For the 2003 calendar year Sydney Water took legal action for debt recovery against 180 customers of which 132 were residential and 48 non residential

3.12.6 Comment Legal Actions

With access to a lien on the property, one would expect legal actions would be unnecessary and in this context the number last year was quite high. This element of the collection process is also a last resort option and should not be undertaken against those who do not have the capacity to pay. The following table compares the performance to the three Melbourne businesses

Legal Actions per 100 Properties

Business	Residential	Non Residential
Sydney Water	0.009	0.041
Yarra Valley Water	0.006	0.002
South East Water	0.024	0.072
City West Water	0.173	0.438

Sydney Water's legal actions are comparable with the Melbourne businesses but the latter do not have a lien on the property.

3.12.7 Recommendation

It is recommended that an indicator be introduced for legal actions showing the total number and number per 100 properties for both the residential and non residential segments.

3.12.8 Average Debt levels for customers subject to restriction and legal action

Indicator: Average debt levels for customers subject to restriction or legal action for both the residential and non residential segments.

3.12.9 Rationale

Restrictions and Legal Actions are both significant actions in the collection process. It is important that the actions taken are a last resort and that they are taken against people who are in a position to pay. From the business perspective these actions are the highest cost actions in the collection process and here is incentive to assess these costs in the context of the revenue to be collected. In essence, the actions should not be undertaken if the value to be obtained is relatively small. The indicator proposed will identify business practices of Sydney Water and trends in the data will be important in assessing the ongoing approach of the collection process.

3.12.10 Current Performance.

Advice from Sydney Water was that their policy allowed for legal action to be initiated for debts in excess of \$500 and in 2003 the average debt subject to legal action was \$1200. Similar details for restrictions were not obtained although they can be obtained.

3.12.11 Other jurisdictions

The Essential Services Commission has recently been reviewing all the indicators in use in Victoria. The recent draft consultation paper¹³ includes enhanced indicators in the Affordability category. If similar indicators are adopted for Sydney Water useful comparative performance data will be available.

3.12.12 Recommendation

It is recommended that an indicator of the average debt levels of customers subject to restriction or legal action for both the residential and non residential segments be included as part of the Affordability group of indicators.

3.12.13 Duration of restrictions

Indicator: The average number of days for which restrictions are applied and the percentage of restrictions restored within 3 days and the percentage still in place after 14 days

3.12.14 Rationale

Given the importance of water to everyday life one would expect that a customer would pay immediately or at least reasonably promptly following restriction for non payment. If this did not occur then a case could be made that the customer did not have the capacity to pay. The longer the restriction is applied the stronger would the case. An indicator of the restriction duration would therefore be of value in disclosing instances of potential financial hardship.

3.12.15 Current Performance

Sydney Water's system currently captures this information but it is not used for management purposes.

3.12.16 Recommendation

It is recommended that an indicator for the duration of restrictions be included in the Affordability group of indicators.

3.12.17 Flexipay

Indicator: The number of Flexipay Cards on issue and the number and value of Flexipay payments..

3.12.18 Rationale

Sydney Water operates a Flexipay Card scheme to facilitate customer payments. In discussion the point was made that this was an alternative method of payment rather than a payment arrangement or part of an instalment plan. The card allows the customer to make payments of whatever

¹³ ESC, Economic Regulation of the Victorian Water Industry Consultation Paper No.2, Draft Performance Reporting Framework Metropolitan and Regional Businesses, May 2004, Attachment B

amount they choose when ever they wish. The card allows people to manage their bill payments in a way that suits them.

The card in itself is not an indicator that a person is in financial difficulty although this may well be a motivation for requesting the card. In view of this, trends in the number of cards on issue and the extent of their use will provide an indication of changes in affordability in the customer base.

3.12.19 Current Performance

Sydney Water has 4707 Flexipay cards on issue. At present the information systems do not measure the number and value of usage of these cards. This information was previously attainable and changes have been requested to identify this information again in the future. In the short term until this information the number of cards on issue could be used as a basis for an indicator.

3.12.20 Recommendation

It is recommended that an indicator of the number and utilisation of Flexipay cards be included in the Affordability group of indicators.

3.13 Number and Value of Payment Assistance Vouchers

Indicator: Number and value of Payment Assistance Vouchers utilised
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3.13.1 Value of Indicator

This indicator is essential to understanding the affordability segment.

3.13.2 Rationale

Sydney Water has a payment assistance scheme to assist people in financial difficulty to pay their bills. The scheme operates through welfare agencies who issue vouchers on behalf of Sydney Water for the customer to apply to the Sydney Water bill. The indicator measures the number and value of vouchers utilised.

3.13.3 Current Performance

Number and value of payment assistance vouchers utilised

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
Number	9,430	9,357	9,410	8,357
Value	\$235,754	\$233,904	\$235,263	\$209,464

3.13.4 Comment

The indicator provides a measure of the extent Sydney Water directly assists customers in financial difficulty and should be retained. However, it should be modified to show the number per 100 properties to put it into a more meaningful context and to enhance comparability over time

3.13.5 Recommendation

It is recommended that the indicator for Payment Assistance vouchers be retained but be modified as follows:

Indicator: The number and number per 100 properties of payment assistance vouchers utilised and value of payment assistance vouchers utilised.

3.14 Potential Additional Indicators

3.14.1 Introduction

In addition to the changes proposed above, we have reviewed a number of other potential indicators of customer service performance. Two of these are reported in the Operating Licence Compliance Report relating to Customer Contract performance.

3.14.2 Number and Value of Customer Contract Rebates

Background

The Sydney Water Customer Contract provides areas of redress for customers where their actions fail to comply with the contract or result in inconvenience damage or loss. A variety of rebates may apply in cases where performance does not meet certain levels.

The number and value of these rebates taken as a whole represent a good overview of the service level provided by Sydney Water. In this context, there would be value in their being reported publicly as part of an assessment of Sydney Water's performance. The monetary amounts are relatively small in the context of Sydney Water's revenue base and it could be argued do not provide a strong enough incentive to improve performance. It may be cheaper to pay a rebate than invest to improve customer service. However, public reporting of the rebates will place this in a different perspective and enhance accountability to the customer. The Tribunal also would like to evaluate the payment of rebates decline over time.

Including this as Customer Service Indicator could be expected to provide positive stimulus for improved performance

As this indicator is already reported in the Compliance Report and is included in Sydney Water Management reports there are no difficulties in its collection and reporting.

Current performance

Type of Rebate	12 Months 2001/2002		12 Months 2002/ 2003		6 Months July to Dec. 2003	
	No Paid	Value \$'s	No Paid	Value \$'s	No Paid	Value \$'s
Water continuity Planned	5,148	62,700	20,096	255,689	8,237	105,186
Water continuity Unplanned	162,313	1,736,694	244,775	2,677,404	144,283	1,573,802
Water Pressure	4,917	49,705	6,963	69,781	4,820	48,350
Sewer Overflow	17,94	179,469	19,410	528,757	10,856	319,279
Dirty Water	8,596	100,077	8,005	88,491	4,110	46,803
Boiled Water Alert	43,863	657,945	2	40	0	0
Recycled water	1,402	14,129	292	43,299	295	2,985
TOTAL	243,633	2,800,889	299,543	3,663,461	172,601	2,096,405

The current performance shows that more than half the rebates are paid because of water supply interruptions.

Recommendation

It is recommended that the suite of Customer Service Indicators include the Number and Value of Customer Contract Rebates.

Indicator: The number and value of customer contract Rebates paid in the categories of:

- Water continuity – Planned
- Water continuity – Unplanned
- Water Pressure
- Sewer overflow
- Dirty Water
- Boiled water alert
- Recycled water

3.14.3 Customer Complaints Resolution

Background

The Operating Licence in Section 12, Dispute Resolution Scheme, requires Sydney Water to report to the Tribunal on Customer Complaints Resolution. With the proposed change to remove the existing Customer Complaints Indicator (based on time to respond) reported under the Ministerial Requirement, there would value in including an indicator relating to time to resolve complaints. Time to resolve is considered to be more important than time to respond and this was the view of EWON and PIAC in discussions.

Inclusion of an indicator about complaints resolution performance will see the Tribunal reporting it publicly providing for enhanced public accountability. Reporting should therefore provide a stimulus to Sydney Water to address and fully resolve complaints more promptly than is currently the case.

It has also been suggested that an indicator measuring the complaints outstanding after a given number of days might be considered. This was discussed with Sydney Water. Their systems record complaints resolved in 10 day bands for those in excess of 10 days and there are many in excess of 10 days that take some time to be resolved. For the year to date to March the number is shown as 1,933. This is 7.9% of complaints based on the Sydney Water interpretation of the definition.

Current Performance

Number of days to provide a resolution to customer complaints

Indicator Parameters	6 Months Jan to June. 2002	6 Months July to Dec. 2002	6 Months Jan to June. 2003	6 Months July to Dec. 2003
% < 2 Days	65.56%	65.72%	71.23%	67.66%
% < 5 Days	68.77%	68.76%	74.77%	70.82%
% < 10 Days	91.74%	91.74%	93.22%	92.15%

The results indicate that about 7-8% remain open after 10 days. Sydney Water indicated that there are issues with complaints not being closed in the system even though they have been resolved. There are others where solutions have been identified and are waiting for physical works to be completed.

Recommendation

It is recommended that an indicator of the time to resolve customer complaints be included in the suite of customer service indicators.

