



13 March 2018

Ms Erin Cini
Director, Licensing and Compliance
Independent Pricing and Regulatory Tribunal
PO Box K35, Haymarket Post Shop
NSW 1240

Dear Erin,

IPART Water Utility Performance Indicators Review

Flow Systems (Flow) welcomes the opportunity to respond to the *IPART Water Utility Performance Indicators Review*.

As outlined in the Review of Water Utility Performance Indicators Issues Paper, IPART are seeking stakeholders' views on various questions. Flow have provided answers to IPART's queries below:

1. Do stakeholders agree with the proposed assessment criteria for the review?

Yes, Flow agree with the proposed assessment criteria for the review.

2. Should IPART take a more active approach in incentivising performance through the use of performance indicators?

Yes, Flow agree that IPART should take a more active approach in incentivising performance through the use of performance indicators.

3. Do stakeholders have a view on the format of reporting performance indicators?

Flow do not have a view on the format of reporting performance indicators other than that the performance indicator information should not be made public.

4. Do stakeholders agree that it is appropriate for water utilities providing the same service to be subject to the same performance indicators?

Yes, Flow agree that it is appropriate for water utilities providing the same service to be subject to the same performance indicators, but WIC Act licensees should not be disadvantaged by customer numbers or other factors outside of their control.

5. Do stakeholders agree with our proposed approach to the collection of licence data to allow IPART to calculate WIC Act licence fees?

Flow believe that compliance costs are already prohibitively high, therefore we support an approach that seeks to reduce WIC Act licence fees.

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6. Do stakeholders agree with the proposed compliance-based approach to water quality?

Yes, Flow agrees with the proposed compliance-based approach to water quality.

7. Are there any performance indicators, including lead indicators, that stakeholders consider should be adopted for water quality?

No, there are no performance indicators that Flow consider should be adopted for water quality.

8. Do stakeholders agree with the proposed compliance-based approach to water quantity?

If IPART are proposing to continue with Business as Usual which is outlined in section 4.2 of the Issues Paper, then Flow agrees with this compliance-based approach to water quantity.

9. Are there any performance indicators, including lead indicators, that stakeholders consider should be adopted by IPART for water quantity?

Yes, a performance indicator that IPART could consider adopting is measuring how much drinking water has been saved by using recycled water instead of drinking water.

10. Do stakeholders agree on the proposed approach to have the same performance indicators for service interruptions for PWUs and WIC Act licensees?

Yes, Flow agrees with IPART's proposed approach to have the same performance indicators for service interruptions for Public Water Utilities (PWUs) and WIC Act licensees.

11. Do stakeholders have a view as to which approach (threshold or average) would result in a better measure of performance?

Flow believes the threshold approach that is currently used for PWUs would result in a better measure of performance.

12. Do stakeholders have views on the potential performance indicators for service interruptions?

Flow believes that service interruptions should be attributed to the water utility that caused the interruption. For example, if Hunter Water have a burst watermain that affects WIC Act licensee's customers, the service interruption should be allocated to Hunter Water. Otherwise, this can lead to double counting of the same service interruption.

13. Do stakeholders agree with our initial view that there is no need for any additional performance indicators for water pressure?

Yes, Flow agrees with IPART's initial view that there is no need for any additional performance indicators for water pressure.

14. Do stakeholders have views on the potential indicators for wastewater overflows?

Flow agrees that wastewater overflows should be reported and suggests that overflows are categorised (for example, overflows caused by third party damage to a WIC Act licensee's infrastructure).

15. Are there any performance indicators, including lead indicators, that stakeholders consider should be adopted by IPART for asset performance?

No, there are no performance indicators that Flow consider should be adopted for asset performance.

16. Do stakeholders agree with the compliance-based approach to environmental performance with the exception of where there is a legislative requirement for environmental indicators?

Yes, Flow agrees with the compliance-based approach to environmental performance with the exception of where there is a legislative requirement for environmental indicators.

17. Do stakeholders have a view as to what would be the most appropriate environmental indicators Sydney Water should report on?

Flow believes that Sydney Water should report on both the frequency and volume of wastewater overflows.

18. Do stakeholders have a view as to what would be the most appropriate environmental indicators WaterNSW should report on?

Flow does not have any view as to what would be the most appropriate environmental indicators WaterNSW should report on.

19. Are there any environmental performance indicators that stakeholders consider should be adopted for Hunter Water and WIC Act licensees?

The environmental performance indicator that Flow considers Hunter Water and WIC Act licensees should adopt is the frequency and volume of wastewater overflows.

20. Are there any lead indicators available for environmental performance that should be included as an IPART performance indicator?

No, there are no lead indicators available for environmental performance that Flow consider should be included as an IPART performance indicator.

21. Do stakeholders agree with our proposed compliance-based approach to customer service?

As section 7.1 states in the Issues Paper “water utilities must have policies and procedures for assisting customers who are experiencing a financial hardship, including by implementing payment plans for customers”. PWUs provide rebates to customers who are experiencing financial hardship but have the advantage of being financially underwritten by the government. WIC Act licensees provide rebates to customers who are experiencing financial hardship but do not receive these rebates back from the government (as opposed to electricity customers). If the existing requirements were consistent across all utilities then Flow would agree with IPART’s compliance-based approach.

22. Are there any performance indicators, including lead indicators, that stakeholders consider should be adopted by IPART for water quantity?

Yes, a performance indicator that IPART could consider adopting is the amount of drinking water communities have saved by using recycled water instead of drinking water.

23. Do stakeholders consider qualitative customer satisfaction surveys as an appropriate performance indicator for water utilities?

No, Flow do not consider qualitative customer satisfactions surveys as an appropriate performance indicator for water utilities. Due to the relative scale of customers serviced by WIC Act licensees compared to PWUs, Flow believe that at this stage qualitative customer satisfaction surveys are not an appropriate performance indicator.

24. Do stakeholders have views on the design of a qualitative performance indicator for customer satisfaction and how it could be implemented?

No (please see answer to #23).

25. Do stakeholders agree with our preliminary view that other indicators are not necessarily required if the qualitative measure of customer satisfaction is adopted?

Flow suggests that IPART should continue with the current quantitative measure of customer satisfaction for WIC Act licensees as there is still a relatively small number of WIC Act licensee customers and Flow believes it would be difficult to obtain a statistically valid response from these customers.

Thank you again for the opportunity to contribute to the *IPART Water Utility Performance Indicators Review*. Please contact Kirsten Evans, Risk & Compliance Manager ([REDACTED]) if you'd like any further information or would like to set up a meeting to discuss our submission.

Kind regards



Steve Hall
Chief Operating Officer
Flow Systems Pty Ltd