Time to provide a resolution to customer complaints

<p>Indicator: Number of days to resolve a complaint</p> <ul style="list-style-type: none"> % within 2 days % within 5 days % within 10 days

4 REPORTING ON LOCALISED PROBLEMS

4.1 Background

4.1.1 Introduction

Sydney Water's operating licence contains system performance standards for water pressure, water continuity and sewer overflows. While Sydney Water may meet overall performance standards, pockets of customers may be consistently receiving sub-standard service.

The licence currently contains two clauses (7.4.3 and 12.1.6) that collect/report disaggregated information from a complaints and systems performance perspective. The objective of these clauses is to help identify whether these 'pockets' of substandard performance exist and whether there were systemic problems affecting these that may need rectification. Identifying these could provide a trigger for further investigation.

The Tribunal is seeking advice on how specification, measurement and reporting of data on localised system performance problems in the current operating licence could be improved, having regard to the need for any reporting regime to be cost effective and to encourage compliance.

4.1.2 Need for a Measure

There is a clear need for a measure of systemic problems in water and sewerage systems. The existing System Performance Standards and Indicators do not identify systemic issues or indeed provide the driver for these to be identified and managed. The standards are based on numbers of properties and this can mean that a number of properties below the standard number could receive sub standard performance on a continuing basis.

The submissions from EWON¹⁴ supported the need for a measure indicating that it is in the interests of Sydney Water and their customers for poor performance to be investigated and system problems to be identified.

4.1.3 Other Jurisdictions

The Essential Services Commission is the only other regulator that has a measure that identifies what might be regarded as systemic performance. This takes the form of reporting multiple interruptions and is limited to the reporting of the customers receiving 5 or more water supply interruptions and 3 or sewerage service interruptions in a year. (The latter includes blockages/chokes, slow moving sewage and spills on the customer's property.) More recently the Essential Services Commission has released a discussion paper as part of its current review of their performance indicators.

¹⁴ EWON Response to Issues Paper, End of Term Review for the Operating Licence for Sydney Water Corporation, Paragraph 5.1

This is proposing new indicators for multiple water supply interruptions and multiple sewer blockages.¹⁵

4.2 Assessment of Current Licence Requirement

4.2.1 Sydney Water Reports produced to date

We were provided with a copy of a Sydney Water Systemic Complaints Report for 2002/03 and this has been discussed with Sydney Water.

The report provides details of complaints by suburb and with over 950 suburbs is quite voluminous. The information does not have a useful analytical overlay and is of little if any value in identifying areas of systemic problems.

The report includes some analysis by Local Government Area of complaints per 1000 people and provides an indication of the relative performance of different parts of the Sydney Water systems. However, there are 46 LGA's and the information as presented is at too high a level.

The report also provides analysis of the performance of sub sets of sewerage catchments and indicates the suburbs that are covered by those SCAMPS (Sewerage Catchment Asset Management Plans). This identifies areas having the worst performance and hence potentially systemic. This part of the report is used by Sydney Water management.

The report provides details of the strategies and proposed expenditure to address the system performance issues identified, However, there is no demonstrable link between the complaints data and the strategies put in place and whether the expenditure and work proposed will remedy these problems.

4.2.2 Definition of Complaint

As mentioned in Section 2.3.4, there are issues with the definition of a complaint in a consideration of localised service problems. These are currently being addressed by the Tribunal with Sydney Water and Hunter Water.

4.2.3 Use of Complaints for Identifying Systemic Performance and assisting Asset Management Decisions

The extent to which complaints are used to identify systemic performance and assist asset management decisions will vary depending on the particular problem. Complaints relate to the customer's perception of the service. In the case of water quality, water pressure and sewage odours the customer's perception is very important.

On the other hand, water supply interruptions and sewer overflows are events that can occur and have service restored without all customers affected being aware the problems have occurred. Many customers will also not complain

¹⁵ ESC, Economic Regulation of the Victorian Water Industry Consultation Paper No.2, Draft Performance Reporting Framework Metropolitan and Regional Businesses, May 2004, Attachment B

about an interruption. The renewal decisions will take account of the problems that have occurred historically along with a number of other factors in a comprehensive, complex decision model. Complaints will be only a minor input.

Complaints have more value in the asset management process for Water Quality; Water Pressure; Sewage Odour. These complaints are followed up at individual customer level and the system is analysed for related complaints to identify clusters which may assist in identifying causes and potential solutions. Each is followed through on a case by case basis until they resolved.

In most cases, the cause of complaints will relate to some operational event and a relatively easy operational solution can be put in place. However, there are instances of chronic failure and solutions involving capital works may be necessary.

On the other hand, for water supply interruptions and sewage overflows the number of multiple events, their duration and consequences for customers provide the substantial input that will influence asset management decisions.

In Sydney Water, the identification of chronic problems has been enhanced by the Works and Asset Management System installed in 2002. The system can identify system incidents and failure events with assets and for water supply interruptions, sewer overflows and water pressure incidents with individual customers. This allows for the identification and reporting of multiple events at an individual customer level. This has substantially improved the asset management capability of Sydney Water.

This argues for omitting complaints about water supply interruptions and sewage overflows (on private property) and water pressure from the complaints list shown in 12.1.6(a) and taking a different approach to reporting of systemic problems.

4.2.4 Alternative indicators of systemic failures

Discussions with Sydney Water and several other businesses including Hunter Water, Yarra Valley Water and South East Water in Victoria have indicated that the identification of systemic performance is a part of their usual approach to asset management. These businesses all use similar indicators to identify systemic issues as part of their asset management processes.

Rather than continue the existing licence requirement, an alternative is to introduce system performance indicators to indicate the existence of systemic issues. There are options for this:

- (a) an indicator similar to that used by the ESC, reporting the number of properties with multiple interruptions or problems in a year for water and sewerage services.
- (b) reporting the number of properties with repeat service interruptions or problems of various numbers from one to 6+ in a year for water and sewerage services.
- (c) reporting the number of properties with multiple service interruptions or problems over multiple years for water and sewerage services.

In this context, the reporting would relate only to events and not complaints and would be confined to water supply interruptions (over one hour), sewer

overflows on private land and water pressure incidents. This is because of present difficulties with Sydney Water Complaints System in identifying complaints to individual customers. Later this year a new complaints system is expected to be installed and new reporting options could be expected to be available.

In discussion with Sydney Water the use of option (b) was agreed as a suitable indicator of systemic performance. It is used in their current processes. It is seen as superior to the existing complaints approach in S 12.1.6 and also is preferred over option(c) although this is also currently used in the Sydney Water asset management process. The recent ESC draft consultation paper¹⁶ proposes new indicators for repeat events and it is recommended that consistency with these proposals be established.

4.2.5 Suburb as Reporting Unit

Collecting and reporting complaints data on a suburb basis is essential for communicating with customers. A suburb is where customers live and is where their water and sewerage services are received. However, Sydney Water, in its analysis and investigation of complaints, will focus on its water and sewerage systems and the precise location of the customer within them. When reporting about its systems, suburb will have little value as a reporting unit. Reporting will always be about the zones, catchments and basins.

For each complaint, the business will approach its decisions based on the nature of its system. Water supply zones, sewer catchments, and drainage basins will all have different boundaries. These boundaries have no relationship to suburbs or other administrative boundaries such as local government areas. In some cases, suburbs may be identified as being fully within a water supply zone or sewerage catchment but it is common for them to overlap boundaries and be in one or more zones or catchments.

Suburb has other difficulties as a reporting unit. These result from the need to have a standard basis on which to make comparisons and assist in identifying locations that may have systemic issues. Absolute numbers of complaints by suburb will not identify the relative size of issues in different locations. This is because suburbs will be of different size and density and the data must be related to population or properties to ensure an appropriate comparison is made.

The issue then becomes one of finding some alternatives that enable the identification of systemic issues, ranking them, and reporting them in a way that is meaningful to customers and the community.

4.2.6 Alternatives to suburb

We have canvassed alternatives and it is very difficult to identify any alternatives to marry the system view with the need to present complaints data on a relative performance basis in a readily understandable form.

However, for both Sydney Water and Hunter Water data for some activities is available at customer level and this is perhaps the best level for the

¹⁶ ESC, Economic Regulation of the Victorian Water Industry Consultation Paper No.2, Draft Performance Reporting Framework Metropolitan and Regional Businesses, May 2004, Attachment B

identification of where systemic problems are occurring. The following table summarises the alternatives:

Reporting Unit	Advantages for reporting	Disadvantage for reporting
Suburb	Commonly understood by customer and broad community	Large Numbers >950 Volume makes analysis and reporting difficult. Bears no relationship to water and sewerage system boundaries
Local Government Area	Reasonably well known but less so than suburb Number of people and properties known	46 in number so analysis at a high level Not always known to people No relationship to water and sewerage system boundaries
Post Codes	Reasonably well known but less so than suburb Number of people and properties known	250 in number so analysis at high level Not always known to people No relationship to water and sewerage system boundaries.
Census collection Districts	Number of people and properties known	Not at all known to many people Subset of Postal Areas so large in number No relationship to water and sewerage system boundaries
Customer	Identifiable unit with everyone At customer level address and suburb are known	Does not identify the breadth of the local issue
Infrastructure (eg Water supply zones)	Supported by system Suits Sydney Water	Not meaningful to customers making communication difficult

4.2.7 Alternative Reporting

Sydney Water's asset management systems have improved substantially since the requirement to report complaints was placed in the Operating Licence. They are quite capable of recording and identifying asset and system incident and failure events to assets and in some cases these can be identified with individual customers.

Discussion has indicated that these customers can be linked to Suburb. The number of properties by suburb is known so it will be possible to introduce a ranking basis. Therefore at this very low level, some analysis can be done.

In discussion, Sydney Water was requested to provide a report that would assist in identifying worst cases back to suburb. The specification was:

For Water Quality Complaints, rank zones by properties affected per 1000 properties in the zone.

For the highest ranking zones, identify the suburbs with the most properties affected.

Rank these suburbs by customers affected per 1000 properties in the suburb

The same analysis and reporting was attempted for Water Supply interruptions and Sewer Overflows (events not complaints)

The analysis was not attempted for Odour complaints or Water Pressure complaints as it would have involved quite some manual effort and been time consuming.

The analysis was not completed in the time available because suburbs may overlap zones and while the number of properties for each suburb is known the proportion in each zone is not known where there is an overlap.

The advice was that this could be estimated reasonably accurately and a report on an annual basis could be provided. Some validation would be required before any publication.

We also canvassed with Sydney Water the reporting of other data that may show systemic performance. These included:

- (a) the most impacted properties for: water interruptions over one hour, sewer overflows and water pressure incidents.
- (b) the most impacted suburbs based on the most interrupted properties being identified to suburbs and then ranking the suburbs by identifying the number of impacted properties as a percentage of the properties in the suburb.

Sydney Water system could identify these on a once a year basis for the three event categories shown but not for the other complaint areas currently identified in 12.1.6. This is because of constraints in the current Complaints System. These may change later this year with the installation of a new system. It is not known whether these would identify any systemic issues and they would not add value in the asset management process for Sydney Water. They would therefore be regarded as adding to the compliance load.

4.2.8 Stormwater and Drainage Complaints

The above discussion has focussed on water and sewerage infrastructure complaint categories. Storm water and drainage complaints make up one of the categories in 12.1.6 (a). The number of complaints in this category is extremely low. For 2003 there were only sixteen received for the year or .036 per 1000 storm water customers. In discussing alternative indicators that may offer more value we were advised that there were none that would be relevant. In these circumstances, it will be essential to retain an indicator of Stormwater and Drainage complaints.

4.2.9 Billing Complaints

Because of difficulties with Sydney Water's billing system it has not been possible to analyse Billing and account complaints to suburb level. There are over 950 suburbs and to obtain data at this level would be a very large and difficult task. Post Code is also not a viable alternative as reporting has not been structured on these lines. Analysis by Local Government area is feasible

and a ranking per 1000 people or properties could be achieved. This is how Sydney Water has proposed reporting in the short term.

It is suggested that this category be removed from the 12.1.6(a) list should the proposed broader range of categories in the G1.1 Complaints Indicator of the Customer Service indicators be accepted. This will include a Billing Complaints Indicator With the installation of a new complaints system later in the year it could be expected that more flexible reporting will be available.

4.3 Performance indicators for NSW Metropolitan Water Utilities

In March 2004, the Tribunal produced a draft specification and definitions of the system performance Indicators and service quality indicators for the NSW metropolitan Water Utilities. Some of the findings of this report will be relevant to this draft especially in relation to repeat indicators.

4.4 Conclusion on Localised Service Problems

4.4.1 Introduction

From the above discussion, it is clear that there are issues that seriously question the value of 12.1.6 of the Operating Licence. These include:

- the relevance of complaints to identify systemic problems for Water Supply Interruptions and Sewer Overflows which are the highest volume infrastructure issues.
- the inadequacy of the reports in identifying systemic problems.
- the difficulties in finding a common reporting unit suitable to Sydney Water and communicable to customers and the community.

Two options are proposed. However, the components of each are a package and need to be taken as a whole. It should be noted that the suite of Customer service indicators is common to both options.

4.4.2 Package A. Recommended Option.

This package relies on Service Performance Indicators for repeat events for the major infrastructure activities supported by expanded Customer Service Indicators for complaints. It will identify problems at a local level through point one and it will provide an indication of systemic problems especially if the indicators are compared with other businesses.

1. Remove S12.1.6 (a) and (b) from the Operating Licence. Retain 12.1.6 (c) requiring Sydney Water to identify and report on the systemic nature of problems in its systems and the actions to remedy them.
2. Establish System Performance Indicators in the Operating Licence covering repeat events for each of :
 - Water Supply Interruptions
 - Water Pressure Incidents
 - Sewer Overflows (on private land)
3. The SPI's proposed are:

Indicator: The number and number per 100 (water or

sewerage)properties experiencing water supply interruptions, water pressure incidents, sewer overflows on private land, of any duration in a reporting period:

- (a) on one occasion
- (b) on two occasions
- (c) on three occasions
- (d) on four occasions
- (e) on five occasions
- (f) on six or more occasions

4. The above SPIs are to be supported by an expansion and redefinition of the Customer Service Indicator G1.1 Complaints into a number of categories as follows and the inclusion of a new indicator of Customer Complaints Resolution (See Sections 3.3.5 and 3.14.3):
 - (a) Water Quality
 - (b) Water Supply Reliability (water pressure separately)
 - (c) Sewerage Service Reliability (sewage odour separately)
 - (d) Billing
 - (e) Affordability
 - (f) Stormwater and Drainage
 - (g) Other

4.4.3 Package B Alternative Option

This package attempts to improve on the existing Licence requirement. It relies on Sydney Water producing appropriate reports.

1. Retain S12.1.6 in the Operating Licence
2. Amend S12.1.6 to include water supply interruptions and sewer overflows as events rather than complaints and to clarify that the events relate to those on private land consistent with the System Performance Standard for Sewer Overflows. Also, a complaints category covering Sewer Overflows on public land is to be included and Billing is to be removed as a complaints category.
3. Develop appropriate reports to identify local systemic in conjunction with both Sydney Water and Hunter Water.
4. S12.1.6 is to be supported by an expansion and redefinition of the Customer Service Indicator G1.1 Complaints into a number of categories as follows and the inclusion of a new indicator of Customer Complaints Resolution(See Sections 3.3.5 and 3.14.3):
 - (a) Water Quality
 - (b) Water Supply Reliability (water pressure separately)
 - (c) Sewerage Service Reliability (sewage odour separately)
 - (d) Billing
 - (e) Affordability

(f) Stormwater and Drainage

(g) Other

4.4.4 Recommendation

It is recommended that Package A be implemented as a means of improving the reporting of systemic problems.

5 Conclusions and Recommendations

5.1 Conclusions on Customer Service Indicators

We have proposed a number of changes to the existing suite of Customer Service Indicators.

The significant change involves the **Complaints** Indicator which is proposed to expand substantially to include a number of categories covering the full range of operational activities. Complaints are a very significant indicator of performance and are very important to both management and the Tribunal. This detail will provide a comprehensive overview of customer complaints for the whole business. Reporting on the basis of number and number per 100 properties will also readily allow comparisons over time and with other businesses allowing for assessment of progressive improvements and relative performance. It is proposed to remove the existing indicator covering time to provide a substantive response to complaints because of the subjectivity involved in the assessment.

A further new Customer Service Indicator of **Customer Complaint Resolution** has been proposed to report the percentage of complaints resolved within 2, 5 and 10 days. Prompt resolution of complaints is critical and the indicator will identify the Sydney Water performance. Reporting of Customer complaint Resolution is already a Licence requirement under Section 12 but there would be public benefit in performance being reported more broadly.

The **Telephone Calls** indicator has been retained because it is the single most important point of access and ease of access is critical for customers. It is also an indicator commonly used for assessing comparative performance. Removal of two supplementary indicators is proposed and a new indicator of the average time to connect to an operator has been proposed to provide a broader indication the level of service customers receive.

It is proposed to retain the **Metered Accounts** Indicator because of the importance of accurate bills although this indicator is considered to be of lesser value than other indicators.

It is proposed to remove the **Account Contacts** Indicator because of the subjectivity involved in assessing substantive responses and the potential for bias.

A major change proposed is the establishment of a new category of indicators covering **Affordability**. The existing indicators can be substantially enhanced to provide more information about Sydney Water's approach to customers in the debt collection process. This is a very sensitive area for customers and it could be argued that with access to a lien on the property more serious and threatening measures of restrictions, legal actions and disconnections will be rare and even unnecessary.

It is proposed that the broad indicator of number of debt recovery actions be removed. The existing indicators for **Restrictions, Disconnections** and the **Payment Assistance Scheme** would be retained. The new indicators cover **Instalment Plans** in place, **Legal Actions, Duration of restrictions, Debt levels of customers subject to restriction and legal action** and **Flexipay Cards**. It is proposed to report most information for the residential and non residential segments. The proposed set of indicators cover the more serious elements of the collection process and changes in the mix will be significant in

indicating the impact Sydney Water has on its customers and the way it manages this sensitive process over time.

It is also proposed to add a further indicator showing the Number and Value of **Rebates** for failure to meet Customer Contract commitments. This will provide a significant overview of customer service performance. This information is currently reported to the Tribunal

Other than Complaints, the suite of Customer Service Indicators does not contain any to indicate quality of service or the level of customer satisfaction. It is proposed that Sydney Water develop a **Customer contact survey** in consultation with the tribunal . A requirement to address this and participate should be placed in the Operating Licence. The survey needs to cover the full range of operational activities and address the key issues of whether the customer's problem was solved and the level of satisfaction with the business after the event.

5.2 Summary of Customer Service Indicator Recommendations

Reference Section	Issue/Indicator	Recommendation
3.3.5	G1.1 Complaints	The current indicator measuring the percentage of substantive responses within 2, 5 and 10 days be removed
3.3.5	G1.1 Complaints	A new indicator be established to measure the number of complaints and number per 100 properties.
3.3.5	G1.1 Complaints	New indicators be established to measure the number of complaints and number per 100 properties in the categories of <ul style="list-style-type: none"> • water quality identifying health, colour and other(including taste & odour); • water supply reliability separately identifying water pressure; • sewerage service reliability separately identifying sewage odours; • Billing • affordability • stormwater and drainage • other
3.4.5	G 1.2 Telephone Calls to a primary contact number	The existing Telephone Calls indicator be retained.
3.4.5	G 1.2 Telephone Calls to a primary contact number	A new supplementary indicator of the average time to connect to an operator be added
3.5.4	G1.3 Metered accounts where meter not read	The existing metered accounts indicator be retained
3.6.4	G1.4 Account Contacts	The existing Account Contacts indicator be removed.

Reference Section	Issue/Indicator	Recommendation
3.7.6	Telephone calls receiving busy tone	The telephone calls receiving busy tone be removed
3.7.9	Abandoned telephone calls	The abandoned telephone calls indicator be removed.
3.8.3	Disconnections	The disconnections group of indicators be established as a separate group under the heading of affordability
3.9.5	Disconnections	The indicator of the total number of disconnections be retained in the Affordability group of Customer Service Indicators
3.10.5	Flow restrictions	The indicator for flow restrictions be retained but be amended to measure the total number and number per 100 customers having flow restricted for non payment for both the residential and non residential segments
3.11.5	Total debt recovery actions	The indicator of total debt recovery actions be removed.
3.12.4	Debt recovery actions	A new indicator be introduced showing the total number and number per 100 properties on Instalment Plans for both the residential and non residential segments.
3.12.7	Debt recovery actions	A new indicator be introduced showing the total number and number per 100 properties of legal actions for both the residential and non residential segments.
3.12.12	Debt recovery actions	A new indicator be introduced for the average debt levels of customers subject to restriction or legal action for both the residential and non residential segments.
3.12.16	Debt recovery actions	A new indicator be introduced for the duration of restrictions.
3.12.20	Debt recovery actions	A new indicator be introduced for the number and utilization of Flexipay cards.
3.13.5	Payment Assistance Vouchers	The indicator for Payment Assistance vouchers be retained but be modified to the number and number per 100 properties of payment assistance vouchers utilised and value of payment assistance vouchers utilised

Reference Section	Issue/Indicator	Recommendation
3.14.2	Additional indicators	A new indicator be introduced to show the Number and Value of Customer Contract Rebates paid in the categories of: Water continuity – Planned Water continuity – Unplanned Water Pressure Sewer overflow Dirty Water Boiled water alert Recycled water
3.14.3	Additional indicators	A new indicator of number of days to resolve customer complaints showing : % within 2 days % within 5 days % within 10 days

5.3 Conclusion on Localised Service Problems

There are issues that seriously question the value of 12.1.6 of the Operating Licence: These include:

- the relevance of complaints to identify systemic problems for Water Supply Interruptions and Sewer Overflows which are the highest volume infrastructure issues.
- the inadequacy of the reports in identifying systemic problems.
- the difficulties in finding a common reporting unit suitable to Sydney Water and communicable to customers and the community.

The following package of changes is recommended to improve reporting:

5.3.1 Recommended Option.

This package relies on Service Performance Indicators for repeat events for major infrastructure issues supported by expanded Customer Service Indicators for complaints. It will identify problems at a local level through point one below and it will provide an indication of systemic problems especially if the indicators are compared with other businesses.

1. Remove S12.1.6 (a) and (b) from the Operating Licence. Retain 12.1.6 (c) requiring Sydney Water to identify and report on the systemic nature of problems in its systems and the actions to remedy them.
2. Establish System Performance Indicators in the Operating Licence covering repeat events for each of :
 - Water Supply Interruptions
 - Water Pressure Incidents
 - Sewer Overflows (on private land)

3. The SPI's proposed are:

Indicator: The number and number per 100 (water or sewerage) properties experiencing water supply interruptions, water pressure incidents, sewer overflows on private land, of any duration in a reporting period:

- (a) on one occasion
- (b) on two occasions
- (c) on three occasions
- (d) on four occasions
- (e) on five occasions
- (f) on six or more occasions

4. The above SPI's are to be supported by an expansion and redefinition of the Customer Service Indicator G1.1 Complaints into a number of categories as follows and the inclusion of a new indicator of Customer Complaints Resolution (See Sections 3.3.5 and 3.14.3):

- (a) Water Quality
- (b) Water Supply Reliability (water pressure separately)
- (c) Sewerage Service Reliability (sewage odour separately)
- (d) Affordability
- (e) Stormwater and Drainage
- (f) Other

Appendix A Issues and Objectives

Customer Service indicators

The objective of customer service indicators is to ensure that Sydney Water's systems for interacting with customers provide efficient and effective levels of service. The current operating licence does not have any standards or indicators on customer service.

In 2001 the Tribunal reviewed the system performance standards in Sydney Water's Operating Licence. As part of this review the Tribunal recommended a staged approach to incorporate customer performance indicators into the Operating Licence.

The first stage is for the Tribunal to negotiate with Sydney Water measures of customer service and satisfaction to be used for audit purposes, as requested by the Minister. The second stage is to review these measures with the view of incorporating them into Part 5 of the Operating Licence (Customer and Consumer rights) at the end of term review.

The customer performance indicators that the Tribunal negotiated with Sydney Water are at Attachment 1. The Minister required Sydney Water to collect data on these measures from 1 July 2001.

The Tribunal now wishes to explore the inclusion of customer service indicators in the new Operating Licence.

Reporting on localised problems

Sydney Water's current operating licence contains system performance standards for water pressure, water continuity and sewer overflows. While Sydney Water may meet overall performance standards, pockets of customers may be consistently receiving sub-standard service.

The licence currently contains two clauses (7.4.3 and 12.1.6) that collect/report disaggregated information from a complaints perspective and systems performance perspective (see Attachment 2). The objective of these clauses was to help identify whether these 'pockets' of substandard performance existed and whether there were systemic problems affecting these that may need rectification. Identifying these could provide a trigger for further investigation.

Issues for the consultant to consider include:

1. Determine what is an appropriate reporting unit that is useful for identifying systemic problems and that produces meaningful data (smaller than LGA, possibly infrastructure based, able to be standardised against the size of the population in the area)

Currently report is by suburb but these can vary significantly in total size and population density. Higher numbers of complaints in one suburb can result from differences in size of the population rather than relative levels of service provision. Demographic data is not collected on a suburb basis so it is not easy to standardise the data for comparison.

2. Depending on the unit agreed, determine the level and type of reporting required. For example, the Operating Licence could require reporting of the 10 units worst affected by a particular incident eg. sewerage

overflows (and Sydney Water's planned rectification actions for these (rather than reporting of all the statistics for each unit).

The Tribunal is seeking advice on how specification, measurement and reporting of data on localised system performance problems in the current operating licence could be improved, having regard to the need for any reporting regime to be cost effective and to encourage compliance.

Objectives of Consultancy

The objective of this consultancy is to advise and report to the Tribunal on:

- an appropriate list of customer service indicators to be included in the licence; and
- collection and reporting of data on localised problems in the Sydney Water's systems (water, wastewater and stormwater) under the licence.

In undertaking this study the consultant must:

- consider the requirements of the Operating Licence and findings of past audits;
- review the customer service indicators currently collected by Sydney Water (via Ministerial requirement);
- consider the reports: IPART: *Review of System Performance Standards in Sydney Water Corporations Operating Licence: Report to Minister for Energy 11 April 2001*; and Halcrow Management Sciences Ltd, *Review of System Performance Standards in Sydney Water Corporation's Operating Licence*, March 2001; Halcrow Management Sciences Ltd, *Review of System Performance Standards in Hunter Water Corporation's Operating Licence*, Nov 2001.
- research the requirements of regulators in other jurisdictions, both in Australia and elsewhere in the world;
- consider customer service indicators collected by the Water Services Association of Australia;
- take account of submissions made by Sydney Water (due 28 November 2003) and other stakeholders (due 2 February 2004);
- consult with Energy and Water Ombudsman NSW and the Public Interest Advocacy Centre on proposed recommendations;
- consult with Sydney Water to determine the impacts of proposed recommendations.

In addressing the objectives of the consultancy, the consultant while maintaining an independent view, should be able to enlist Sydney Water's cooperation, and also engender a sense of acceptance of relevant outcomes by Sydney Water.

ATTACHMENT 1

Customer Service Indicators

All customer indicators should be reported on the basis of a report year where report year means a period of 12 consecutive months commencing on 1 July of each year and ending on the next following 30 June. At the expiration of each report year a new report year commences.

G1.1 Complaints

Indicator: Time to provide a substantive response to customer complaints:

% within 2 days

% within 5 days

% within 10 days

Definition of a complaint

- A complaint is any communication received from a consumer or representative of a consumer which expresses dissatisfaction with a product, service or disservice of Sydney Water or its representative that relates to its obligations as set out in the *Sydney Water Act 1994* or its Operating Licence.
- Sydney Water is not required to make judgements on whether the complaint is justified
- A communication can be in any medium including face to face, telephone, letter, fax or electronic mail
- Dissatisfaction includes any element of dissatisfaction, whether mildly termed or in Sydney Water's opinion unjustified
- A complaint received from a customer representative, such as a solicitor, local MP or Energy and Water Ombudsman NSW should be included as a complaint
- Sydney Water's representative includes its own employees and any one employed by another body working on behalf of Sydney Water, for example a contractor
- Where a further communication from the customer or his representative is received actively chasing the complaint, this shall be logged as a separate complaint, although one providing or requesting further information is not to be recorded as a complaint
- A letter or telephone call advising of a problem (eg burst main) does not necessarily constitute a complaint unless it expresses dissatisfaction with the business.

Definition of a substantive response

A substantive response is one that addresses the issues raised by the customer and:

- resolves them to the customer's satisfaction, or provides explanation of the relevant policy and explains why no further action is required; or
- provides a date when the issue will be resolved if the complaint is relating to future planned operational or capital works

A part response is not a substantive response. (For example, it may be provided to advise the customer that further investigation is required before it is able to provide a substantive response.) The response time should be reported from when the proposed action has been completed, except where the response relates to future planned operational or capital works.

General requirements

- response times should be calculated using working days where date of receipt is day 0 and weekends and public holidays are not included. A part response should not be recorded as a response
- where Sydney Water responds to a written complaint by telephone call or visit then the date of the telephone call or visit must be recorded as the date of response.

Sydney Water may exclude complaints that are;

- anonymous
- not about its core activities as expressed in the operating licence or the *Sydney Water Act 1994*
- sent in response to or alongside invitations for feedback from Sydney Water, eg in response to customer surveys.

G1.2 Telephone calls to a primary contact number

Indicator: Percentage of calls received by a permanent primary advertised number that are answered:

- Within 15 seconds
- Within 30 seconds

Definitions

- a primary permanent advertised number is one which Sydney Water advertises to its customer base for use in contacting Sydney Water
- only includes telephone calls received during the advertised hours for the relevant permanent primary advertised number
- calls to an automated bill payment telephone number are excluded

Calls answered and response times:

- a call is received once the caller hears the first ring tone
- a call is answered once an agent answers the call
- an agent is a person engaged by Sydney Water to answer telephone calls to one of the principal primary advertised numbers
- for avoidance of doubt, an agent does not include any pre-recorded or voice synthesiser message
- response times should be calculated from when the caller hears the first ring tone to the point the caller speaks to an agent.

General requirements

Where Sydney Water uses alternative methods of answering a call the following points should be considered as times when the call is considered answered by Sydney Water and response times should be calculated accordingly;

- Interactive Voice Response units and touch tone telephone – from the time of the first ring tone to the point the customer speaks to an agent
- Answer phone messages – from the time of the first ring tone up to the point the message has completed its run, and asks customer to leave their details
- recorded message - where a recorded message is used to advise customers of a particular incident, the response time is to be considered from the point the customer hears the first ring (or the message begins, whichever is first) to the point the message has run for at least 20 seconds or has completed, whichever is first.

Sydney Water may exclude calls that are;

- not made from the primary customer base, such as suppliers of Sydney Water, Sydney Water contractors etc, using the primary contact numbers
- to a temporary contact point, for example one specifically set up to deal with flooding incidents.

G1.3 Metered accounts where meter not read

Indicator: Percentage of metered accounts receiving a bill not based on:
An actual meter read during the report year
A business meter read for two consecutive report years

Definitions

- a metered account refers to any account which is billed based on volume
- if a property has multiple meters and each metered account receives a separate bill based on a meter read, these should be reported as separate metered accounts for the purposes of this indicator
- if a property has multiple meters and a single account is issued due to common ownership, the meters will be treated as separate metered accounts for the purposes of this indicator
- a customer meter read is one which is provided by the customer to Sydney Water
- a business meter read is one taken by Sydney Water or its contractor
- an actual meter read is one taken by Sydney Water or its contractor or the customer (i.e. includes both a customer meter read and a business meter read)

G1.4 Account contacts

Indicator: Time to provide a substantive response to account contacts by time band:

- % less than one day
- % less than five days
- % less than ten days

Definition of an account contact

An account contact is defined as

- any communication received from the customer that relates to any aspect of the billing or payment process, and requires a response or action from Sydney Water
- a communication can be in any medium, whether face to face, telephone, written, fax or electronic mail.
- calls to an automated bill payment telephone number are excluded

Definition of a substantive response

A substantive response is considered one that does the following:

- *addresses the issues raised by the customer and resolves them to the customer's satisfaction, or provides explanation of the relevant policy, and explains why in its opinion no further action is required*
- if the issue cannot be addressed immediately due to circumstances beyond the control of Sydney Water, the response must provide a clear strategy of action and/or identify when the action will be undertaken
- a part response is not a substantive response. (For example, it may be provided to advise the customer further investigation is required before it is able to provide a substantive response.)

General requirements

- where a further communication from the customer or his representative is received actively chasing the account contact, this shall be logged as a separate contact
- response times should be calculated using business days where date of receipt is day 0 and weekends and public holidays are not included. A part response should not be recorded as a response
- where Sydney Water provides a substantive response to an account contact by telephone call or visit then the date of the telephone call or visit must be recorded as the date of response.

5.3.2 G1.5 Other indicators

Customer contacts	Guidance
1. Calls made to one of the permanent advertised contact numbers where callers received a busy tone	Record the total number of calls made where callers to one of the principal contact numbers received a busy tone. This figure should be recorded separately for each of the permanent advertised principal customer contact numbers. For example, it must record the number of calls made to the general customer services number that received a busy tone even if lines for payment of bills are available.
2. Total number of calls abandoned	Calls received where the customer hangs up before the agent answers the call, or before the call is considered answered where there is an automatic system.
Disconnections	
3. Total number of disconnections for non payment	A disconnection is defined as the point where the customer's water supply is completely cut by Sydney Water due to the non-payment of a bill.
4. Total number of flow restrictions for non payment	A flow restriction is defined as Sydney Water's direct intervention in the supply system in order to reduce flow to a customer's property in response to the non payment of a bill.
5. Total number of debt recovery actions	The total number of debt recovery actions that are initiated by Sydney Water
6. Number and value of payment assistance vouchers utilised	Total number and value of payment assistance vouchers utilised in report year

Attachment 2

Clauses from Sydney Water's Operating Licence

Clause 7.4.3 From the Commencement Date, Sydney Water's record keeping systems must permit the reporting of incidents by Delivery system and by the commencement of the Mid-term review, also by Suburb.

Clause 12.1.6 Sydney Water must report each year to the Licence Regulator as part of the Annual audit on the following details concerning complaints made against Sydney Water which are handled by its internal complaints handling process:

- (a) the number and types of complaints received on a month by month basis, classified by Suburb into one or more of the following categories:
 - (i) water quality, including health and aesthetic parameters;*
 - (ii) continuity of water supply;*
 - (iii) water pressure;*
 - (iv) sewage odour;*
 - (v) sewage overflow;*
 - (vi) stormwater and drainage services; and*
 - (vii) billing including availability charges payable under the Act.**
- (b) the number and types of complaints resolved or not resolved (on a month by month basis) in sufficient detail and using sufficient classifications to enable the Licence Regulator to gain a reasonable understanding of how and how well those complaints were resolved or why complaints were not resolved, as the case may be; and*
- (c) any problems of a systemic nature arising from the complaints*

APPENDIX B Proposed Customer Service Indicators

All customer indicators should be reported on the basis of a report year where report year means a period of 12 consecutive months commencing on 1 July of each year and ending on the next following 30 June. At the expiration of each report year a new report year commences.

G1.1 Complaints

Indicator: Total number and number per 100 properties of complaints received.

Definition of a complaint

- A complaint is any communication received from a consumer or representative of a consumer which expresses dissatisfaction with a product, service or disservice of Sydney Water or its representative that relates to its obligations as set out in the *Sydney Water Act 1994* or its Operating Licence.
- Sydney Water is not required to make judgements on whether the complaint is justified
- A communication can be in any medium including face to face, telephone, letter, fax or electronic mail
- Dissatisfaction includes any element of dissatisfaction, whether mildly termed or in Sydney Water's opinion unjustified
- A complaint received from a customer representative, such as a solicitor, local MP or Energy and Water Ombudsman NSW should be included as a complaint
- Sydney Water's representative includes its own employees and any one employed by another body working on behalf of Sydney Water, for example a contractor
- Where a further communication from the customer or his representative is received actively chasing the complaint, this shall be logged as a separate complaint, although one providing or requesting further information is not to be recorded as a complaint
- A letter or telephone call advising of a problem (eg burst main or a sewer overflow) does not necessarily constitute a complaint unless it expresses dissatisfaction with the business. All calls about water quality are to be counted as complaints.
- Complaints from separate customers arising from the same cause count as separate complaints.

General requirements

- response times should be calculated using working days where date of receipt is day 0 and weekends and public holidays are not included. A part response should not be recorded as a response where Sydney Water responds to a written complaint by telephone call or visit then the date of the telephone call or visit must be recorded as the date of response.
- Sydney Water may exclude complaints that are;
- anonymous
- not about its core activities as expressed in the operating licence or the *Sydney Water Act 1994*
- sent in response to or alongside invitations for feedback from Sydney Water, eg in response to customer surveys.

G1.1A Water Quality Complaints

Indicator: Total number and number per 100 properties of water quality complaints classified into health or illness; colour; other Including taste & odour

The definitions in G1.1 apply

G1.1B Water supply reliability complaints

Indicator: Total number and number per 100 properties of all complaints concerning burst water mains, leaks, and service interruptions and separately pressure.

The definitions in G1.1 apply. When a customer reports a service interruption, this is not counted as a complaint unless the customer expresses dissatisfaction about the interruption.

G1.1.C Sewerage service quality and reliability complaints

Indicator: Total number and number per 100 properties of all complaints concerning sewer blockages, overflows and spills, sewerage service interruptions and separately sewage odours.

The definitions in G1.1 apply. When a customer reports a service interruption, this is not counted as a complaint unless the customer expresses dissatisfaction about the interruption. Complaints about trade waste services are *not* included in this category.

G1.1D Stormwater and Drainage Complaints

Indicator: Total number and number per 100 properties of all complaints concerning stormwater and drainage services.

The definitions in G1.1. apply.

G1.1 E Billing Complaints

Indicator: Total number and number per 100 properties concerning account payments, financial loss or overcharging, billing errors

The definitions in G1.1 apply

G1.1F Affordability complaints

Indicator: Total number and number per 100 properties of all complaints concerning financial hardship, instalment plans, and capacity to pay, prices and tariffs..

The definitions in G1.1 apply

G1.1G Other complaints

Indicator : Total number and number per 100 properties of all other complaints

The definitions in G1.1 apply. This indicator includes complaints of quality and timeliness of other services eg connections, account confidentiality, responding to correspondence and staff behaviour. This category includes complaints about trade waste services.

G1.1G Customer Complaint Resolution

Indicator: Number of days to resolve a complaint

% within 2 days

% within 5 days

% within 10 days

Definition

The definitions in G1.1 apply

G1.2 Telephone calls to a primary contact number

Indicator: Percentage of calls received by a permanent primary advertised number that are answered:

Within 15 seconds

Within 30 seconds

Definitions

- a primary permanent advertised number is one which Sydney Water advertises to its customer base for use in contacting Sydney Water
- only includes telephone calls received during the advertised hours for the relevant permanent primary advertised number
- calls to an automated bill payment telephone number are excluded

Calls answered and response times:

- a call is received once the caller hears the first ring tone
- a call is answered once an agent answers the call
- an agent is a person engaged by Sydney Water to answer telephone calls to one of the principal primary advertised numbers
- for avoidance of doubt, an agent does not include any pre-recorded or voice synthesiser message
- response times should be calculated from when the caller hears the first ring tone to the point the caller speaks to an agent.

General requirements

Where Sydney Water uses alternative methods of answering a call the following points should be considered as times when the call is considered answered by Sydney Water and response times should be calculated accordingly;

- Interactive Voice Response units and touch tone telephone – from the time of the first ring tone to the point the customer speaks to an agent
- Answer phone messages – from the time of the first ring tone up to the point the message has completed its run, and asks customer to leave their details
- recorded message - where a recorded message is used to advise customers of a particular incident, the response time is to be considered from the point the customer hears the first

ring (or the message begins, whichever is first) to the point the message has run for at least 20 seconds or has completed, whichever is first.

Sydney Water may exclude calls that are;

- not made from the primary customer base, such as suppliers of Sydney Water, Sydney Water contractors etc, using the primary contact numbers
- to a temporary contact point, for example one specifically set up to deal with flooding incidents.

G1.3 Metered accounts where meter not read

Indicator: Percentage of metered accounts receiving a bill not based on:

An actual meter read during the report year

A business meter read for two consecutive report years

Definitions

- a metered account refers to any account which is billed based on volume
- if a property has multiple meters and each metered account receives a separate bill based on a meter read, these should be reported as separate metered accounts for the purposes of this indicator
- if a property has multiple meters and a single account is issued due to common ownership, the meters will be treated as separate metered accounts for the purposes of this indicator
- a customer meter read is one which is provided by the customer to Sydney Water
- a business meter read is one taken by Sydney Water or its contractor
- an actual meter read is one taken by Sydney Water or its contractor or the customer (i.e. includes both a customer meter read and a business meter read)

G1.5 Other indicators

Customer contacts	Guidance
1. The average time for a caller to be connected to an operator	The average time for a caller to be connected to an operator using the definitions of a call and response times or CSI G1.2.

G1.6 Affordability

G1.6A Instalment Plans

Indicator: The total number and number per 100 properties on instalments plans in the period for both the residential and non residential segments.

Definition

An Instalment Plan is a written agreement between the customer and Sydney Water stating the period over which the customer will pay by instalments, and specifying an instalment amount which will fully pay the customer's estimated use and/or arrears over that period.

A verbal extension of the payment period does not constitute an instalment plan

G1.6 B Flow Restrictions

Indicator: The total number and number per 100 properties having flow restricted for non payment for both the residential and non residential segments.

Definition

A flow restriction is defined as Sydney Water's direct intervention in the supply system in order to reduce flow to a customer's property in response to the non payment of a bill.

G1.6C Legal Actions

Indicator: The total number and number per 100 properties on which legal action for non payment of account is taken for both the residential and non residential segments.

Definition

The number of customer accounts forwarded to a solicitor for legal action, subjecting the customers concerned to additional costs. Cases in which accounts are forwarded to a solicitor for legal action and the legal costs to the customer are subsequently waived should be included.

G1.6D Disconnections

Indicator: The total number and number per 100 properties customers disconnected for non payment for both the residential and non residential segments.

Definition

A disconnection is defined as the point where the customer's water supply is completely cut off by Sydney Water due to the non-payment of a bill.

G1.6 E Average debt levels for customers subject to restriction and legal action.

Indicator: Average debt levels for customers subject to restriction or legal action for both the residential and non residential segments.

Definition

Customer debt levels are to be measured at the time action is taken to recover the debt either by the use of restrictions or legal means.

G1.6 F Restriction Duration

Indicator: The average number of days for which restrictions are applied and the percentage of restrictions restored within 3 days and the percentage still in place after 14 days

Definition

The average number of days customers have restrictions applied.

The number of restrictions for non payment that are removed within 3 days of the restriction being applied.

The number of restrictions for non payment that are still in place 14 days after the restriction is applied.

G1.6.G Flexipay Cards

Indicator: Number of Flexipay cards issued and the number and value of Flexipay payments.

Definition

The total number of Flexipay cards on issue with customers and the number and value of payments made using these cards.

G1.6 H Payment Assistance Vouchers

Indicator: Number and value of payment assistance vouchers utilised

Definition

The total number and value of payment assistance vouchers utilized in the report

G1.7 Customer Contract Rebates

Indicator: The number and value of customer contract Rebates paid in the categories of:

Water continuity – Planned

Water continuity – Unplanned

Water Pressure

Sewer overflow

Dirty Water

Boiled water alert

Recycled water

Definition

The number and value of the rebates paid in respect of sections 7.2 and 7.3 of the Sydney Water Customer Contract.

Appendix C Comparative Competition Principles

The comparative competition regime proposed in Section 2.4.2 would need to meet the following principles;

- The regime must not compromise or diminish the legislated role of each regulator and hence the regime would be established within the operating licence framework.
- Agreement between the regulators would have to be established and formalized.
- Companies would need to actively participate. This would best be achieved by a Licence requirement to participate in any regime to be established.
- Auditing of data would be essential. It is suggested that this could cover the Customer Contract compliance and also verification and validation of the data used for the indicators. Some cross business auditing could also be established to enhance consistency and improve validations.
- Common Indicators would need to be put in place with common underpinning definitions.
- Public reporting with comparisons between the businesses and comment on strengths and weaknesses. This report would also analyse and highlight changes in performance over time. Relevant responses and comments by businesses could also be a feature. Whether this reporting is a jointly signed regulators' report or a State based report signed by one regulator would be a matter to be agreed. However, the report would cover comparisons across a broader number of businesses. A copy of the report would be provided to the Minister. The Tribunal would publicise key points in the report and issue a Media Release and copies of the report to the media. Copies would also be made available to the general public.

Appendix D ESC Performance Indicators

WATER INDUSTRY PERFORMANCE INDICATORS

INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

PURPOSE

Pursuant to its objectives and powers under the *Water Industry Act 1994*, the Office of the Regulator-General requires information from the Melbourne metropolitan water retailers to:

- monitor each company's compliance with its licence, in particular the customer contract in Schedule 1 and the performance standards in Schedule 2; and
- publish comparisons of the water companies' performance to inform customers and facilitate 'competition by comparison'.

To help meet these information needs, the Office requires the licensees to report periodically on a number of performance indicators. These are listed and defined in the following table.

The Office expects to be given a mandate to review water industry prices and will require further information with which to do so.

INDICATOR CATEGORIES

The information required in this specification falls into the following categories:

- *Customer & asset base* - this assists the Office to interpret and normalise performance information
- *Quality & reliability*, which are key performance areas for customers
- *Affordability*, which measures trends in customers' capacity to pay for water industry services
- *Enquiries & complaints*, which monitor customers' perceptions of service quality

AUDITS

The quality of the information reported under this information specification is open to independent audit in accordance with the Office's audit framework.

REPORTING BY THE COMPANIES

The indicators set out in the table are to be reported to the Office on an Excel 7.0 spreadsheet provided by the Office. The Excel 7.0 file and any Word 7.0 (or lower) file containing explanatory material should be forwarded by email to WaterIndicators@reggen.vic.gov.au by the end of the month after the reporting period expires.

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
Customer & asset base				
Water customers	<ul style="list-style-type: none"> • Domestic • Non-Domestic 	Annual	<ul style="list-style-type: none"> • A water customer is a property which, at the end of the reporting period, is: <ul style="list-style-type: none"> Ⓜ connected to the licensee's water system; and Ⓜ the subject of separate billing for water supply (rates and/or usage). <p>A tenanted property which is separately metered and in respect of which the tenant is liable for water usage counts as one water customer. The owner and the tenant are not separately counted as water customers.</p> • A water customer does not include: <ul style="list-style-type: none"> Ⓜ a body corporate; or Ⓜ a property which is serviced but is not connected to the licensee's water system; or Ⓜ a property which is not serviced but is connected to the licensee's water system; or Ⓜ a connected but unmetered property. 	Context & normalising measure
Sewerage customers	<ul style="list-style-type: none"> • Domestic • Non-Domestic 	Annual	<ul style="list-style-type: none"> • A sewerage customer is: <ul style="list-style-type: none"> Ⓜ a water customer which is connected to the sewerage system (hence is separately billed for sewerage services (rates and/or usage)); and Ⓜ any other property which, at the end of the reporting period, is connected to the sewerage system and is separately billed for sewerage services (rates and/or usage). <p>A sewerage customer which is also a trade waste customer counts as one sewerage customer.</p> 	Context & normalising measure
Trade waste customers	<ul style="list-style-type: none"> • High risk • Low risk 	Annual	<ul style="list-style-type: none"> • A trade waste customer means a customer who has entered into a trade waste agreement with the licensee, or has received the licensee's consent to discharge trade waste to sewer. • A high risk customer is defined as category 1 & 2 trade waste customers. • A low risk customer is defined as category 3, 4 & 5 trade waste customers. 	Context & normalising measure
Length of water main (km)		Annual	<ul style="list-style-type: none"> • Includes all the licensee's mains in operation at the end of the reporting period. 	Context & normalising

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
			<ul style="list-style-type: none"> Does not include property service pipes. 	measure
Length of sewerage main (km)		Annual	<ul style="list-style-type: none"> Includes all the licensee's mains in operation at the end of the reporting period. Does not include house connection branches. 	Context & normalising measure
Volume of water received (MI)		Annual	<ul style="list-style-type: none"> The volume of water received by the licensee from its headworks (including its water treatment plants) and from any wholesaler of water. The data will be provided annually as monthly figures. 	Context & normalising measure
Metered volume of water delivered to customers (MI)	<ul style="list-style-type: none"> Domestic Non-domestic 	Annual	<ul style="list-style-type: none"> The metered volume of water delivered to customers over the reporting period. 	Average customer consumption Unaccounted for water
Volume of sewage delivered (MI)	<ul style="list-style-type: none"> Wholesaler Treatment plants 	Annual	<ul style="list-style-type: none"> The total volume of sewage (including trade waste) delivered by the licensee to any wholesaler of sewage treatment services or to its own sewage treatment plants. 	Context & normalising measure
Volume of sewage treated (MI)	<ul style="list-style-type: none"> Primary treatment Secondary treatment Tertiary treatment 	Annual	<ul style="list-style-type: none"> The volume of sewage treated at the licensee's sewage treatment plants. Ⓢ primary treatment means the removal of settleable solids; Ⓢ secondary treatment means biological oxidation achieving typically 85% -90% reduction in biological oxygen demand (BOD); Ⓢ tertiary treatment means enhanced reduction of BOD and suspended solids from secondary treated sewage or significant nutrient reduction. 	Context & normalising measure % of sewage subject to primary, secondary & tertiary treatment
Water quality				
Faecal coliforms - exempt zones	<ul style="list-style-type: none"> Samples tested Samples meeting guidelines 	Quarterly (monthly results)	<ul style="list-style-type: none"> The number of samples taken and the maximum interval between successive samples shall be in accordance with the <i>Health (Quality of Drinking Water) Regulations 1991</i>. Only samples representative of water at or near a customer's property shall be included, and only routine samples are included - re-sampling is excluded. The guideline levels are: <ul style="list-style-type: none"> Ⓢ for faecal coliforms - zero faecal coliforms / 100ml; Ⓢ for total coliforms - no more than 20 coliform organisms / 100ml, however, a total 	Samples tested as % of customers % of samples tested complying with the guidelines

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
			coliform sample fails if the faecal coliform guidelines are exceeded.	
Faecal coliforms - established zones	<ul style="list-style-type: none"> • Samples tested • Samples meeting guidelines 	Quarterly (monthly results)	<ul style="list-style-type: none"> • As above 	As above
Total coliforms - exempt zones	<ul style="list-style-type: none"> • Samples tested • Samples meeting guidelines 	Quarterly (monthly results)	<ul style="list-style-type: none"> • As above 	As above
Total coliforms - established zones	<ul style="list-style-type: none"> • Samples tested • Samples meeting guidelines 	Quarterly (monthly results)	<ul style="list-style-type: none"> • As above 	As above
Water supply reliability				
Bursts and leaks	<ul style="list-style-type: none"> • Priority 1 • Priority 2 	Quarterly (monthly results)	<ul style="list-style-type: none"> • An unplanned event in which water is lost which is attributable to failure of a pipe, hydrant, valve, fitting or joint material (up to, but not including, customers' meter assemblies - meter assembly is defined in the benchmark contract) regardless of cause. <ul style="list-style-type: none"> ® Priority 1 means a burst or leak which causes, or has the potential to cause, substantial or moderate damage or harm to customers, water quality, flow rate, property or the environment (refer to clause 4.7.1 (a) in the benchmark contract). ® Priority 2 means a burst or leak which is causing no discernible impacts on customers, property or the environment (refer to clause 4.7.1 (b) in the benchmark contract). • A burst or leak may not necessarily result in loss of supply. 	Context & normalising measure Burst and leaks per 100km of water main
Total minutes to respond to bursts and leaks	<ul style="list-style-type: none"> • Priority 1 • Priority 2 	Quarterly (monthly results)	<ul style="list-style-type: none"> • The duration between the time the licensee is first notified or becomes aware of a burst or leak to the time at which the licensee arrives at the site of the burst or leak. 	Average minutes to respond

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
Water supply interruptions	<ul style="list-style-type: none"> • Planned • Unplanned 	Quarterly (monthly results)	<ul style="list-style-type: none"> • A water supply interruption is any event causing a total loss of water supply due to <i>any</i> cause. 	Water supply interruptions per 1000 customers Water supply interruptions per 100 km of water main
Water supply interruptions restored within 5 hours	<ul style="list-style-type: none"> • Planned • Unplanned 	Quarterly (monthly results)	<ul style="list-style-type: none"> • Where the loss of water supply is due to the shutdown of a section of water main, the water supply interruption begins when the water supply is shut off and ends when the main is fully recharged. • Otherwise, the water supply interruption begins when the water supply is lost and ends when it is fully restored. 	% of water supply interruptions restored within 5hrs
Water supply customer-interruptions	<ul style="list-style-type: none"> • Planned • Unplanned 	Quarterly (monthly results)	<ul style="list-style-type: none"> • A water supply customer-interruption is a loss of water supply to an individual customer due to a water supply interruption. For example, a water supply interruption which causes loss of supply to 100 customers is 100 customer-interruptions. 	Average customer interruption frequency
Customer-minutes to restore water supply	<ul style="list-style-type: none"> • Planned • Unplanned 	Quarterly (monthly results)	<ul style="list-style-type: none"> • The total duration of all water supply customer-interruptions. For example, a water supply interruption which causes loss of supply to 100 customers and lasts for 150 minutes counts as 15,000 customer-minutes to restore water supply. 	Average duration of water supply interruptions Average minutes off supply
Customers receiving more than 5 water supply interruptions in year	<ul style="list-style-type: none"> • Unplanned 	Quarterly (monthly results)	<ul style="list-style-type: none"> • The number of water customers experiencing more than 5 interruptions in the 12 months ending on the final date of the reporting period. • The same customer may be counted in several successive reporting periods in respect of the same interruptions. For example, a customer experiencing 6 interruptions in one month will be counted as exceeding the 12-month threshold in that month and in each of the following eleven months. (Multiple counting will, however, be eliminated in the reporting of this indicator by calculating the average figure for the year.) 	Average number of customers receiving greater than five interruptions in a year as % of customers
Total duration of general water		Annual	<ul style="list-style-type: none"> • Includes only general restrictions due to water shortage. 	Average days of restrictions per customer

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
restrictions (days)				
Sewerage service quality & reliability				
Sewer blockages		Quarterly (monthly results)	<ul style="list-style-type: none"> • A confirmed partial or total blockage which causes an interruption to service and/or a spill. Includes all trunk and reticulation main blockages, but excludes blockages in the service connection or house connection branch and the property drain. 	Sewer blockages per 100 km of sewer main
Sewerage service customer-interruptions		Quarterly (monthly results)	<ul style="list-style-type: none"> • Sewerage service customer-interruption means: <ul style="list-style-type: none"> Ⓔ an inability to dispose of sewage, or a slow movement of sewage, from a customer's property into the licensee's sewerage system; and/or Ⓔ a spill of sewage on the customer's property; which : <ul style="list-style-type: none"> Ⓔ has been reported to the licensee by a customer or plumber; and Ⓔ is the responsibility of the licensee to rectify (ie - the fault is in the reticulation system or in a house connection branch). 	Average customer interruption frequency
Customers receiving more than 3 sewerage service interruptions in year		Quarterly (monthly results)	<ul style="list-style-type: none"> • The number of sewerage customers experiencing more than 3 sewerage service interruptions in the 12 months ending on the final date of the reporting period. • The same customer may be counted in several successive reporting periods in respect of the same interruptions. For example, a customer experiencing 4 interruptions in one month will be counted as exceeding the 12-month threshold in that month and in each of the following eleven months. (Multiple counting will, however, be eliminated by reporting the averaged results for the year.) 	Average number of customers receiving greater than 3 sewerage service interruptions in a year as a % of customers
Sewerage service customer-interruptions restored within 5 hours		Quarterly (monthly results)	The number of customer-interruptions which lasted less than or equal to 5 hours.	% of sewerage service customer-interruptions restored within 5 hrs

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
Sewer spills from reticulation and branch sewers	<ul style="list-style-type: none"> • Priority 1&2 	Quarterly (monthly results)	<ul style="list-style-type: none"> • As defined by Schedule 2 of the operating licence. • For the purpose of this indicator, a priority one or two sewer spill is a failure to contain sewage within the sewerage system, excluding: <ul style="list-style-type: none"> Ⓜ spills from emergency relief structures (a manhole is not an emergency relief structure); Ⓜ pump station spills; and Ⓜ spills due to house connection branch blockages. • Priority 1 spill means any major failure to contain sewage within the sewerage system and any spill affecting many users which results in personal injury or major property damage, which poses a significant health risk, which has a major environmental impact or which results in a surcharge or overflow in dry weather, a surcharge or overflow in wet weather if caused by loss of sewer capacity, a surcharge in a building or a surcharge outside a building which poses a health risk. • Priority 2 spill means any minor failure to contain sewage within the sewerage system and any spill affecting several users which results in minor property damage or results in a surcharge outside a building which does not pose a health risk 	Context & normalising measure
Sewer spills from reticulation and branch sewers fully contained within 5 hours	<ul style="list-style-type: none"> • Priority 1 & 2 	Quarterly (monthly results)	<ul style="list-style-type: none"> • A sewer spill is to be regarded as: <ul style="list-style-type: none"> Ⓜ having taken place at the time the licensee becomes aware of the spill; and Ⓜ being fully contained when there is no longer a discharge from the containment area. • Containment means the sewage spill has ceased or has been alleviated by by-pass pumping, eductions or sand bagging. 	% of sewer spills contained within 5 hrs
Sewer spills from emergency relief structures (ERS) and pumping stations	<ul style="list-style-type: none"> • Blockage • Hydraulic • Extreme wet weather 	Annual	<ul style="list-style-type: none"> • as per EPA requirements 	Context & normalising measure

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
	<ul style="list-style-type: none"> • System failure 			
Volume of sewage spilt from emergency relief structures (ERS) and pumping stations (MI)	<ul style="list-style-type: none"> • Blockage • Hydraulic • Extreme wet weather • System failure 	Annual	<ul style="list-style-type: none"> • as per EPA requirements 	Volume of sewage spilt as a % of the volume of sewage delivered.
Inflow (infiltration) to the sewerage system (estimate)		Annual	<ul style="list-style-type: none"> • Inflow means the estimated volume of sewage delivered to a wholesaler or treated by the licensee which was not legally discharged to sewer by a customer. 	% of flows due to inflow
Trade waste customers not complying with agreements or consents	<ul style="list-style-type: none"> • High risk <ul style="list-style-type: none"> - non-compliances; - customers inspected • Low risk <ul style="list-style-type: none"> - non-compliances; - customers inspected 	Annual	<ul style="list-style-type: none"> • Trade waste customers in non-compliance means the number of trade waste customers who did not comply with their trade waste agreement or consent over the reporting period. • One or more breaches by one trade waste customer during the reporting period (year) will be counted as one non-compliance. • Trade waste customers inspected means the number of trade waste customers inspected during the reporting period (year). 	% of trade waste customers inspected not complying
High risk trade waste dischargers with Waste Management Plans	<ul style="list-style-type: none"> • Number of plans 	Annual	<ul style="list-style-type: none"> • Number of plans means high risk trade waste dischargers with Waste Management Plans. 	Contextual measure. % of high risk trade waste dischargers with Waste Management Plans

WATER INDUSTRY - PERFORMANCE INDICATORS INFORMATION SPECIFICATION VERSION 2

(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
Treatment plants			<i>To be reported via a table of performance for each treatment plant, including calculated overall performance for the licensee. Pro-forma to be provided</i>	
Sewage effluent samples - compliance with effluent standards	<ul style="list-style-type: none"> • Method of treatment • Volume treated (MI) • Analyses performed (by analyte) • Analyses complying (by analyte) • Sampling periods • Sampling periods achieving full compliance 	Annual	<ul style="list-style-type: none"> • Analyses performed means the total number of EPA licence compliance analyses performed on the treated effluent for any treatment plant. • Analyses complying means the number of analyses complying with EPA licence limits for that treatment plant. • Sampling periods means the number of full sample sets taken to monitor compliance with EPA licence standards. • Sampling periods achieving full compliance means the number of full sample sets which fully complied with EPA licence standards. 	Number of analyses complying with licence agreements as % of samples % compliance achieved per treatment plant Overall % compliance achieved % compliance achieved per sampling period by treatment plant
Effluent reuse	<ul style="list-style-type: none"> • Volume produced • Volume reused 	Annual	<ul style="list-style-type: none"> • Volume reused means volume of sewage effluent reused. • Volume of effluent reused means reuse undertaken in accordance with EPA published guidelines or exempted from EPA licensing on the basis of being recognised as a legitimate reuse activity. 	Volume of effluent reused as a % of the volume of effluent produced.
Biosolids reuse	<ul style="list-style-type: none"> • Mass produced • Mass reused • Mass stored 	Annual	<ul style="list-style-type: none"> • Mass produced means the mass dry weight of sludge produced by the licensee's sewage treatment plants. • Mass reused means the mass dry weight of sludge reuse undertaken in accordance with EPA published guidelines or exempted from EPA licensing on the basis of being recognised as a legitimate reuse activity. • Mass stored means the mass dry weight of sludge stored by, or on behalf of, the licensee. 	% of biosolids reused
Sewage treatment plant asset	<ul style="list-style-type: none"> • Average day 	Annual	<ul style="list-style-type: none"> • Average day load (organic) means the average daily organic load received at the treatment 	% utilisation (organic)

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(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
utilisation	load (organic) <ul style="list-style-type: none"> • Design load (organic) • Median inflow • Design inflow 		plant measured as kg of BOD per day. <ul style="list-style-type: none"> • Design load (organic) means the daily organic load design capacity of the treatment plant measured as kg of BOD per day. • Median inflow means the median daily volume of sewage received at the treatment plant. • Design inflow means the daily hydraulic treatment plant design capacity. 	% utilisation (hydraulic)
Enquiries & complaints				
Calls to fault line		Quarterly (monthly results)	<ul style="list-style-type: none"> • Includes all calls to the fault line, including those answered by an automated response and not put through to an operator. 	Calls received as % of customers
Calls to fault line put through to operator		Quarterly (monthly results)	<ul style="list-style-type: none"> • Includes calls put through to an operator which are abandoned after ringing for 30 seconds or more, but does not include calls abandoned within 30 seconds. 	Normalising measure
Calls to fault line answered within 30s		Quarterly (monthly results)	<ul style="list-style-type: none"> • The time in which a call is answered begins when the call is connected to the customer service operators' phone system and includes time spent in a phone queue. 	% of calls answered within 30 seconds
Calls to account line		Quarterly (monthly results)	<ul style="list-style-type: none"> • All calls to the account line, including those answered by an automated response. 	Calls received as % of customers
Water quality complaints	<ul style="list-style-type: none"> • Colour • Taste & odour • Other 	Quarterly (monthly results)	<ul style="list-style-type: none"> • A complaint is a written or verbal expression of dissatisfaction about an action, proposed action or failure to act by the licensee, its employees or contractors. Complaints from separate customers arising from the same cause count as separate complaints. 	Complaints as % of customers
Water supply reliability complaints		Quarterly (monthly results)	<ul style="list-style-type: none"> • Includes all complaints concerning bursts, leaks, flow rate (pressure) and service interruptions. • When a customer reports a service interruption, this is not counted as a complaint unless the customer expresses dissatisfaction about the interruption. 	Complaints as % of customers

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(Effective 1 July 1998)

Indicator	Split	Reporting Frequency	Definition	Performance Measure
Sewerage service quality & reliability complaints		Quarterly (monthly results)	<ul style="list-style-type: none"> Includes all complaints concerning sewer blockages and spills, sewerage service interruptions and sewage odours. Complaints about trade waste services are <i>not</i> included in this category. When a customer reports a service interruption, this is not counted as a complaint unless the customer expresses dissatisfaction about the interruption. 	Complaints as % of customers
Affordability complaints		Quarterly (monthly results)	<ul style="list-style-type: none"> Includes all complaints concerning accounts, payment, financial loss or overcharging and prices and charges. 	Complaints as % of customers
Other complaints		Quarterly (monthly results)	<ul style="list-style-type: none"> Includes complaints of quality and timeliness of other services, eg - connections, account confidentiality, responding to correspondence, and staff behavior. Complaints about trade waste services are included in this category. 	Complaints as % of customers
Affordability				
Instalment plans	<ul style="list-style-type: none"> Domestic Non domestic 	Annual	<ul style="list-style-type: none"> Total number of instalment plans entered into during the reporting period. An instalment plan is a written agreement between the customer and the licensee stating the period over which the customer will pay by instalments, and specifying an instalment amount which will fully pay the customer's estimated use and/or arrears over that period. A verbal extension of the payment period does not constitute an instalment plan. 	% of customers on instalment plans
Restrictions applied for non-payment of bill	<ul style="list-style-type: none"> Domestic Non-domestic 	Quarterly (monthly results)		% of customers restricted
Legal action for non-payment of bill	<ul style="list-style-type: none"> Domestic Non-domestic 	Quarterly (monthly results)	<ul style="list-style-type: none"> The number of customer accounts forwarded to a solicitor for legal action, subjecting the customers concerned to additional costs. Cases in which accounts are forwarded to a solicitor for legal action and the legal costs to the customer are subsequently waived should be included. 	% of customers subject to legal action